



**PURCHASING ITEM
FOR
COUNCIL AGENDA
Memo No. CP16-162**

1. Agenda Item Number:
no

2. Council Meeting Date:
February 25, 2016

TO: MAYOR AND COUNCIL

THROUGH: CITY MANAGER

3. Date Prepared: February 10, 2016

4. Requesting Department: Municipal Utilities

5. SUBJECT: Design and Construction Contract to Salt River Project, for the Ocotillo Water Reclamation Facility Expansion

6. RECOMMENDATION: Staff recommends City Council award a Design and Construction Contract to Salt River Project, for enhanced distribution facilities, for the Ocotillo Water Reclamation Facility Expansion, Project No. WW1301.503, in an amount not to exceed \$80,914.

7. BACKGROUND/DISCUSSION: To accommodate the Ocotillo Water Reclamation Facility (OWRF) expansion for present and future services, Salt River Project (SRP) will install new electrical facilities to serve the OWRF. The construction will be located within the project site at 3333 S. Old Price Road.

The project scope of work includes the installation of two automatic transfer switches (ATS's) to provide automated switching between two primary metered non-dedicated distribution circuits. The work consists of the installation of two non-dedicated circuits, two four-way switches, two standard switches, and two primary meters.

This Contract also includes an agreement for electric service for the enhanced distribution facilities and establishes a ten-year term of monthly facility charges to pay for the improvements.

8. EVALUATION: SRP is the sole source electrical provider in the area and mandates their staff to design and install this infrastructure.

9. FINANCIAL IMPLICATIONS:

Cost: \$80,914.00 SRP WO# T2100078
Savings: N/A
Long Term Costs: N/A

Fund Source:

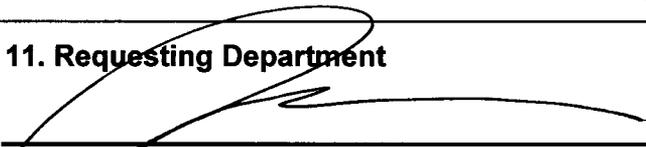
<u>Account No.:</u>	<u>Fund Name:</u>	<u>Program Name:</u>	<u>CIP Funded:</u>	<u>Amount:</u>
611.3820.6718.6WW661	Wastewater Bonds	Ocotillo Water Reclamation Facility Expansion	Yes	\$38,520
615.3910.6718.6WW661	Wastewater Operating	Ocotillo Water Reclamation Facility Expansion	Yes	\$42,394
Total:				\$80,914

10. PROPOSED MOTION: Move City Council award a Design and Construction Contract to Salt River Project, for enhanced distribution facilities, for the Ocotillo Water Reclamation Facility Expansion, Project No. WW1301.503, in an amount not to exceed \$80,914.

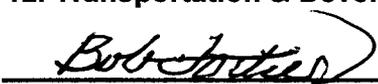
ATTACHMENTS: Location Map, Contract

APPROVALS

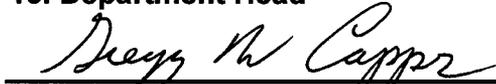
11. Requesting Department


John Knudson, Utilities Engineering Manager

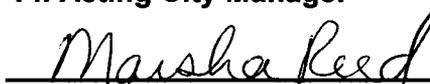
12. Transportation & Development


Bob Fortier, Capital Projects Manager

13. Department Head

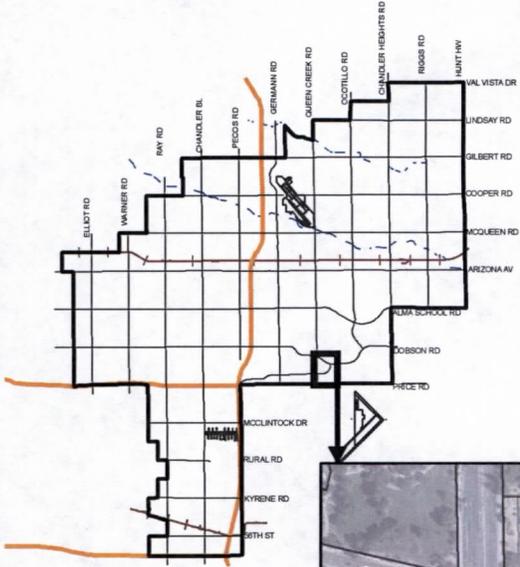

Gregg Capps, Acting Municipal Utilities Director

14. Acting City Manager


Marsha Reed



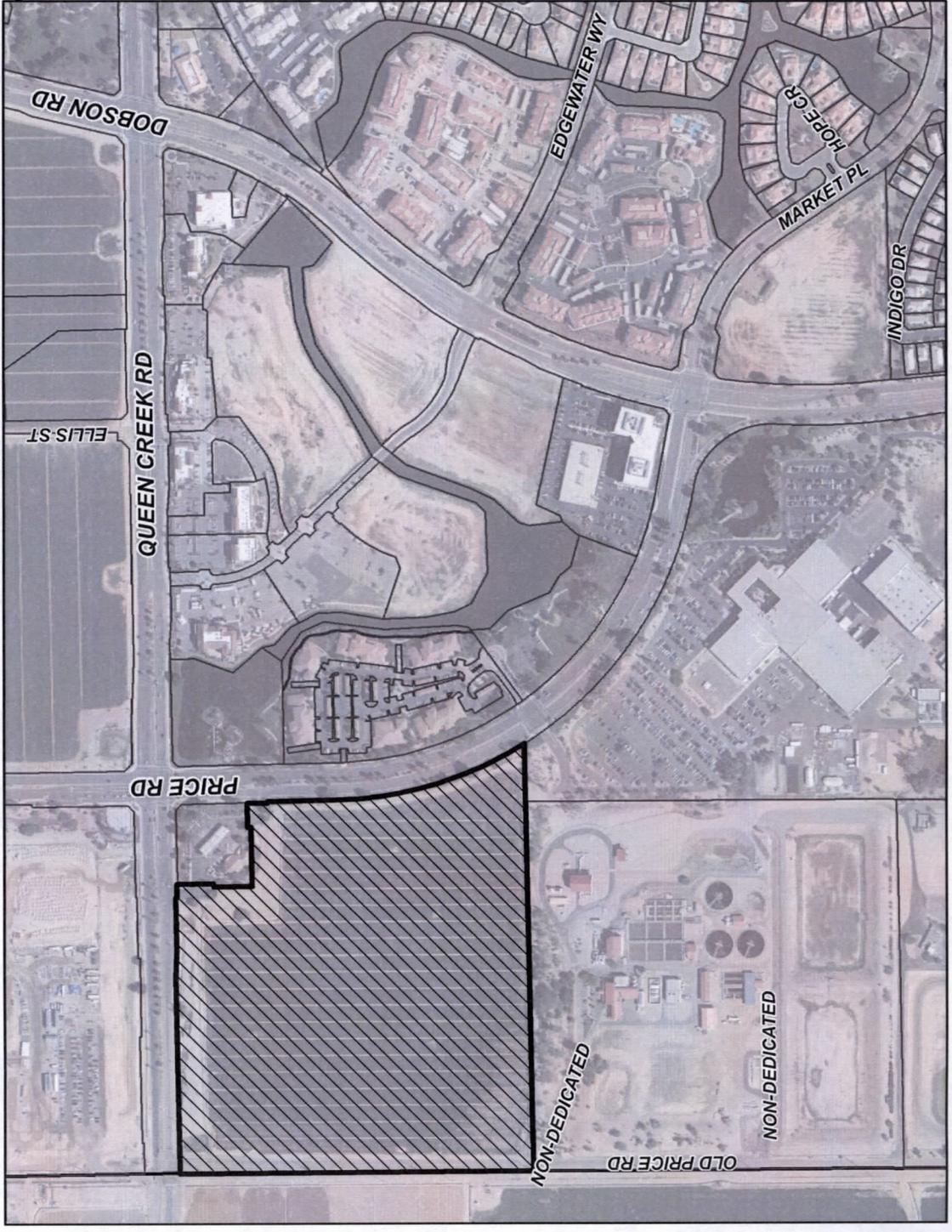
OCOTILLO WATER RECLAMATION FACILITY SRP ENHANCED DISTRIBUTION FACILITIES PROJECT NO. WW1301.503



