



AIA[®] Document B727[™] – 1988

Standard Form of Agreement Between Owner and Architect for Special Services

AGREEMENT made as of the Twenty Second day of November in the year of Two Thousand and Four

BETWEEN the Owner:
(Name and address)

City of Rapid City
Engineering Division
300 6th Street
Rapid City, SD 57701

and the Architect:
(Name and address)

TSP Three, Inc.
600 Kansas City Street
Rapid City, SD 57701

For the following Project:
(Include detailed description of Project, location, address and scope.)

6th Street Memorial Park Water Transmission Main Reconstruction
Project WO4-1423
Rapid City, South Dakota

The Owner and the Architect agree as set forth below.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

ARTICLE 1 ARCHITECT'S SERVICES

See attached letter dated November 22, 2004.

ARTICLE 1 ARCHITECT'S SERVICES

(Here list those services to be provided by the Architect under the Terms and Conditions of this Agreement. Note under each service listed the method and means of compensation to be used, if applicable, as provided in Article 8.)

Service to be provided

See attached letter dated November 22, 2004 for complete list of services to be provided.

Method and means of compensation

See attached letter dated November 22, 2004 for compensation details.

ARTICLE 2 OWNER'S RESPONSIBILITIES

§ 2.1 The Owner shall provide full information regarding requirements for the Project. The Owner shall furnish required information as expeditiously as necessary for the orderly progress of the Work, and the Architect shall be entitled to rely on the accuracy and completeness thereof.

§ 2.2 The Owner shall designate a representative authorized to act on the Owner's behalf with respect to the Project. The Owner or such authorized representative shall render decisions in a timely manner pertaining to documents submitted by the Architect in order to avoid unreasonable delay in the orderly and sequential progress of the Architect's services.

ARTICLE 3 USE OF ARCHITECT'S DOCUMENTS

§ 3.1 The documents prepared by the Architect for this Project are instruments of the Architect's service for use solely with respect to this Project and, unless otherwise provided, the Architect shall be deemed the author of these documents and shall retain all common law, statutory and other reserved rights, including the copyright. The Owner shall be permitted to retain copies, including reproducible copies, of the Architect's documents for the Owner's information, reference and use in connection with the Project. The Architect's documents shall not be used by the Owner or others on other projects, for additions to this Project or for completion of this Project by others, unless the Architect is adjudged to be in default under this Agreement, except by agreement in writing and with appropriate compensation to the Architect.

ARTICLE 4 ARBITRATION

§ 4.1 Claims, disputes or other matters in question between the parties to this Agreement arising out of or relating to this Agreement or breach thereof shall be subject to and decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect unless the parties mutually agree otherwise.

§ 4.2 A demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statutes of limitations.

§ 4.3 No arbitration arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner, an additional person or entity not a party to this Agreement, except by written consent containing a specific reference to this Agreement signed by the Owner, Architect and any other person or entity sought to be joined. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent or with a person or entity not named or described therein. The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by the parties to this Agreement shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof.

§ 4.4 The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

ARTICLE 5 TERMINATION OR SUSPENSION

§ 5.1 This Agreement may be terminated by either party upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

§ 5.2 If the Owner fails to make payment when due the Architect for services and expenses, the Architect may, upon seven days' written notice to the Owner, suspend performance of services under this Agreement. Unless payment in full is received by the Architect within seven days of the date of the notice, the suspension shall take effect without further notice. In the event of a suspension of services, the Architect shall have no liability to the Owner for delay or damage caused the Owner because of such suspension of services.

§ 5.3 In the event of termination not the fault of the Architect, the Architect shall be compensated for services performed prior to termination, together with Reimbursable Expenses then due and all Termination Expenses as defined in Section 5.4.

§ 5.4 Termination Expenses shall be computed as a percentage of the compensation earned to the time of termination, as follows:

- 1 For services provided on the basis of a multiple of Direct Personnel Expense, 20 percent of the total Direct Personnel Expense incurred to the time of termination; and
- 2 For services provided on the basis of a stipulated sum, 10 percent of the stipulated sum earned to the time of termination.

ARTICLE 6 MISCELLANEOUS PROVISIONS

§ 6.1 Unless otherwise provided, this Agreement shall be governed by the law of the principal place of business of the Architect.

§ 6.2 Causes of action between the parties to this Agreement pertaining to acts or failures to act shall be deemed to have accrued and the applicable statute of limitations shall commence to run not later than the date payment is due the Architect pursuant to Section 8.4.

§ 6.3 The Owner and Architect, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither Owner nor Architect shall assign this Agreement without the written consent of the other.

