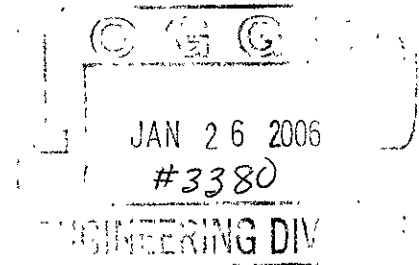


January 25, 2006

LF021506-12

Mr. Rod Johnson  
Rapid City Public Works Department  
300 Sixth Street  
Rapid City, SD 57701



**Re: Professional Design Services for a Multi-Use Storage Facility**

Dear Rod,

Thank you for the opportunity to propose professional design services required for the feasibility study of a multi-use storage facility that is being contemplated by the City of Rapid City. Our Understanding and Approach to your Project is as follows:

Understanding of the Project:

- The city has forwarded a proposal for a multi-use storage facility as one of the potential future 2012 projects.
- Programmatic needs include storage and maintenance for the public transit system, a shop/storage area for the City Street's sign and signal department, and an area dedicated to RCPD evidence storage.
- The feasibility study would review and address two concepts:
  - the review of an existing structure to accommodate the programmatic needs;
  - The development of a concept for a new structure on a City owned lot;
- The analysis will encompass architectural and general structural concerns outlined by ARC International, Inc. as well as an overview of expected mechanical and electrical implications performed by our consultant, Skyline Engineering.
- Coordination with a local realtor / appraiser would be anticipated.
- The Feasibility Study phase is anticipated to be accomplished by mid March 2006.

Approach to Your Project:

1. Program Review: We would meet with the three city departments representatives to gain a thorough understanding of the space needs. These findings will be integrated into the concept solutions.
2. Existing Building Concept Solution:
  - a. A thorough review and documentation of the existing structure would be accomplished.
  - b. A concept would be developed that would suggest how the existing structure could provide for the anticipated program needs.
  - c. It is anticipated that some demolition, remodeling and additions would be required to solve the needs.

- d. The analysis would include a review of the mechanical and electrical infrastructure and how they would adapt to the new use.
- e. A narrative summary of the building systems would be provided.
3. New Building Concept Solution:
  - a. A site review of the potential property would be accomplished.
  - b. A concept layout would be developed to solve the programmatic needs upon the potential site.
  - c. A narrative summary of the building systems would be provided.
4. Estimated costs:
  - a. Each solution would be addressed with potential project costs outlining estimated construction costs, design fees, contingencies, etc.
  - b. Anticipate a review meeting with the Real Estate Appraiser to coordinate information regarding estimated costs / values of the Existing Building Concept.
5. Report of Findings:
  - a. The Feasibility Study will be documented in a bound report for the City's use.
  - b. A presentation of our findings to the City is anticipated.
6. Fees:
  - a. We anticipate processing through the Feasibility Study starting in February 2006 and completion by mid March 2006.
  - b. Our lump sum fees for the project will not exceed \$8,450.00 inclusive of design fees and anticipated expenses. The expenses would include up to 10 bound copies of our final report and one public presentation of our findings.
7. Contract Form:
  - a. An Authorization and Agreement Form is attached for your review and approval.

We thank you for this opportunity to work with the City of Rapid City.

Sincerely,

  
**ARC International, Inc.**  
Donovan Broberg, Architect



AUTHORIZATION AND AGREEMENT FOR SERVICES

CLIENT INFORMATION: Job Number: 2006-003

Date Received: 1.23.06 Taken By: Donovan Broberg From Whom: Mr. Rod Johnson

Name: City of Rapid City Phone: 605.394.4165 Fax: 605.394.6636

Billing Address: 300 Sixth Street City/State/Zip: Rapid City, SD 57701

PROJECT INFORMATION:

Job Title: Feasibility Study for Multi-purpose Storage Building

City/County/State: Rapid City, Pennington, South Dakota

Estimated Completion Date: Spring 2006

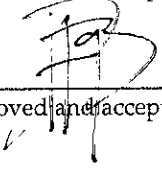
Description of Work: Provide feasibility study per attached January 25, 2006 outline of Understanding and Approach to the project.

BILLING ARRANGEMENTS: (all amounts are subject to applicable sales and use tax):

Invoice monthly for progress accomplished.

AGREEMENT: CLIENT AGREES TO THE GENERAL TERMS AND CONDITIONS ATTACHED WHICH ARE A PART OF THIS AGREEMENT. PLEASE READ, SIGN AND RETURN ONE COPY TO ADDRESS BELOW. WORK WILL NOT COMMENCE OR BE SCHEDULED UNTIL SIGNED AND COPY RETURNED. THIS INSTRUMENT SHALL NOT CONSTITUTE AN AGREEMENT OR CONTRACT BETWEEN THE PARTIES UNTIL EXECUTED BY **ARC International, Inc.** RETURN OF FULLY EXECUTED COPY TO: **ARC International, Inc.; 1825 Clark Street Suite 101; Rapid City, SD 57702** SHALL CONSTITUTE A NOTICE TO PROCEED WITH THE WORK.