MEMO NO. CP16-162



PROJECT SITE
3333 S. Old Price Road



ENHANCED DISTRIBUTION FACILITIES DESIGN AND CONSTRUCTION CONTRACT



SRP BUSINESS PROJECT CENTER
P.O. Box 52025, ISB 231
Phoenix, AZ 85072

SRP Contact: John Ballard
Contact Phone: 602-236-5630

Date: 01-07-2016

ATTN: Mr. Gregg Capps
Water Resource Manager
City of Chandler
975 E. Armstrong Way
Chandler, Arizona 85249

Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona ("SRP"), and City of Chandler, an Arizona municipal corporation ("Customer"), enter into this contract ("Contract") for the design and construction of electrical facilities for the following Customer project ("Project"):

PROJECT SUMMARY

Name: City of Chandler Ocotillo Water Reclamation Facility Phase II Expansion
Location: 3333 S Old Price Road, Chandler, Arizona
Description: Installation of an automatic transfer switch ("ATS") switching scheme, related electrical service and communications facilities.
Work Order T2100078
Delivery Voltage 7,200/12,470V

PROJECT-SPECIFIC INFORMATION INCLUDED AS EXHIBITS

- Exhibit A – Authorization Letter dated December 3, 2015
- Exhibit B – Project-Specific Construction Specifications and Requirements
- Exhibit C – Form(s) of Easement

This Contract includes the attached Terms and Conditions and Exhibits and describes the general obligations of SRP and Customer. Any changes, amendments, or modifications to this Contract must be in writing and signed by both parties. Customer understands that SRP will not begin design services until Customer signs and returns this contract and pays the Contribution in Aid of Construction ("CIAC") fee below. If the job is cancelled or Customer fails to diligently proceed to completion (as described below), the portion of the CIAC fee that was not used will be refunded. Upon completion of the design services, SRP shall provide Customer a set of design drawings for the Project, which will contain construction details. Additional fees, if applicable, will be billed separately under an addendum to this Contract (or change order) signed by both parties.

PROJECT CIAC FEES

Project CIAC Fee: \$80,914.00 (Exhibit B)

SRP shall not be required to perform inspections or begin any construction or installation work on the Project until Customer (i) accepts the design drawings by signing them, (ii) pays SRP the CIAC fee, and (iii) provides to SRP a copy of a deed or deeds evidencing ownership of all of the real property that is encompassed within or will be affected by the Project (the "Real Property"). If the deed(s) show that Customer is not the sole owner of all of the Real Property, Customer shall provide written documentation acceptable to SRP that establishes Customer's authority to act on behalf of any other affected property owner(s) in connection with the Project before SRP will begin any construction or installation work under this Contract. If Customer is unable to provide such documentation, and as a result SRP is required to modify its designs for the Project, Customer shall be responsible for paying in advance the estimated additional costs of the redesign work.

SRP may terminate this Contract if Customer fails to satisfy all Real Property-related conditions within forty-five (45) days, or if Customer fails to hold a preconstruction meeting with SRP within one hundred twenty (120) days, or if Customer fails to commence actual construction of the SRP facilities within one hundred eighty (180) days, after SRP provides the design drawings to Customer. SRP may also terminate this Contract if, in SRP's determination, Customer is not actively constructing the SRP facilities for the Project. SRP must give Customer notice and a 60-day period within which to cure before any termination may occur.

SRP's delivery of this Contract to Customer constitutes an offer to perform the design and construction services on the terms and conditions set forth in this Contract. Customer may accept this offer by signing this Contract (with no additions, deletions, or modifications) and returning it to SRP with the CIAC fee. This offer shall expire if Customer has not signed and returned this Contract and the CIAC to SRP on or before February 11, 2016.

If Customer changes the Project, or if there is any change to the information regarding the Project provided by Customer and relied upon by SRP, SRP will charge Customer and Customer shall pay for any additional costs incurred by SRP, including but not limited to redesign and engineering costs. Such costs may be retained by SRP from any funds previously collected from Customer, or billed directly to Customer, as appropriate. Changes would be documented in an addendum to this Contract or a change order.

Customer understands and agrees to the terms and conditions of this Contract. The undersigned represents and warrants that he or she has the authority to sign this Contract on behalf of Customer.