§ 6.4 This Agreement represents the entire and integrated agreement between the Owner and Architect and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Architect.

§ 6.5 Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Owner or Architect.

§ 6.6 Unless otherwise provided in this Agreement, the Architect and Architect's consultants shall have no responsibility for the discovery, presence, handling, removal or disposal of or exposure of persons to hazardous materials in any form at the Project site, including but not limited to asbestos, asbestos products, polychlorinated biphenyl (PCB) or other toxic substances.

ARTICLE 7 PAYMENTS TO THE ARCHITECT

§ 7.1 DIRECT PERSONNEL EXPENSE

§ 7.1.1 Direct Personnel Expense is defined as the direct salaries of the Architect's personnel engaged on the Project and the portion of the cost of their mandatory and customary contributions and benefits related thereto, such as employment taxes and other statutory employee benefits, insurance, sick leave, holidays, vacations, pensions, and similar contributions and benefits.

§ 7.2 REIMBURSABLE EXPENSES

§ 7.2.1 Reimbursable Expenses are in addition to the Architect's compensation and include expenses incurred by the Architect and Architect's employees and consultants in the interest of the Project for:

- 1 expense of transportation and living expenses in connection with out-of-town travel authorized by the Owner;
- 2 long distance communications;
- 3 fees paid for securing approval of authorities having jurisdiction over the Project;
- 4 reproductions;
- 5 postage and handling of documents;
- 6 expense of overtime work requiring higher than regular rates, if authorized by the Owner;
- 7 renderings and models requested by the Owner;
- 8 expense of additional coverage or limits, including professional liability insurance, requested by the Owner in excess of that normally carried by the Architect and the Architect's consultants; and
- 9 Expense of computer aided design and drafting equipment time when used in connection with the Project.

§ 7.3 PAYMENTS ON ACCOUNT OF THE ARCHITECT'S SERVICES

§ 7.3.1 Payments on account of the Architect's services and for Reimbursable Expenses shall be made monthly upon presentation of the Architect's statement of services rendered or as otherwise provided in this Agreement.

§ 7.3.2 An initial payment as set forth in Section 8.1 is the minimum payment under this Agreement.

§ 7.4 ARCHITECT'S ACCOUNTING RECORDS

§ 7.4.1 Records of Reimbursable Expenses and expenses pertaining to services performed on the basis of a multiple of Direct Personnel Expense shall be available to the Owner or the Owner's authorized representative at mutually convenient times.

ARTICLE 8 BASIS OF COMPENSATION

The Owner shall compensate the Architect as follows:

§ 8.1 AN INITIAL PAYMENT OF zero (\$ 0.00) shall be made upon execution of this Agreement and credited to the Owner's account at final payment.

§ 8.2 COMPENSATION FOR THE ARCHITECT'S SERVICES, as described in Article 1, Architect's Services, shall be computed as follows:
(Insert basis of compensation, including stipulated sums multiples or percentages, and identify the services to which particular methods of compensation apply, if necessary.)

For Design and Construction Services on an hourly basis with hourly rates in accordance with the attached "Manhour Projections" with a not-to-exceed amount of Thirty Eight Thousand and Eight Hundred Dollars (\$38,800.00) including expenses but not including taxes. This fee includes services provided by American Engineering and Testing for Three Thousand One Hundred Twenty One Dollars and Fifty Cents (\$3,121.50) and Precision Surveying for Four Thousand Four Hundred Dollars (\$4,400.00). American Engineering and Testing will bill the City of Rapid City directly for their services.

§ 8.3 FOR REIMBURSABLE EXPENSES, as described in Article 7, and any other items included in Article 9 as Reimbursable Expenses, a multiple of one point one zero (1.10) times the expenses incurred by the Architect, the Architect's employees and consultants in the interest of the Project.

§ 8.4 Payments are due and payable thirty (30) days from the date of the Architect's invoice. Amounts unpaid thirty-one (31) days after the invoice date shall bear interest at the rate entered below, or in the absence thereof, at the legal rate prevailing from time to time at the principal place of business of the Architect.
(Insert rate of interest agreed upon.)

Rate of interest – ten percent (10%)

(Usury laws and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws and other regulations at the Owner's and Architect's principal places of business, the location of the Project and elsewhere may affect the validity of this provision. Specific legal advice should be obtained with respect to deletions or modifications, and also regarding other requirements such as written disclosures or waivers.)

§ 8.5 IF THE SCOPE of the Project or of the Architect's services is changed materially, the amounts of compensation shall be equitably adjusted.

ARTICLE 9 OTHER CONDITIONS


This Agreement entered into as of the day and year first written above.