By: \_\_\_\_\_ Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Approved and accepted by **City of Rapid City**

By:  Typed Name: Donovan Broberg, President Date: Jan 25, 2006  
Approved and accepted by **ARC International, Inc.**

## GENERAL TERMS AND CONDITIONS

### GENERAL CONDITIONS:

Where applicable, proposed fees constitute our best estimate of the charges required to perform the services as defined. Except as provided otherwise, the project scope will not be modified without written mutual agreement. Where project scope is expanded by Client, Client will be responsible for payment for services resulting there from. For those projects involving conceptual or process development services, activities often cannot be fully defined during initial planning. As the project progresses, if facts are uncovered which may alter the scope, ARC International, Inc., (hereinafter referred to as "Architect") will inform the Client of such situation so that changes in scope and compensation can be negotiated as required.

The Architect will provide all services in accordance with generally accepted professional practices. The Architect will not provide or offer to provide services inconsistent with or contrary to such practices nor make any warranty or guarantee, expressed or implied, nor to have any agreement or contract for services subject to the provisions of any uniform commercial code.

~~In the event that the Client makes a claim against the Architect for any alleged error, omission, breach of contract, or other act arising out of the performance of its professional services, and the Client fails to prove such claim upon final adjudication, and judgment is rendered in favor of the Architect, the Client shall pay all costs incurred by the Architect in defending itself against the claim, including but not limited to, personnel-related costs, attorneys' fees, court costs and other claim-related expenses.~~

Cancellations of the Agreement by the Client shall be effective seven (7) days after written notice to the Architect. The written notice shall include the reasons and details for cancellation. A final invoice will be prepared for all charges incurred through the date of cancellation; and payment will be due as stated elsewhere herein.

If the Client violates any of the agreements entered into between the Architect and the Client, or if the Client fails to carry out any of the duties contained in these terms and conditions, the Architect may, upon seven (7) days' written notice to the Client, suspend its services and/or terminate this Agreement with the Client without further obligation or liability to the Architect, unless within such seven (7) day period, the Client remedies such violation to the reasonable satisfaction of the Architect.

### PAYMENT FOR SERVICES:

Method of payment shall be as identified elsewhere. The Architect will bill the Client monthly or as otherwise determined applicable, as work progresses. Invoice amounts are due and payable in full within thirty (30) days of the invoice date. Accounts unpaid after said 30-day period shall be in default and shall be subject to a default of late payment charge computed at the rate of one percent (1.0%) per month, based upon the unpaid balance of the account dating from the invoice date, and accrued and compounded monthly.

The Architect may give notice to suspend services on all projects for any Client whose account is in default; and materials and information relating to such work will not be released until all amounts owing, including service charges, collection costs/fees, etc. are paid in full. The Architect will not be responsible for any penalty, damages or hardship that may result from such suspension of work.

Accounts remaining unpaid for a period of sixty (60) days after the invoice will be subject to a mechanics lien and collection action by a legal action deem appropriate. The expense of collection including attorneys' fees, Architect personnel costs and/or collection service fees used in the pursuit of collection will be added to accounts in default.

Work performed on an hourly basis is at the current hourly charge rate established for each employee providing services. Reimbursable expenses, such as, reproduction, travel, etc., shall be billed at the rates established on the rate chart included with the Agreement.

The Client agrees to provide such legal, accounting and insurance counseling as may be required for the project. Reuse of any documents pertaining to this project by the Client on extensions of this project or on any other project shall be at the Client's risk and all claims, damages and expenses, including attorney's fees, arising out of such reuse of the documents by the Client or by others acting through the Client.

Nothing in this Agreement shall be construed to subject or extend to the Architect the responsibility or authority to direct or supervise construction means, methods, techniques, sequence or procedures of construction selected by contractors or subcontractors or the safety precautions and programs incidental to the work of the contractors or subcontractors.

### LIMITATION OF PROFESSIONAL LIABILITY:

The Client agrees to limit Architect's liability to the Client and to all construction contractors and subcontractors on the project arising from Architect's negligent acts, errors and omissions, such that the total aggregate liability of Architect to all those named shall not exceed \$50,000 or Architect's total fee for the services rendered on the project, whichever is greater. The Client further agrees to require of the contractor similar limitation of the liability of Architect and of the Client, to the contractor and his subcontractor, any liability to the Client and architect shall be allocated between Client and Architect such that the aggregate liability of Architect shall not exceed that noted heretofore.

### INSURANCE:

The Architect will maintain insurance coverage in the following minimum amounts:

Workmen's Compensation	Statutory
General Liability	\$1,000,000
Automobile Liability	\$1,000,000
Professional Liability	\$1,000,000

If the Client required coverage or limits in addition to the above stated amounts, premiums for additional insurance shall be paid by the Client.

### TIME AND PERIOD OF PERFORMANCE – ASSIGNMENT OF CONTRACT:

The Architect shall perform the described work as expeditiously as is consistent with professional skill and care and the orderly progress of the work. The anticipated schedule will be based upon a reasonable estimate of the time required to perform the work and does not include allowances for periods of time required for the Client's review and approval of submissions and for approvals of authorities having jurisdiction over the project. The schedule shall be adjusted as required as the work proceeds in the event there are delays in any required approvals, for any other delays beyond the control of the Architect in the event the scope of the work is changed in any respect or if more time is required to perform the work than was originally estimated or anticipated by the Architect.

The Client shall not assign this Agreement without the authorized written consent of the Architect. This Agreement shall extend to and be binding upon the respective heirs, personal representatives, successors and assigns of the parties hereto.

OK - 2.9.6  
JD