CITY OF CHANDLER

ATTEST:

Signature

Name

Title

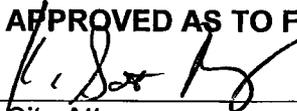
Date

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

City Clerk (SEAL)

Date

APPROVED AS TO FORM:



City Attorney

1/12/16

Date

Signature

Name

Title

Date

TERMS AND CONDITIONS

1. **SRP Rules and Regulations.** The existing applicable SRP Rules and Regulations, as they may be amended or revised from time to time by SRP, and all terms and conditions thereof, are adopted and incorporated herein by reference as part of this Contract except as specifically modified herein. The Rules and Regulations can be found at <http://www.srpn.com> and are on file at the principal offices of SRP.
2. **Project Work.** SRP shall design, supply, and construct all electric facilities up to the point(s) of delivery, including any connections to electric, in accordance with the SRP Rules and Regulations and SRP construction specifications and practices, both of which are subject to modification by SRP from time to time.
3. **Customer Project Information.** Customer shall provide SRP all drawings and data requested by SRP that are pertinent to the design of the Customer Project. SRP shall review such drawings and data for compatibility with SRP facilities and shall have sole discretion in determining whether the Customer facilities may be used with SRP's facilities.
4. **Land Rights.** Before SRP begins construction or energizes any portion of the Project, Customer shall provide SRP all requested easements, including any easements required from third parties, for SRP to access and maintain the electric facilities installed under this Contract, using SRP's standard form(s) of easement (in the form attached hereto as Exhibit C). Customer understands and agrees that SRP shall have no obligation to commence construction upon, complete, or provide electric service to the Project unless and until Customer has provided all such easements. The Customer, not SRP, shall be responsible for timely acquiring any easements from third parties. Any cooperation or assistance provided by SRP in acquiring third party easements shall not be deemed a waiver or assumption of Customer's obligation. Customer, at all times, shall allow SRP to access and maintain any SRP electric facility on Customer property. Customers with gated access to their property must install an SRP Remote Access Switch and comply with applicable SRP policies and requirements.
5. **Customer Work.** Unless otherwise agreed in writing by SRP, Customer shall perform, at Customer's sole expense, all trenching, provision and installation of conduit, backfilling and surveying with property pins and grade stakes ("Customer Work"). All facilities installed by SRP shall be the property of SRP. Conduit is accepted and shall be deemed property of SRP when wire is pulled. All Customer Work shall conform to SRP's standards. Customer shall forward all results of survey to SRP for review and approval. Upon Customer's request, SRP may provide survey services for the Project (for a fee) under a separate written agreement.
6. **Customer Work Practices.** Customer shall ensure that all Customer Work performed by Customer or its contractors or subcontractors shall be in accordance with national and local building and safety codes, the SRP Electric Service Specifications and construction drawings, the Designs, and the Electric Utility Service Entrance Requirements Committee. All Customer Work shall reasonably conform to SRP's standards. Customer shall be responsible for maintaining in good condition all trench and conduit until wire is pulled. Customer shall allow SRP to inspect, upon SRP's reasonable request, any Customer-provided facility that will connect to the SRP distribution system. Any inspection by SRP shall not be deemed an approval of any Customer-provided facility or a waiver by SRP of any right to enforce strict compliance with the terms and conditions of this Contract.
7. **Permits and Approvals.** Customer shall secure all required State, County, and local permits and approvals to receive electric service.
8. **Indemnification.** SRP shall not be responsible for, and Customer shall indemnify, defend, and hold harmless SRP, members of its governing bodies, and its officers, agents, and employees, for, from, and against any and all claims, demands, suits, costs of defense, attorneys' fees, witness fees of any type, losses, damages, injuries, expenses, and liabilities ("Claims") to the extent that such Claims are arising out of or relating to Customer's performance of the Customer Work. Customer's obligation under this Section shall extend to defend and indemnify SRP when SRP, members of its governing bodies, and/or its officers, agents, and employees are allegedly concurrently negligent with Customer, its employees, its agents and/or any third party, but shall not extend to any liability caused by the sole negligence of SRP.
9. **Site Preparation.** Prior to SRP's installing any electric facility, the Customer shall install all water and sewer facilities and backfill. Customer shall not install any curb, sidewalk, paving, or any conflicting foundation within the development boundaries until SRP completes the installation of the electric facilities. Customer shall and hereby does release SRP from any loss, damage, liability, cost, or expense incurred by Customer arising out of (i) any delay by SRP in performing or completing its obligations under this Contract or (ii) any loss or damage to any facilities installed by Customer (e.g., curb, sidewalk) in violation of this Section, even if such damage was caused by the negligent or intentional act or omission of SRP.

10. Relocation Costs. Customer, upon demand, shall reimburse SRP for the costs of relocation of facilities found to be installed at the wrong location or grade due to Customer requested changes in property lines, easement grade, and/or errors in staking, trenching, or survey.
11. Customer Load Growth. If Customer's load grows beyond the capacity of the installed SRP facilities, Customer shall be solely responsible for all costs associated with the removal of existing facilities and installation of new facilities pursuant to a new design and construction contract. If Customer's load grows to a total coincident demand of 6,740 kVA or greater, but less than 11,800 kVA, the load will be served from at least one dedicated SRP feeder circuit or a substation dedicated to serve only Customer. Any dedicated feeder circuit(s) or substation(s) shall be provided by SRP at the sole expense of Customer.
12. Applicable Law and Jurisdiction This Contract shall be interpreted, governed by and construed in accordance with the substantive and procedural laws of the State of Arizona, without regard to conflicts of law principles. SRP and Customer agree that any action, suit, or proceeding arising out of or relating to this Contract shall be initiated and prosecuted in a state or federal court of competent jurisdiction located in Maricopa County, Arizona, and the parties irrevocably submit to the jurisdiction and venue of such court.
13. New Service. Security deposits for electrical service also may be required. Please call 602.236.8833 at least 30 days prior to the meter-set need-date.

Exhibit A
Authorization Letter



November 25, 2015

Gregg Capps
City of Chandler
Water Resource Manager
975 E. Armstrong Way
Chandler, AZ 85286

Re: Project Authorization Letter--Proposal for Enhanced Service at the Ocotillo Water Reclamation Facility expansion

Dear Gregg,

Per your request, SRP has prepared a scope of work and a cost estimate to provide automatic restoration capability for the Ocotillo Water Reclamation Facility expansion (Phase II) at 3333 S. Old Price Road, Chandler, Arizona.

PROJECT SCOPE OF WORK

The scope of this project includes the installation of two automatic transfer switches (ATS's) to provide automated switching between two primary metered non-dedicated distribution circuits as part of the Ocotillo WRF expansion.

OPTION BENEFITS

The advantage of an ATS installation is to restore loss of service as quickly as possible. Two different circuits (power sources) are routed into the ATS. When one source of power is interrupted, the ATS will automatically transfer to the alternate source. The customer will experience about a two second loss of service.