OWNER

(Signature)

(Printed name and title)

ARCHITECT



(Signature)

Robert Morcom, Principal

(Printed name and title)



November 22, 2004

To Solve. To Excel. Together.

600 Kansas City St
Rapid City, SD
57701-2712

phone (605) 343-8102
fax (605) 343-7159

www.teamtsp.com

Architecture
Engineering
Construction

Mr. Keith Johnson
Engineering Division
City of Rapid City
300 Sixth Street
Rapid City, SD
57701-2724

RE: 6th Street Memorial Park Water Transmission Main
Project #WO4-1423
TSP #03040359

Dear Mr. Johnson:

Enclosed is our fee proposal to provide services for the design of 6th Street Memorial Park Water Transmission Main Project #WO4-1423.

Our services will consist of the following tasks:

Topographic Survey

Precision Surveying will provide the survey for project. This will include specific detailed information of the proposed site with general survey limits identified on the attached drawing. The survey will also set bench marks that can be tied to during construction of the project.

Geotechnical Investigation

American Engineering and Testing will provide the geotechnical investigation of the project as outlined on the attached proposal from AET. This investigation will include resistivity testing to be included with recommendations for corrosion protection that will be summarized in the Preliminary Design Report. We have also provided an option to utilize ground penetrating radar (GPR) if additional subsurface data is required in the areas of old building foundations.

Preliminary Design

TSP will develop contract documents for the 6th Street Memorial Park Water Transmission Main project in accordance with City of Rapid City and other applicable

Denver, CO
Fort Collins, CO
Marshalltown, IA
Minneapolis, MN
Rochester, MN
Omaha, NE
Rapid City, SD
Sioux Falls, SD
Sheridan, WY

11/22/2004

Page 1 of 4

standards. The preliminary design will follow the scope of services identified in the RFP which will consist of the following general tasks:

1. Conduct a pre-design meeting
2. Interview with various entities
3. Review existing information specific to the area of the project
4. Develop a base map based on topographic survey information
5. Evaluation and recommendation of water transmission line materials
6. Evaluation and recommendation of preferred alignment, including costs of alignment options
7. Corrosion protection recommendations
8. Recommended methodology and materials for Rapid Creek crossing
9. Coordination with SD Game Fish and Parks and Corps of Engineers
10. Geotechnical recommendations
11. Preliminary plan sheets including location of all valves, hydrants, etc.
12. Preliminary Design Report highlighting the tasks and issues noted above

The Preliminary Design will include interim reviews with the City of Rapid City Engineering and Operations, Civic Center representative, Holiday Inn representative, and other entities that may be identified in the predesign meeting. Once the Preliminary Design has been reviewed by the appropriate entities, TSP will then prepare the final contract documents.

Anticipated services for the Final Design are outlined in the RFP and include the following:

Final Design (65%, 95%, 100%)

1. Provide complete plans and specifications for a unit price construction contract
2. Final revisions to the preliminary design documents.
3. Construction staking information on the drawings shall include a survey control and project layout sheet that includes a survey control table and a construction survey control table. Benchmark information shall be provided on each sheet. Equation to the City benchmark system shall also be provided on the drawings.
4. Coordinate with the utility companies to verify locations of existing utilities
5. Provide separate, special detail drawings at appropriate scale showing additional information necessary to construct the project but not shown adequately elsewhere in the drawings.
6. Provide general sequence of construction requirements in order to assist bidders to prepare their bids and to coordinate construction to minimize interruption of service, etc.
7. The Traffic Control Plans identifying detour details and signage for critical stages of the construction.

8. Detailed Specifications supplementing *City of Rapid City Standard Specifications* (2002 Edition) as necessary.
9. Opinion of probable construction cost at each phase (engineer's estimate) for the project based upon the City of Rapid City Engineer's Estimating Guide format and average bid price and engineering judgment.
10. Provide general dewatering and sediment control requirements.
11. Provide detailed sequence of construction for Flushing, Dechlorination, Maintaining water flow, and Rapid Creek Crossing.
12. Provide documents to be submitted to the Corps of Engineers and SD Game Fish and Parks for their approval of the project.
13. Prepare and include within the detailed specifications any permits required by the contractor for construction dewatering, etc.
14. Prepare any other permits required by the City.
15. Deliver the following: 1) Provide 3-copies of each submittal set of plans. 2) Final mylar construction plans on 22" x 34" for printing by the City of Rapid City. 3) Complete construction plans on disk in AutoCAD 2005 format. 4) Complete specifications on disk in Word 2002 format for printing by the City; 5) A unit price Engineer's cost estimate on disk in City of Rapid City Project Workbook format (based upon the City of Rapid City Bid Items and/or listed in the Engineer's Estimating Guide) in Excel 2002 format; and 6) Copies of consultant's Quantity Take Off Sheets.
16. Review design, plans and specifications, and with City staff at Preliminary Design, 65% Review, 95% Review, and 100% plan review. A cost estimate shall be included in each submittal.
17. Plans shall be prepared per City of Rapid City drafting standards.
18. Include appropriate City of Rapid City Standard Details in the plan drawings. (The City can furnish the consultant with AutoCAD drawings of the details.)
19. Provide additional Final Design services as negotiated

