



May 24, 2018

James Cole, Chairman
Timbrshor Homeowners Association
30353 Borchers Lane, Unit 308/309
Polson, MT 59860

RE: Timbrshor Groundwater Well System design, COSA Rewrite

Dear Jim,

Per the THOA Board request, Hafferman Engineering Inc (HEI) is providing the Scope of Work, Estimated Fee and Fee Schedule for obtaining State of Montana Department of Environmental Quality (MDEQ) Condition of Subdivision Approval (COSA) compliance by designing and obtaining approval of an appropriate public water supply (PWS) groundwater well system for the forty-seven (47) units associated to the Timbrshor Subdivision. The rewritten COSA will need to address the water supply for thirty (30) existing and seventeen (17) future units.

HEI will provide a ground water supply design that is in accord with the attached Planning Principles, hereby incorporated by reference. The design will apply to all 47 developable sites and shall consist of a minimum of six (6) and a maximum of nine (9) community wells. It is recognized that unit 317 has an existing well to be included in the plan and addressed in the re-write of the Conditions of Subdivision Approval (COSA).

HEI will work with the THOA Board to locate wells to provide a central well location to accommodate between two (2) and nine (9) units per well so that they are considered as a multi-user water supply well. The design for each well will include public water supply (PWS) well construction standards, a central above ground pump control building or a below ground pump control vault, a series of pressure regulating tanks and pump controls and then a central pipeline manifold to a common location near a common set of units. Individual units will be required, or allowed, to connect to the PWS manifold at a specific location and with specified connection methods. The completed system is intended to provide a safe, reliable domestic drinking water supply for a total of forty-seven (47) units that is designed and constructed to meet State of Montana, Department of Environmental Quality Circular DEQ 3 Standards for Small Water Systems in Montana. The water supply system is planned or intended to be used for domestic drinking water within an assigned unit and is specifically not intended to be used for irrigation.

HEI will submit a rewrite of the Timbrshor COSA to provide the details of each unit's water supply connection location, the description of the well(s) associated to each unit and reference the approved deviations and final DEQ approved plans. HEI will obtain the final COSA, file the approved COSA at the Lake County Clerk and Records office and petition and receive the Lake County Commissioners removal of the Borchers of Finley Point Subdivision building moratorium.

HEI will provide the THOA Board with the following information and explanation as near to the beginning of the project as is possible:

1. The number of wells that need a waiver from the DEQ;
2. whether it would be prudent to limit the demand on each well to some number less than nine (9) units;

3. Whether it would be prudent to hold one developable well in reserve for unknown future needs; and,
4. The most realistic time frame that HEI believes the DEQ will allow the 13 existing non-compliant units to remain non-compliant. With respect to the water rights for 39 units that were held for the benefit of THOA, HEI will complete the process of putting those rights into THOA's name within the next 60 days.

The THOA Board also requests that HEI consider and incorporate the following Planning Principles in this proposal:

Principle #1: Overall design for the water plan is to take into account that while not all units are impacted equally by the current water situation as outlined by the State, the community needs a comprehensive plan that ensures all 47 units have the option for connecting to a state-approved groundwater water source which is to be located within a reasonable proximity to their unit.

Principle #2: Consideration to be made in the design for the thirteen (13) existing developed units that have been classified by the State as COSA non-compliant and, due to the State mandated time constraints, will be required to transfer to a State-approved groundwater source within a three to five-year time frame. Consideration being sought is to have alternatives by which such units might be co-located or positioned to construct and connect to the new groundwater system sooner than other units and a phased construction proposal is to be developed which takes into consideration the State-mandated time constraints faced by the thirteen (13) non-COSA compliant units.

Principle #3: In those cases where unit owners have private, independent State based water rights, the water plan needs to document and recognize such to ensure nothing is added to nor taken away from those rights.

Principle #4: Given the community will have up to nine (9) groundwater well locations, THOA is seeking that maximum advantage be made of the various locations available in the design and to ensure assignments are made in such a way as to balance demand, location, and sustainability throughout the community.

Principle #5: It is anticipated that the cost of developing and maintaining each well in accordance with the State requirements (to be noted in the water plan) will be the responsibility of each groundwater well-water group although the community could adopt a different approach. Additionally, the plan needs to address that each unit owner would be responsible for the cost of installing and connecting an approved water line from his/her unit to the assigned water system connection location.

Principle #6: The water plan to provide an acceptable solution for the State and community which allows for the use of surface water for the purposes of irrigation.

Principle #7: The plan and subsequent COSA shall be designed in such a fashion as to require minimal reporting to the State and provide a simplified, low cost operation and maintenance plan for the present and in the future as each member of the community connects units to the approved groundwater well sites.

Principle #8: The plan will include the filing of, or instructions on the filing of, State based water rights for each of the groundwater wells.