CONTRACTUAL AGREEMENTS

1. SRP Design and Construction Contract for Enhanced Service Project
2. Agreement for Electric Service for Standard Price Plan E-61 with monthly facilities charge

PROJECT CONTRIBUTIONS IN AID OF CONSTRUCTION AND MONTHLY FACILITIES' CHARGE

Customer shall pay SRP a Contribution in Aid of Construction for all SRP's costs and expenses incurred in constructing the project ("CIAC"), including procurement, design, and construction costs for standard and enhanced services. The specific amount and details of the CIAC, monthly facilities charges (if applicable), and related payment terms will be documented in subsequent contracts between the parties.

PAYMENT OPTIONS

Option I-- CIAC, Monthly Facilities Charge and Ten Year Default

Project CIAC \$ 80,914.00

Monthly Facilities Charge

This monthly facilities charge includes payment for enhanced reliability service, SRP's investment, and ownership costs associated with SRP's investment, and reserved system capacity associated with shared

1 | Page

circuits. Once this project is complete and the above installation is made operational, the monthly facilities charge below shall commence on the next month's billing cycle.

Monthly Facilities Charge \$ 7,197.00

Default

This represents SRP's investment in the requested enhanced facilities. It is designed to make SRP whole if at any time within ten (10) years after commencing to take such enhanced distribution services, Customer stops paying SRP for such enhanced distribution services.

Ten Year Default \$ 437,387.00

Option II - CIAC and Monthly Facilities Charge Buyout

Project CIAC	80,914.00
Monthly Facilities Charge Buyout	1,114,671.00
CIAC and Monthly Facilities Charge Buyout	\$ 1,180,155.00

The monthly facilities charge may be satisfied through a one-time prepayment of the monthly facilities charge. The buyout figure is computed by taking the annual cost of ownership of the facilities to be installed to enhance the service. The ownership costs include but are not limited to the following: in-lieu taxes, A&G, O&M, and insurance. This number is then divided by our weighted average cost of capital (this assumes an infinite stream of ownership payments). The initial cost of the facilities as well as the CIAC is included to determine the final figure.

PROJECT ASSUMPTIONS

1. Land acquisition (e.g., easements for the site and any additional easements for ingress and egress are the responsibility of Customer). Customer shall ensure that SRP has required access to construct, operate and maintain the electric facilities (including existing distribution easements).
2. Circuit Load Criteria
 - o The maximum site load shall not exceed 3370 kVA for each ATS switch.
 - o All calculations are based on 80% load factor and 85% power factor.
3. Project Scope
 - o Trench and Conduit
 - Customer responsible for all trench and conduit. Approximate lengths are as follows: 3-3" PVC 500ft.
 - o Site Requirements
 - Customer equipment yard to be located near the southeast corner of the site.
 - o Cable
 - Wire charges only include the additional amount of wire required for the enhanced services.
 - o Communication
 - Fiber optic cable to be used as the communications link from the SRP substation to the ATSS. Source of feed is from a SRP communications cabinet to be installed on the DFA switch project.
4. Project Work - All project work shall be scheduled and conducted during SRP's normal business hours of Monday through Friday 0700 to 1730. SRP shall not be obligated to schedule its work outside of SRP's normal working hours, unless SRP agrees to do so and Customer agrees to reimburse SRP for the related additional expenses incurred by SRP.

5. Project Costs:

- o Pricing for this Project is based on current design and SRP work being performed during SRP's regular business hours. If Customer changes the Project, or if there is any change to the information regarding the Project provided by Customer and relied upon by SRP, SRP will charge Customer and Customer shall pay for any additional costs incurred by SRP, including but not limited to redesign and engineering costs. Such costs may be retained by SRP from any funds previously collected from Customer, or billed directly to Customer, as appropriate.
- o Cost estimates are valid through February 11, 2016.

6. The contract schedule, project schedule and estimated energization date will be determined once SRP receives official approval to commence with the project.

Please sign the accompanying Project Authorization Letter and select your payment option for SRP to officially commence with the project.

We look forward to working with you on this project. Please feel free to call me at 602-236-5630 if you have questions.

Sincerely yours,

John C. Ballard
John C. Ballard (Nov 24, 2016)

John C. Ballard
Sr. Distribution Key Account Manager
Business Project Center

November 25, 2015

John C. Ballard
Salt River Project
P.O. Box 52025
Mail Station ISB231
Phoenix, Arizona 85072

RE: PROJECT AUTHORIZATION LETTER FOR ENHANCED SERVICE FOR THE
CHANDLER OCOTILO WTR PHASE II EXPANSION

Dear John,

City of Chandler hereby authorizes SRP to initiate the enhanced service project (the "Project") described in the accompanying SRP Proposal dated November 25, 2015 to commence further design and development of the Project, consistent with the terms set forth in the Proposal.

We would prefer this Payment Option for this project:

- Option I - CIAC, Monthly Facilities Charge and Ten Year Default
 Option II - CIAC and Monthly Facilities Charge Buyout

City of Chandler

Robert Fortier
Signature

ROBERT FORTIER
Print Name

CAPITAL PROJECTS MANAGER
Title

11-3-15
Date

4 | Page

Exhibit B
Project-Specific Construction Specifications and Requirements
(Supplementary to the Contract's Project Summary and Terms and Conditions)

Project Assumptions

1. SRP will design and construct the Project.
2. SRP will install two automatic transfer switches (ATSs) and associated equipment to provide automated switching between two non-dedicated distribution circuits for the Ocotillo WRF Phase II expansion.
3. Site Requirements
 - o Customer equipment yard to be located near the southeast corner of the site.
4. Trenching
 - o Customer is responsible for the trench and conduit work as per SRP design, backfill, pavement and landscape restoration.
 - Approximate trenching lengths are 3-3"PVC 500 feet with 1-2/0 bare copper neutral.
 - o SRP shall make all the conduit connections into existing energized equipment and conduit systems containing energized conductors.
5. New Service and Primary Metering
 - o Run new 12.47kV service to Customer's two new 156A service entrances sections.
 - o Customer will provide the primary metering cabinets to be located on Customer's property.
 - o SRP will provide and install the meters and associated equipment at the site.
6. Communications
 - o Fiber optic cable to be used as the communications link from the SRP substation to the ATSs.
 - Communications to the ATSs is from SRP's communication cabinet installed on the Phase I expansion. Source of feed to the communications cabinet is from an existing flush mount communications junction box (j-box) installed near the distribution poles along the south side of Queen Creek Rd.
7. Customer Load Criteria
 - o Customer's maximum actual load between each ATS switch shall not exceed 3,370 kVA.
 - o If Customer's electrical demand on the ATS exceeds 3,370 kVA, the ATS automatic transfer capability may not occur and transfer capability shall remain unavailable until remedy agreeable to both parties is completed.
8. All dollar values are based on current charges for new equipment.
9. The Project schedule and any estimated energization date will be determined once SRP receives final approval to commence with the Project (signed Contract). SRP will provide an invoice to the Customer for the CIAC fee for the project.
10. SRP shall deliver a schedule and estimated energization date (for matters solely within SRP's control) to the Customer within ten (10) business days of execution of this Contract and payment.