Bidding Phase

Provide standard bidding phase services; attend Prebid Conference, issue addenda and interpretations to the bid documents if required. Bid tabs will be prepared by the City of Rapid City in the Project Workbook.

Construction Phase

Provide construction management services, as requested, which include:

1. Attend preconstruction conference
2. Attend weekly coordination meetings
3. Review shop drawings and other submittals
4. Periodic Inspection
5. Payment Application(By City)
6. Final document preparation(By City)

With that as a basis, TSP will bill you monthly for **Design Services and Construction Services** based on hourly not to exceed maximum of **\$38,800.00** for services and expenses as described in the attached fee proposal. This total includes the *AET* Geotechnical Investigation Fee of **\$3,121.50** and *Precision Surveying* fee of **\$4,400.00**.

AET will bill their fee directly to the City of Rapid.

The total cost will not be exceeded unless there is a change in the scope of work that is mutually agreed upon by both parties. The budget for each phase shall not be exceeded until a notice to proceed is given by staff.

If requested, *AET* can also provide the use of Ground Penetrating Radar (GPR) to scan the upper 8 to 10 feet of soil to possibly locate old concrete foundations, cisterns, etc. that may have been buried from the time of the 1972 flood. Estimated cost for this survey would be between \$3500 and \$4500. This fee would be in addition to the total indicated above.

Appropriate taxes are not included and will be billed in addition to fees identified above. Additional expenses beyond the original scope of work will be billed at our standard reimbursable rates.

If the following proposal meets your satisfaction, please sign the Standard form of Agreement and return a copy for our records.

Thank you for the opportunity to provide our services to the City of Rapid City.

Very truly yours,

TSP Three, Inc.



Robert Morcom, P.E.
Principal

Attachments

DATE:11/22/2004

**RE: 6th Street Memeorial Park Water Transmission Main Reconstruction
Project WO4-1423**

ESTIMATED MANHOURS

PREPARED BY: TSP THREE, INC.
TSP NO. #03040359.PP

PREPARED FOR: City of Rapid City Engineering Division

DESCRIPTION	PIC	PE	TSP		
			PE2 Sheridan	CADD	CI
A. MEETINGS					
Pre design meeting	2	2			
Sub-Total hours	2	2	0	0	0
					4
B. SURVEYS					
Project Admin					
Property Corner Search					
Legal/Boundary/ROW					
Survey Control					
Existing Utility Locates					
Draft base map / Review & Edit				4	
Field Check Maps					
Easements/Plats(TBD)					
Sub-Total hours	0	0	0	4	0
					4
C. PRELIMINARY DESIGN					
Meetings					
Engineering,Parks, Operations	2	4			
Civic Center/Holiday Inn	4				
Utilities		2			
Plan/Profile/ Water					
Alignment options	1	4		4	
Preferred Alignment	2	4		12	
Corrosion Issues	2	4	2		
Water system analysis/issues	2	4			
Stream / scour assessment	2	10			
Game,Fish & Parks		2			
Corps of Eng.	1	2			
Geotechnical Investigation		2			
Prelim. Sequencing Plan	1	2			
Prelim. Cost Estimates/Options	2	4			
Design Report	2	8			2
Design report presentation	2	2			
Review	2	2			
Sub-Total hours	25	56	2	16	2
					101
D. 65% DESIGN					
Meetings					
Engineering,Parks, Operations	2	2			
Civic Center/Holiday Inn	1	1			
Plan/Profile/Water main	1	12		24	
Corrosion Issues	2	4	2		