Exhibit C
Form(s) of Easements

WHEN RECORDED MAIL TO:

SALT RIVER PROJECT
Land Department/PAB350
P. O. Box 52025

Phoenix, Arizona 85072-2025

**EXEMPT PURSUANT TO
A.R.S. §§ 11-1134(A)(2) and (A)(3)**

POWER DISTRIBUTION EASEMENT

Maricopa County
Parcel #

Agt.
Job #
W _____ C _____

*,
entity type,

hereinafter called Grantor, for and in consideration of the sum of Ten Dollars, and other valuable consideration, receipt and sufficiency of which is hereby acknowledged, does hereby grant and convey to **SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**, an agricultural improvement district organized and existing under the laws of the State of Arizona, hereinafter called Grantee, and Grantee's employees, contractors, licensees, invitees, successors and assigns, a non-exclusive easement to construct, install, reconstruct, replace, remove, repair, operate and maintain underground electrical conduits and conductors, pipes, cables, switching equipment, transformers, pad-mounted equipment, enclosures, manholes, vaults, and all other appliances, appurtenances and fixtures (collectively, "Facilities") for the transmission and distribution of electricity, communication signals and data, and for all other purposes connected therewith at such locations and elevations, in, upon, over, under, across, through and along the Easement Parcel (defined below), as Grantee may now or hereafter deem convenient or necessary from time to time, together with the right of access to and from the Easement Parcel, over, across, through and along Grantor's Property (defined below) (collectively, the "Easement"). Grantee is hereby authorized to permit others to use the Easement for additional Facilities jointly with or separately from the Grantee for their purposes.

The lands in, upon, over, under, across, through and along which the Easement is granted are situated in the County of Maricopa, State of Arizona, and are more particularly described as:

Grantor's Property:

Easement Parcel:

CAUTION: Facilities placed within the Easement Parcel may contain high voltage electrical equipment. Notice is hereby given that the location of underground electrical conductors or facilities must be verified as required by Arizona Revised Statutes, Section 40-360.21, et seq., Arizona Blue Stake Law, prior to any excavation.

The Easement is governed by the following terms and conditions:

1. Modification of Easement Parcel. Grantor acknowledges that field conditions may result in the Facilities being installed within Grantor's Property in a location that is not within the Easement Parcel. Grantee shall obtain Grantor's written consent to any construction or installation of all or any portion of the Facilities outside of the Easement Parcel. After the completion of any construction or installation outside of the Easement Parcel and receipt of Grantor's written consent, Grantor and Grantee shall execute, and cause the recordation of an amendment to this Easement, modifying the legal description of the Easement Parcel to reflect the actual location of the Facilities, and such revised legal description shall have the same force and effect, and create the same priority of interest, as if recorded concurrently with this instrument. Grantor agrees that its signature on the above-described amendment constitutes its written consent hereunder.
2. Prohibited Activities. Grantor shall not construct, install or place, or permit to be constructed, installed or placed, any building or other structure, plant any trees, drill any wells, store materials of any kind, or alter the ground level, within the Easement Parcel. This paragraph 2 does not prohibit the use of the Easement Parcel for such purposes as landscaping (except trees), paved parking, sidewalks and/or driveways, provided that such use is otherwise in accordance with the terms of this Easement, and does not interfere with the efficient operation and maintenance of the Facilities, including access thereto. Further, Grantor may request Grantee's prior written approval to grade or install improvements ("Work") within the Easement Parcel by submitting all construction, grading, or other development plans, as applicable, describing the proposed Work. Grantee may grant or deny such approval through the exercise of Grantee's sole discretion, provided that Grantee's review and right to approve shall be limited to whether the proposed Work conflicts with the existing Facilities, including access thereto. Any such approval is hereby subject to Grantor complying with all other provisions of this Easement.
3. Clear Areas. Grantor shall maintain a clear area that extends 3.00 feet from and around all edges of all transformer pads and other equipment pads, and a clear area that extends 12.00 feet immediately in front of all transformer and other equipment openings ("Clear Areas"). No improvements, fixtures, trees, shrubs, or other obstructions shall be placed within the Clear Areas. Grantee shall have the right (but not the obligation) to remove any obstructions within the Clear Areas.
4. Additional Grantee Rights. Grantee shall have the right (but not the obligation) to trim, cut and clear away trees, brush or other vegetation on, or which encroaches into, the Easement Parcel or the Clear Areas, whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights herein granted. Grantee shall further have the right to install, maintain and use gates in all fences or walls which now cross or hereafter cross the Easement Parcel.

5. Perpetual Nature of Easement. The Easement, and Grantee's rights hereunder, shall be perpetual, and shall not terminate until, and unless abandoned through the recordation of a document formally abandoning the Easement, which references this instrument and is executed and acknowledged by Grantee. Upon such recordation, all Grantee's rights hereunder shall cease, except the right to remove any and all property placed upon the Easement Parcel within a reasonable time subsequent to such abandonment.

6. Successors and Assigns. The benefits and burdens, and the covenants and agreements herein set forth shall run with and burden the land and shall extend and inure in favor and to the benefit of, and shall be binding on Grantor and Grantee and their successors and assigns.

7. Rights and Remedies Cumulative. The rights and remedies hereunder are cumulative, and the exercise of any one or more of such rights or remedies shall not preclude the exercise, at the same or different times, of any other right or remedy available.

8. Warranty of Title. Grantor represents and warrants that: (i) fee simple title to the Grantor's Property and Easement Parcel is vested in Grantor, and (ii) Grantor has full power and authority to grant the Easement and to perform its obligations under this document.

9. Authority to Bind Grantor. The individual executing this document represents and warrants: (i) that he or she is authorized to do so on behalf of Grantor, and (ii) that he or she has full legal power and authority to bind Grantor in accordance with the terms herein and, if necessary, has obtained all required consents or delegations of such power and authority (whether from any partner, owner, spouse, shareholder, director, member, manager, creditor, investor, developer, governmental authority, judicial or administrative body, association, or other person or entity). The individual executing this document shall indemnify, defend and hold harmless Grantee for, from and against any and all losses, costs, expenses, liabilities, claims, demands, and actions of any kind or nature, including court costs and attorneys' fees, arising or accruing as a result of the falsity of any of his or her representations and warranties contained in this paragraph 9.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK



**AGREEMENT FOR ELECTRIC SERVICE
WITH ENHANCED DISTRIBUTION
FACILITIES**

COMMERCIAL CUSTOMER:	City of Chandler, an Arizona municipal corporation	
REFERENCE:	Ocotillo Water Reclamation Facility ATS	
SERVICE ADDRESS:	3333 South Old Price Road, Chandler, Arizona	
ACCOUNT NUMBERS:	BILLING ACCOUNT NUMBER	LOCATION ACCOUNT NUMBER
PM1	TBD	TBD
PM2	TBD	TBD

In accordance with this Agreement between Customer named above and Salt River Project Agricultural Improvement and Power District ("SRP"), SRP shall deliver and Customer shall pay for electric service under the terms and conditions noted below and in any other documents referenced herein.

TERM:	One year from the Effective Date of this Agreement, extended automatically from year to year thereafter, unless terminated earlier at any time by advance written notice from one party to the other.
DELIVERY POINT(S):	Where SRP's primary service conductors connect to the Customer's primary metering cabinets (PM-0437 and PM-0438).
METERING POINT(S):	In Customer's primary metering cabinets. Primary metering is owned by SRP.
APPLICABLE PRICE PLANS:	Price Plan E-63, Standard Price Plan for Primary Large General Service (the "Price Plan"), the riders listed below, and any other applicable riders (the "Riders"), all of which are subject to modification or change by SRP during the term of this Agreement pursuant to SRP's Rules and Regulations.
CONSTRUCTION CONTRACT:	Distribution Design and Construction Contract ("Construction Agreement") between the parties of approximate even date.
RIDERS:	Facilities Rider Supplemental to Large General Service Price Plans E-61, E-63, E-65, and E-66.
EXHIBITS:	<u>Exhibit A</u> - Accepted Distribution Configuration

ACCEPTED DISTRIBUTION CONFIGURATION: SRP will plan for the maintenance, repair, and replacement of enhanced facilities serving Customer based on the "Accepted Distribution Configuration" as defined and described in Exhibit A.

The Accepted Distribution Configuration is designed to provide Customer with additional flexibility and reliability. SRP does not, however, guarantee a regular and uninterrupted supply of power at all times, given that outages (whether unplanned, scheduled, or for maintenance) may occur or be required.

Future installation of additional facilities at the request of Customer shall be subject to the terms and conditions of a separately negotiated Design and Construction Agreement. Customer may be responsible for (i) replacement and installation of distribution equipment through a Contribution in Aid of Construction ("CIAC"), (ii) a change in the facilities charge, or (iii) both. Changes to the initial configuration of equipment may require execution of a new Agreement for Electric Service.

If changes, removal or replacement of SRP's dedicated facilities serving Customer become necessary due to increased Customer load or SRP system-wide design changes, and Customer elects to no longer take and pay for such services, Customer shall pay SRP for its cost to remove, replace, reconfigure, and install equipment.

MONTHLY FACILITIES CHARGE: The monthly facilities charge, based on the Accepted Distribution Configuration as described in Exhibit A, and subject to future changes by SRP, shall be the greater of (i) \$7,197.00 or (ii) distribution delivery charges plus distribution facility charges in the applicable price plan(s) and rider(s), and shall become payable the date the Accepted Distribution Configuration facilities are made operational. This charge includes payment for enhanced reliability service, SRP's investment, ownership costs associated with SRP's investment, and replacement costs associated with the Accepted Distribution Configuration. The components of the monthly facilities charge may be reviewed and adjusted during SRP's formal price processes.

DEFAULT: Customer shall, pursuant to this Agreement, take and pay SRP for distribution services from the Accepted Distribution Configuration built for Customer pursuant to the Construction Agreement between the parties. Customer's minimum take and pay requirement shall remain in effect. Specifically, if at any time within the ten-year period that commenced on the date the dedicated facilities were energized Customer stops taking or paying SRP for such distribution services (whether due to a material decrease in usage or demand (kWh or kW), material change in the anticipated use of the Customer's site, abandonment of the site, sale or other transfer of ownership interest, lack of need for enhanced distribution services, or otherwise), Customer shall pay SRP for its costs incurred for the design and construction of such facilities through a single lump sum payment (shown in the table below) based upon the year electrical service or payment is discontinued by Customer. This provision shall survive the expiration or termination of this Agreement.

YEARS AFTER INITIAL ENERGIZATION OF DEDICATED FACILITIES BEGINNING 2016		CUSTOMER PAYMENT TO SRP	
Less than	1	\$	437,387
	2	\$	393,648
	3	\$	349,910
	4	\$	306,171
	5	\$	262,432
	6	\$	218,694
	7	\$	174,955
	8	\$	131,216
	9	\$	87,477
	10	\$	43,739

BILLING AND PAYMENT TERMS: Customer shall pay, at a minimum, all amounts that SRP bills to Customer under this Agreement or under the applicable Price Plan and Rider(s) by the date specified on the bill, subject to SRP's standard payment terms, as set forth in SRP's Rules and Regulations and Business Credit Policies. If Customer fails to pay such amounts within the required time, Customer shall be subject to disconnection and SRP's other remedies available herein, under its Rules and Regulations, or by law.

Customer shall reimburse SRP for any taxes (including sales, transaction privilege, contracting, excise, or other similar taxes, but excluding federal or state income taxes), fees, or charges levied or imposed by any governmental authority collected or payable by SRP under this Agreement.