DESCRIPTION	TSP				
	PIC	PE	PE2 Sheridan	CADD	CI
Stream / scour assessment		2			
Removal Notes(On P/P)	1	4		4	
Detailed Design					
Creek crossing details		2		4	
Plan Notes	1	4			
Game, Fish, & Parks	1	2			
Corps of Engineers	1	2			
Misc Details		4		8	
Construction Sequencing	2	4		4	
Cost Estimate/Quantities		4			
Draft Specifications		4			
Review	2	2			
	14	53	2	44	0
					113
E. 95% DESIGN					
Meetings					
Engineering, Parks, Operations	2	2			
Civic Center/Holiday Inn					
Plan/Profile Water		2		8	
Corrosion Issues		2			
Pvmt/grading sections		2		2	
Removal Notes(On P/P)		2		4	
Detailed Design					
General Notes		4			
Estimate of Quantities	1	4			
Standard Sheets		1		2	
Plan Notes		4		4	
Easement Exhibits(NA)					
Construction Sequencing	1	2		2	
Misc. Details		2		4	
Bid Items	1	4			
Specs./Bid Documents/Cost Est.	1	4			2
Review	2	2			
Sub-Total hours	8	37	0	26	2
					73
F. FINAL DESIGN (100%)					
Meetings	1	1			
General Notes		1			
Tables of bid items		2			
Removal Plan		1		4	
Plan/Profile/Water Main		2		4	
Construction Sequencing		1		2	
Final cost estimates		2			
Specs. / Bid Documents	1	2			
QA/AC Review	1	1			
Sub-Total hours	3	13	0	10	0
					26
G. BIDDING					
Prebid conference	1	2			
Misc. addenda	1	4		4	2
Misc.	1	4			
Sub-Total hours	3	10	0	4	2
					19
H. CA / CO					
Preconstruction Conference	1	1			
Weekly Construction Meetings		6			

DESCRIPTION	TSP				
	PIC	PE	PE2 Sheridan	CADD	CI
Shop drawing / misc. submittals		4			
Periodic Inspection(6 wk x 3 hrs/wk)		18			
Sub-Total hours	1	29	0	0	0
					30
TOTAL HOURS Base Design	56	200	4	104	6
					370
	\$120.00	\$90.00	\$120.00	\$55.00	\$35.00
TOTAL COST	\$6,720.00	\$18,000.00	\$480.00	\$5,720.00	\$210.00
Total Labor Cost					\$31,130.00
TSP EXPENSES	Amount	Rate	Total		
Printing(ea)4 submittals x 50	200	\$0.25	\$50.00		
Plotting(ea)	50	\$1.25	\$62.50		
Copies(ea)	100	\$0.10	\$10.00		
Photography(LS)	1	\$26.00	\$26.00		
			\$148.50		
LABOR AND EXPENSE SUMMARY					
TSP	\$31,130.00				
TSP Expenses	\$148.50				
Precision Surveying	\$4,400.00				
AET	\$3,121.50				
Total	\$38,800.00				

Robert Morcom/TSP III
800 Kansas City Street
Rapid City, South Dakota

RE: Memorial Park Surveying Proposal

Thank you for the opportunity to bid this job for you. From the documents that you provided and from an onsite visit to the property, I have come up with the following proposal for services.

Topo Survey- Topo Survey will be tied to a local Datum (City of Rapid City Bench Mark). We will provide an AutoCAD R2000 drawing with a contour interval of 1' Foot. All utilities will be located by the use of SD One Call and all existing buildings, Trees with size, sprinkler heads, sidewalks and manmade features will be located. Survey Limits shall consist of the area as outlined in the document that you provided. Survey will not show any parking stripes located in the civic center parking lot and shall extend to the East to the new edge of the sidewalk. Furthermore we will locate the bridge location and the two banks and center of Rapid Creek. We feel that it will take approximately 4 days of field work due to all of the trees and sidewalks that need to be located. Based on this we are proposing the following:

TOPO SURVEY	\$3400.00
SITE MAP	<u>\$1000.00</u>
Total	\$4400.00

We are available to start immediately. Weather this time of year is a big concern, and we would need to have no or minimal snow cover in order to perform the survey. We would like a notice to proceed as soon as possible. If you have any question please feel free to call.

Any additional work shall be performed at the following Rates:

2 Man Crew	\$70.00 p/hr
Crew Chief	\$60.00 p/hr
Registered Land Surveyor	\$70.00 p/hr
Computer w/operator	\$55.00 p/hr
Clerical or research	\$25.00 p/hr

Sincerely,

Rick Bush, R.L.S. #6699
Precision Surveying & Mapping, Inc.



1" = 200'



**AMERICAN
ENGINEERING
TESTING, Inc.**

RECEIVED NOV 19 2004

FAX TRANSMISSION

AMERICAN ENGINEERING TESTING

1745 SAMCO ROAD

RAPID CITY, SOUTH DAKOTA 57702

(605) 388-0029

Fax: (605) 388-0064

To: Bob Morcom

Date: November 19, 2004

Company: TSP

Pages: 7 (Including this cover page)

Fax #: 343 7159

Phone #: 343-6102

From: Robert Temme

Subject: 6th Street Memorial Park Water Transmission Line

COMMENTS:

Please review and call with any questions.