If Customer's invoices are paid by a third party (e.g., a bill paying service, energy services consultant, payment processor, or any other third party payor entity) ("Payment Processor"), Customer (i) shall remain responsible for ensuring that SRP timely receives (and may retain) payment in full for all amounts payable under this Agreement and (ii) shall reimburse, indemnify and hold harmless SRP for, from and against any and all unpaid, returned, compromised, or settled payment amounts or other SRP losses, as well as associated costs and expenses (including attorneys' fees and costs of court), related, in any way, to Customer's use of such Payment Processor. If SRP is sued by a debtor, trustee, receiver or any other entity for the return of payments made by the Payment Processor for Customer's behalf, Customer shall have the option to take over the defense of the litigation upon a proffer from SRP, which must be accepted within five (5) business days of presentment. Regardless of the result of the foregoing litigation, Customer shall ensure that SRP is made whole, including reimbursement for any

returned payment offered in settlement or by judgment and for all its fees (including attorneys' fees), expenses and costs of litigation incurred by SRP. If Customer elects not to take over the defense or fails to do so, Customer shall: (a) not be allowed to contest or dispute in any way any settlement of the litigation entered into by SRP; and (b) shall ensure that SRP is made whole, including reimbursement for any returned payment offered in settlement or by judgment and for all its fees (including attorneys' fees), expenses and costs of litigation. If Customer fails to timely pay SRP for any fees, expenses or costs relating to any of the foregoing, SRP may include such charges on any subsequent Customer's invoice.

INTERCONNECTION: If electrical generation exists or is planned for installation at Customer's facility, and the generation is capable of paralleling with SRP electrical distribution service, the generation's paralleling and protection schemes must meet SRP approval. Prior to interconnection, Customer shall sign SRP's then-current form of interconnection agreement. Other interconnection requirements and specifications are set forth in SRP's Rules and Regulations and SRP Technical Requirements for Generating Facilities Interconnecting to the Distribution System.

GOVERNING LAW, VENUE AND WAIVER OF TRIAL BY JURY: This Agreement shall be interpreted, governed by and construed in accordance with the substantive and procedural laws of the State of Arizona, without regard to conflicts of law principles. SRP and Customer agree that any action, suit, or proceeding arising out of or relating to this Agreement shall be initiated and prosecuted in a state or federal court of competent jurisdiction located in Maricopa County, Arizona, and the parties irrevocably submit to the jurisdiction and venue of such court. To the fullest extent permitted by law, each party hereby irrevocably waives any and all rights to a trial by jury and covenants and agrees that it will not request a trial by jury, with respect to any legal proceeding arising out of or relating to this Agreement.

RULES AND REGULATIONS, PRICE PLAN, AND RIDERS: SRP's Rules and Regulations, the Price Plan, and the Riders, all of which are on file in the principal office of SRP (or may be reviewed on SRP's website www.srpnet.com), as they may be amended or revised by SRP from time to time, and all terms and conditions thereof (including without limitation Sections 6.8 and 6.9 of the Rules and Regulations, which limit SRP's liability) are hereby referred to, adopted and incorporated herein by reference as part of this Agreement. Customer's failure to abide by the terms of any of these documents, SRP's Electric Service Specifications, or any other applicable operational procedures document may result in the termination of this Agreement by SRP and/or service disconnection.

RIGHTS OF SUCCESSORS OR PARTIES HERETO: This Agreement shall bind and inure to the benefit of any assigns and/or successors in interest hereunder of the respective parties. However, SRP shall not be required to recognize any assignment of, or succession to, the rights and obligations of Customer hereunder until: (i) satisfactory proof of such assignee's or successor's financial capability to assume and perform all of Customer's obligations under this Agreement has been provided to and accepted by SRP (in SRP's sole and absolute discretion) and (ii) such assignee or successor shall have agreed in writing to assume and be bound by all of Customer's obligations under this Agreement. No Customer assignment of this Agreement or any rights under this Agreement shall be construed to release Customer from its obligations under this Agreement absent a written release or novation signed by SRP.

SUPERSEDES PRIOR CONTRACTS: This Agreement shall constitute the entire agreement and supersedes all prior contracts or commitments for delivery of power by SRP to Customer at the Delivery Point(s) and for purposes herein specified. This Agreement may not be modified or any provision waived except by written agreement executed by both SRP and Customer. This Agreement may be executed in multiple copies and each such copy shall be deemed an original copy.

[The remainder of this page is intentionally blank.]

This Agreement is dated and effective as of the operational date of the Accepted Distribution Configurations ("Effective Date").

CITY OF CHANDLER

ATTEST:

Signature

Name

Title

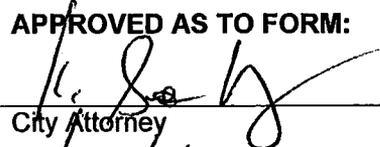
Date

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

City Clerk (SEAL)

Date

APPROVED AS TO FORM:



City Attorney

1/12/16

Date

Signature

Name

Title

Date

Exhibit A

Accepted Distribution Configuration

The "Accepted Distribution Configuration" shall include the electrical facilities listed below, which provide enhanced, non-standard electric service at the site.

Electrical Facilities	Quantity	Additional Information
Non-dedicated 12kV circuit	Two	From Roth substation, different bays
Automatic Transfer Switch (Maximum load per switch: 3,370 kVA)	Two	For detailed operational procedures, see spec sheet titled "Operational and Maintenance Information for Automatic Transfer Switch Installations"
Four-Way Switch	Two	
Standard Switch	Two	
Primary Meter	Two	Installed in Customer's primary metering cabinet.
Communication with SRP dispatch office	n/a	Through SRP fiber optic system



Operation and Maintenance Information for Automatic Transfer Switch Installations

1 GENERAL INFORMATION

- a. The automatic transfer switch ("ATS") is a 12kV pad-mounted unit.
- b. Bypass capability is included in the design through manual switching to allow testing and maintenance of the ATS; and to connect the customer's load directly to the preferred circuit while continuing service to customer. If the ATS is bypassed, no transfer capability will be available.
- c. The input or source side of the ATS will be connected to two, independent, 12kV circuits. These circuits, also referred to as feeders, may be dedicated circuits or non-dedicated system circuits (i.e. a non-dedicated circuit is used for other SRP load).
- d. The sources of the two circuits will typically be two, different 69/12 kV substations or two separate substation bays of the same substation separated by a bus divider breaker. This reduces the probability of losing both circuits simultaneously.
- e. The output or load side of the ATS will be connected to one or more SRP-owned or customer-owned 12kV pad mount distribution transformers. Alternately, if the customer elects to receive power at 12kV, the ATS will be connected on the load side first to a standard switch, and then a 12kV metering device.

2 TRANSFER FROM PREFERRED TO ALTERNATE CIRCUIT

- a. Under certain conditions the ATS will automatically transfer Customer's load from a preferred to an alternate source of electricity.
- b. Switch transfers open-transition to alternate circuit when abnormal voltage is detected for a pre-set time on the preferred circuit (typically a two second delay before transfer).
- c. Total time for transfer from preferred to alternate circuit is approximately 2.2 seconds (assuming a two second time delay, plus 0.2 seconds switch operation time).
- d. A fault detected on the load side of the transfer switch will not cause transfer to the alternate source.

3 RETURN TRANSFER FROM ALTERNATE TO PREFERRED CIRCUIT

- a. Return transfer to preferred circuit is remote closed transition initiated by Distribution Operations Center using Supervisory Control. (SCADA).
- b. If the ATS is on the alternate circuit and the preferred circuit is back to normal for more than three minutes and the alternate circuit becomes abnormal, then the ATS will transfer back to the preferred circuit.

4 BLOCKING PROVISION

- a. SRP has supervisory control of the ATS to block the transfer under SRP system emergency conditions or required construction and maintenance.



Operation and Maintenance Information for Automatic Transfer Switch Installations

- b. For non-dedicated circuit configurations, margin in the alternate source is shared with other SRP customers. It is anticipated that the switch will be blocked significantly less than 1% of the time. An outage of the preferred source while the ATS is blocked is very unlikely.
- c. SRP can provide an "alert signal" to Customer when the transfer function is being blocked, by means of a dry "status" contact that will be closed when the transfer function is blocked. Customer supplies and SRP installs status/block cable.

5 DEDICATED CIRCUIT LOAD CAPACITY

- a. For an ATS with one dedicated preferred circuit and one dedicated alternate circuit, the maximum load per ATS that can be transferred is determined on a case by case basis, and will be specified in the Construction Proposal. Typically, about a maximum load of 11.8MVA is feasible.
- b. DOC will block ATS transfer capability should Customer's demand through the switch exceed the pre-determined maximum load, and ATS will remain blocked until remedy agreeable to both Customer and SRP is completed.
- c. In addition to normal SRP operating margins, the ATS requires reserving an additional amount of margin to insure necessary capacity for transfer. This reserved capacity is included in the ATS monthly facilities charge.

6 NON-DEDICATED ("SHARED") CIRCUIT LOAD CAPACITY

- a. For a single ATS configuration, if the alternate circuit is a shared circuit, the maximum allowable customer demand will be 3370kVA. SRP will maintain margin on the alternative circuit and transformer to allow the transfer of the customer's load without exceeding loading guidelines.
- b. If the customer's load exceeds 3370kVA and shared circuit(s) will be used for the alternate circuit, two ATS's can be used. The maximum demand will then be 3370kVA on each ATS. Still only two circuits are required. Each circuit will be a preferred circuit for one of the ATS and each circuit will act as a alternative circuit for the other ATS.
- c. If the alternate circuit intended for back up for the preferred shared circuit is also a shared circuit, and SRP's ability to accept the sudden transfer of the customer's load becomes sufficiently impaired, the ability of the ATS to transfer load will be blocked by SRP. The SRP control center will perform the blocking function using a radio or fiber optic signal.

7 LOAD LIMITATIONS/MAXIMUM LOAD

Demand is limited to 3370kVA per ATS. With two sources available, if the demand exceeds 3370kVA, a second ATS would then be required and the total site demand could go up to 6740kVA. SRP does not require a dedicated circuit service until the Customers load exceeds 6740kVA. If Customer's demand begins to exceed the capacity for dedicated circuit service, SRP may require the Customer to be served by a dedicated substation. Any dedicated facilities shall be installed, owned, operated, and maintained by SRP at Customer's sole expense.



Operation and Maintenance Information for Automatic Transfer Switch Installations

8 TESTING, MAINTENANCE AND REPAIR

- a. SRP may perform outages on electrical equipment serving Customer (or equipment that does not directly serve Customer) for purposes of maintenance, construction, upgrades, monitoring, testing, system protection, system emergency conditions, and other matters. During such outages, the enhanced services normally provided to Customer may not be available. SRP cannot guarantee advance notice to Customer of all outages, even if such outages are scheduled or created by SRP.
- b. SRP, when possible, will provide Customer reasonable notice of scheduled maintenance outages, and will endeavor to schedule as reasonably possible to Customer's convenience. SRP shall not be obligated to schedule maintenance outages outside of SRP's normal working hours unless it is mutually agreeable to do.
- c. Automatic Transfer Switches (ATS) requires annual maintenance (including visual inspection and function testing) to ensure operational integrity. This may include, without limitation, the test operation of switches, verification of the operational parameters of the Micro-AT Source-Transfer Control, and replacement of batteries supplying power to the controls and communications equipment. The ATS, or the transfer function, will typically be out of service for approximately two hours or longer, if significant repairs are required. However, Customer will be kept in service through ATS bypass switches. This may also afford Customer an opportunity to test any emergency back-up generation.
- d. Manual switching will be provided by SRP to bypass the ATS load to the Customer and provide isolation of the source and load sides of the ATS. This provides an opportunity for SRP personnel to test or maintain the ATS. Load break elbows may be substituted for switches on the source side of the ATS. If the ATS is disconnected using these switches, no transfer capability will be available.
- e. SRP will make reasonable attempt to contact Customer regarding repairs required and time the ATS will be out of service. Notification may be by:
 - a. Field crews making the diagnosis and/or repairs
 - b. Through the Business Project Center assigned Key Account Manager
 - c. By Distribution Operations Center

9 HOLD TAGS

The Hold Tag is used to aid in protection of personnel working on or near energized equipment, whereby Reclosing of a line is disabled for maintenance, construction or system emergency conditions.

- a. A SRP hold tag is defined as: "An approved tag or card-type that warns against the operation of a particular switch, device circuit, tool, machine, gate, or other equipment."
- b. Hold-tags shall be obtained on energized conductors over six hundred (600) volts when people, material, or equipment could come within minimum safe working distances.
- c. Hold Tags are only issued to SRP personnel and authorized contractors however they can be taken as a result of conditions outside of SRP's control, at the request of City personnel, the fire department, or other utilities.



Operation and Maintenance Information for Automatic Transfer Switch Installations

10 RIGHT OF ACCESS

Customer hereby grants SRP's employees and agents the right of immediate access to the premises of Customer 24/7, 365 days of the year, for emergency operation, maintenance or repair of SRP's equipment and related facilities, and at all other reasonable times for such purposes as installing, constructing, modifying, testing and maintaining SRP's equipment and related facilities. SRP shall notify Customer in advance of needing access when reasonable to do so.