This facsimile and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. This communication may contain material protected by attorney-client privilege. If you are not the intended recipient or the person responsible for delivering the facsimile to the intended recipient, be advised that you have received this facsimile in error and any use, dissemination, forwarding, printing or copying of this facsimile is strictly prohibited. If you have received this facsimile in error, please notify us at 1-605-388-0029.



**AMERICAN
ENGINEERING
TESTING, INC.**

November 19, 2004

CONSULTANTS
• GEOTECHNICAL
• MATERIALS
• ENVIRONMENTAL

Mr. Bob Morcom P.E.
TSP
600 Kansas City Street
Rapid City, South Dakota 57701

Subject: Cost Proposal - Geotechnical Exploration Program
6th Street Memorial Park Water Transmission Main Reconstruction
Rapid City, South Dakota
Rapid City Project No. W04-1423

Dear Bob:

INTRODUCTION

American Engineering Testing Inc. (AET) is pleased to provide this proposal for conducting a Geotechnical Exploration Program for the proposed 6th Street Memorial Park Water Transmission Main Reconstruction in Rapid City, South Dakota. This proposal based on the information provided and defines the general scope, completion schedule, and estimated costs for our work.

PROJECT INFORMATION

We understand the project will consist of the placement of approximately 1500 feet of new 24 inch water transmission line. The project begins at the intersection of Omaha & 6th Streets and runs northward, across Rapid Creek, to the parking lot of the Civic Center. Depth of the water line will be between 6 to 10 feet in depth.

SCOPE OF WORK

The purpose of the geotechnical study will be to provide subsurface soil and groundwater information along the water line alignment to provide information and engineering recommendations for planning and design of the project. Soil properties for excavation, compaction and corrosion potential will be reviewed along with potential temporary dewatering issues for the creek crossing. Should the project conditions change, AET should be notified as soon as possible to review this proposal to determine if the scope of work should be modified. In order to accomplish the above stated purpose, AET proposes the following scope of work:

6th St Memorial Park Water Transmission Main
 Rapid City, South Dakota
 Page 2

Project W04-1423

6th Street Memorial Park Water Transmission Main Reconstruction

Scope: Construct over 1500 feet of new 24" water transmission line across Memorial Park from 6th Street northward to the parking lot of the Civic Center

Borings/Field Electrical Resistivity Tests

- Drill three borings to depths of 10 feet along the alignment.
- Drill three borings to depths of 15 feet at the approximate creek crossing locations
- Install one-inch, hand slotted pvc pipe piezometers the full depth of five of the six borings
- Perform three field electrical soil resistivity tests along the alignment

Laboratory Testing

Natural moisture-density tests	12
Proctor test	2
Soil pH, chlorides, sulfide & sulfates	4
Soil box resistivity	4

Report

The report will provide subsurface soil and groundwater information along the proposed alignment with recommendations regarding excavation/trenching, backfill/compaction, embankment construction and groundwater drainage along with results of the soil resistivity and pH tests.

Preliminary Fees

Borings

3 SPT to 10 feet @ \$13.00/foot	\$390.00
3 SPT to 15 feet @ \$13.00/foot	\$585.00
75 feet of pvc piezometers	\$75.00
Mobilization	\$150.00
Utility Locates - 2 hours @ \$55.00/hour	\$110.00
Field Resistivity - 3 @ \$75/ca	\$225.00

Laboratory Testing

Natural Moisture/Density tests - 12 @ \$13.00 each	\$156.00
Proctors - 2 @ \$120/each	\$240.00
Soil Box Resistivity - 3 @ \$75.00/each	\$225.00
Soil pH - 3 @ \$75/each	\$225.00

Report

Senior Engineer - 2 hours @ \$100.00/hour	\$200.00
Project Engineer - 6 hours @ \$76.50/hour	\$459.00
Drafting - 1 hours @ \$46.50/hour	\$46.50
Clerical - 1 hour @ \$35.00/hour	\$35.00

Subtotal \$3,121.50

6th St Memorial Park Water Transmission Main
Rapid City, South Dakota
Page 3

SUPPLEMENTAL SUBSURFACE STUDY

Based on the results of the geotechnical study and review of past aerial photos use of Ground Penetrating Radar (GPR) can be used to provide supplemental subsurface information along the alignment. The GPR could be used to scan the upper 8 to 10 feet of soil to possibly indicate the presence of old concrete foundations, cisterns, etc. as well as any buried debris from the time frame of the 1972 flood. If the GPR scan indicates the possible presence of buried structures/debris, additional auger borings may be warranted to verify the scan.

Approximately two weeks would be required to complete this GPR study and the associated verification borings. Costs to perform these services are estimated to be between \$3500 and \$4500.

SCHEDULE

Weathered permitting, AET will schedule the field work to begin within five days from being given written authorization to proceed. We anticipate the drilling can be completed in one day. Laboratory testing will require approximately one week. The report will be submitted within one week after the completion of the laboratory testing. Verbal recommendations can be given once the site work has been performed and the data reviewed.

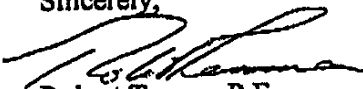
ACCEPTANCE

Please acknowledge your acceptance of this proposal by endorsing the enclosed copy and returning it to our office. The original proposal is intended for your records. We cannot begin work on this project without written authorization to proceed.

CLOSING

Thank you for considering American Engineering Testing (AET) for this project. If you have any questions please call our office at (605) 388-0029.

Sincerely,



Robert Temme P.E.
South Dakota Manager

ACCEPTANCE

SIGNATURE: _____

COMPANY: _____

DATE: _____

AMERICAN ENGINEERING TESTING, INC.SERVICE AGREEMENT
TERMS AND CONDITIONSSECTION 1 - RESPONSIBILITIES

1.1 - The party to whom the proposal/contract is addressed is the Client of American Engineering Testing, Inc. (AET).

1.2 - Prior to AET performing work, Client will provide AET with all information that may affect the cost, progress, safety and performance of the work. This includes, but is not limited to, information on proposed and existing construction, all pertinent sections of contracts between Client and property owner, site safety plans or other documents which may control or affect AET's work. If new information becomes available during AET's work, Client will provide such information to AET in a timely manner. Also, Client will provide a representative for timely answers to project-related questions by AET.

1.3 - Work by AET will not relieve other persons of their responsibility to perform work according to the contract documents or specifications, and AET will not be held responsible for work or omissions by Client and other persons. AET will not be responsible for directing or supervising the work of others, unless specifically authorized in writing.

1.4 - Work by AET often includes sampling at specific locations. Inherent with such sampling is variation between sampling locations. Client recognizes this uncertainty and the associated risk, and acknowledges that opinions developed by AET, based on the samples, are qualified to that extent.

1.5 - AET is not responsible for interpretations or modifications of AET's recommendations by other person.

1.6 - Should changed conditions be alleged, Client agrees to notify AET before evidence of change is no longer accessible for evaluation.

SECTION 2 - SITE ACCESS AND RESTORATION

2.1 - Client will furnish AET safe and legal site access.

2.2 - It is understood by Client that in the normal course of the work, some damage to the site or materials may occur. AET will take reasonable precautions to minimize such damage. Restoration of the site is the responsibility of the Client.

SECTION 3 - SAFETY

3.1 - Client shall inform AET of any known or suspected hazardous materials or unsafe conditions at the work site. If, during the course of AET's work, such materials or conditions are discovered, AET reserves the right to take measures to protect AET personnel and equipment or to immediately terminate services. Client shall be responsible for payment of such additional protection costs.

3.2 - AET shall only be responsible for safety of AET employees at the work site. The Client or other persons shall be responsible for the safety of all other persons at the site.

SECTION 4 - SAMPLES

4.1 - Client is responsible for informing AET of any known or suspected hazardous materials prior to submittal to AET. All samples obtained by, or submitted to, AET remain the property of the Client during and after the work. Any known or suspected hazardous material samples will be returned to the Client at AET's discretion.

4.2 - Non-hazardous samples will be held for 30 days and then discarded unless, within 30 days of the report date, the Client provides a written request that AET store or ship the samples, at the Client's expense.

SECTION 5 - PROJECT RECORDS

The project records prepared by AET will remain the property of AET. AET shall retain these records for a period of three years following submission of the report, during which period the project records can be made available to the Client at AET's office at reasonable times.

SECTION 6 - STANDARD OF CARE

AET will perform services consistent with the level of care and skill normally performed by other firms in the profession at the time of this service and in this geographic area, under similar budgetary constraints. No other warranty is implied or intended.

SECTION 7 - INSURANCE

AET carries Worker's Compensation, Property Damage and Professional Liability Insurance. AET will furnish certificates of insurance to Client upon request.

SECTION 8 - DELAYS

If AET work delays are caused by Client, work of others, strikes, natural causes, weather, or other items beyond AET's control, a reasonable time extension for performance of work shall be granted, and AET shall receive an equitable fee adjustment.

SECTION 9 - PAYMENT, INTEREST AND BREACH

9.1 - Invoices are due on receipt. Client will inform AET of invoice questions or disagreements within 15 days of invoice date; unless so informed, invoices are deemed correct.

9.2 - Client agrees to pay interest on unpaid invoice balances at a rate of 1.5% per month, or the maximum allowed by law, whichever is less, beginning 30 days after invoice date.

9.3 - If any invoice remains unpaid for 60 days, such non-payment shall be a material breach of this agreement. As a result of such material breach, AET may, at its sole option, terminate all duties to the Client or other persons, without liability.

9.4 - Client will pay all AET collection expenses and attorney fees relating to past due fees which the Client owes under this agreement.

SECTION 10 - LITIGATION REIMBURSEMENT

Payment of AET costs for Client lawsuits against AET which are dismissed or are judged substantially in AET's favor will be the Client's responsibility. Applicable costs include, but are not limited to, attorney and expert witness fees, court costs, and AET costs.

SECTION 11 - MUTUAL INDEMNIFICATION

11.1 - AET agrees to hold harmless and indemnify Client from and against liability arising out of AET's negligent performance of the work, subject to any limitations, other indemnifications or other provisions Client and AET have agreed to in writing.

11.2 - Client agrees to hold harmless and indemnify AET from and against liability arising out of Client's negligent conduct, subject to any limitation, other indemnifications or other provisions Client and AET have agreed to.

11.3 - If Client has indemnity agreement with other persons the Client shall include AET as a beneficiary.

SECTION 12 - LIMITATION OF LIABILITY

Client agrees to limit AET's liability to Client arising from professional acts, errors or omissions, such that the total aggregate liability of AET shall not exceed AET's project fee.

SECTION 13 - TERMINATION

After seven days written notice, either party may elect to terminate work for justifiable reasons. In this event, the Client shall pay for all work performed, including demobilization and reporting costs to complete the file.

SECTION 14 - SEVERABILITY

Any provisions shall continue in force. However, Client and AET will in good faith attempt to replace an invalid or unenforceable provision with one that is valid and enforceable, and which comes as close as possible to expressing the intent of the original provision.

SECTION 15 - ENTIRE AGREEMENT

This agreement, including attached appendices, is the entire agreement between AET and Client. This agreement nullifies any previous written or oral agreements, including purchase/work orders. Any modifications to this agreement must be in writing.

AMERICAN ENGINEERING TESTING, INC.SUBSURFACE BORING SUPPLEMENT
TO TERMS AND CONDITIONSSECTION 16 - UNDERGROUND UTILITY AND STRUCTURE CLEARANCE

16.1 - It is necessary that borings, excavations and other penetrations be located such that they maintain a minimum safe distance from underground utilities or other man-made improvements. Client shall advise AET of all utilities that service or are located on the site, as well as any underground improvements located on the site. AET will contact state notification centers, where available, or individual utility owners where a state notification centers are not available prior to drilling.

16.2 - Public utility owners may not provide the locating service on private property. In such situations, the Client is responsible for location of such utilities prior to drilling.

16.3 - The property owner may have private underground improvements which cannot be cleared through the state notification center or public utility owners. The Client is responsible for location of these improvements.

16.4 - AET will not be responsible for any damages to "non-located" or incorrectly located underground utilities or other man-made improvements.

SECTION 17 - CONTAMINATION

17.1 - Client acknowledges and accepts that unavoidable contamination risks may be associated with AET's subsurface drilling, sampling and installation of monitoring devices. Risks include, but are not limited to, cross contamination created by linking contaminated zones to uncontaminated zones during the drilling process; containment and proper disposal of known or suspected hazardous materials, drill cuttings and drill fluids; and decontamination

17.2 - Because subsurface sampling is a necessary aspect of AET's work performed on the Client's behalf, Client agrees to hold harmless and indemnify AET from and against liability associated with contamination.

SECTION 18 - LOST EQUIPMENT

Equipment lost in bore holes may be required to be retrieved or properly abandoned by government agencies. Client agrees to pay AET all costs related to retrieving and/or abandoning such equipment at AET fee schedule rates, unless agreed otherwise.

SECTION 19 - LIMITATIONS OF SUBSURFACE EXPLORATION

Client recognizes that unavoidable risks occur whenever engineering or related disciplines are applied to identify subsurface conditions. Even a comprehensive sampling and testing program performed in accordance with a professional standard of care may fail to detect certain conditions, because they are hidden. For similar reasons, actual environmental, geologic and geotechnical conditions that AET characterizes to exist between sampling points may differ significantly from those that actually exist. The passage of time also must be considered, and Client recognizes that, due to natural occurrences or direct or indirect human activities at the site or distant from it, actual conditions discovered may change. Client recognizes that nothing can be done to eliminate the risks associated with these limitations.