The HEI outline of the proposed Scope of Work for this project includes:

Scope of Work THOA Well Locations and PWS Site Analysis

- I. Define the number and final location of all the wells that will be developed to serve the THOA.
 - a. Well locations will consider both State regulation and convenience of location for each well.
 - b. It is assumed that there will need to be a minimum of six (6) and a maximum of nine (9) community well locations.
 - c. Specified well locations with assigned units and the approximate costs for each unit to be reviewed and approved by the THOA Board
 - d. Specified well locations with assigned units and the approximate costs for each unit shall be completed and ready for THOA's Annual Meeting on June 30, 2018
 - e. For the June 30, 2018, THOA Annual Meeting, HEI will provide an explanation for any of the nine (9) community well sites that were not included in the plan
 - f. THOA members will be given 30 days to consider the well assignments and approximate costs; within 45 days, the THOA Board shall advise HEI of any changes to the assignments, and the THOA Board may extend such date if more time is needed to fully consider member issues
 - g. Following the THOA Board's approval of the plan and/or any revisions thereto, HEI will proceed with the remaining work described herein
- II. Complete a PWS 5 report for each well.
 - a. The PWS 5 report will address the potential for each well to have a surface water connection. Data supplied with that report includes static water levels of neighboring wells, well logs and the suspected water bearing layer.
 - b. HEI will complete the PWS 5 numerical scoring to determine if a well is immediately or directly connected to surface water. HEI does not anticipate having wells that are connected to surface water and more likely than not will pass the PWS 5 analysis.
- III. Complete a PWS 6 report for each well.
 - a. The PWS 6 report will include an analysis of the susceptibility of the well to nearby contamination sources. HEI will analyze all potential contamination sources in a radius up to 1-mile around each well and describe any potential contamination sources.
 - i. Potential contamination sources include other drainfield and septic systems, potential underground storage tanks, above ground storage tanks, and items as small as known trash containers or collection sites.
 - ii. It is more likely than not that your own septic tanks and discharge lines will place the greatest potential threat to the wells that needs to be addressed.
- IV. Obtain PWS Deviations for Each Well
 - a. Separation distances from PWS water supply wells and waste water system components are required to be a minimum of 100 ft. Septic tanks and discharge lines less than 100 ft. will require a deviation from DEQ regulation before the PWS 6 can be submitted.
 - i. Susceptibility deviations can be addressed through well construction standards that use double casings at the surface with the interior well casing sealed in either concrete or concrete and bentonite grout mix around the wells to a depth of 20 feet. In almost all cases, MDEQ deviation committee will impose extra sanitary restrictions on a PWS well but typically will approve the PWS 6.
 - ii. Deviations will need to be obtained early in the process to be sure any conditions of approval are included in the final design.
- V. Upon approval of the deviations, HEI will submit the PWS 5 and PWS 6 for DEQ approval
- VI. Upon approval of the PWS 6, HEI will start final design for the pipeline locations and well standards
 - a. The final plans will include but are not limited to,

- i. The pipeline from the well(s) to the pump control house at each selected location,
 - ii. The location of future waterlines and details for all the pump controls, pressure tanks and plumbing.
 - iii. Develop phasing plans for DEQ approval
 - b. Finalized plans are submitted to MDEQ for approval and will result in permission to drill the well(s) and construct the water system.
- VII. Develop a final construction cost estimate for the approved wells and pipeline system
- a. Include a cost for each phasing plan to allow incremental development of new units and transition of existing non-COSA compliant units from surface water to the groundwater well system
 - b. HEI will provide THOA with sample well agreements that would allow for the development of a well by a single user and the recovery of actual costs when other assigned users join at a later date, it being understood that THOA shall be responsible for customizing such documents to meet its requirements
 - c. HEI will explain in detail any necessary actions necessary to secure water rights for each well when developed and HEI shall provide all necessary forms related thereto.

Scope of Work COSA Rewrite

- I. Once the water system plans have been approved by the DEQ, HEI will complete a rewrite of the COSA to address the approved water supply(s) and the unit locations associated to each well(s).
 - a. Rewrite COSA to describe the change to a groundwater well system,
 - b. Describe how each well is or will be constructed, specify the flow rate and number of units connected to a well and the location of each unit connection, and any other health regulations
 - c. The COSA shall also reflect that eight (8) units have private independent rights to extract lake or ground water
 - d. Provide well sharing agreements to the State of Montana with COSA
- II. Submit COSA for review and approval
 - a. Record final COSA at the Lake County Clerk and Recorder.
- III. Petition Lake County to remove the building moratorium.

The DEQ Public Water Supply Division has informed their DEQ enforcement division that the THOA COSA is non-compliant. It's difficult to decide how the enforcement division will react, it is possible they will issue an order to require compliance, but it is unknown how the order will be enforced. Time is of the essence in preventing DEQ compliance enforcement. HEI discussion and coordination with the DEQ enforcement division is not anticipated in the Scope of Work. It is assumed that the THOA Board or their legal representative will reply to and coordinate with any possible DEQ enforcement. HEI can provide consultation or advice on compliance as requested. HEI will assure that they communicate with DEQ at all phases of the project with every intent to prevent, delay or avoid DEQ enforcement.

HEI assumes that all existing units will agree to become COSA compliant within the DEQ required time line. The scope of work does not anticipate assisting the THOA Board with DEQ compliance post COSA rewrite.

Fee Estimate THOA Well Locations and PWS Site Analysis

Our fee to perform the Scope of Work for the Well Locations and PWS Site Analysis is not to exceed \$19,950.

This proposal assumes the THOA Board will assign at least one-person from the THOA to provide data, maps or information as requested, assist HEI by reviewing and gaining Board approval of the well locations, other site logistics, DEQ application materials and any of the other areas stated in the Scope of Work above. HEI will deliver to the owner a completed PWS 5 and PWS 6 report for Board approval prior to DEQ submittal which includes but is not limited to review and approval of the application, description of the existing water diversion works, and show that the planned pipeline and distribution system is sufficient to meet the domestic water use and irrigation requirements of the project suitable to meet the DEQ criteria. The foregoing plans will be sufficiently clear to enable THOA to ensure that wells and water lines are constructed at specific locations.

The project will be completed based only on the time required with time billed on an hourly basis. THOA will be invoiced at our standard rates shown on the attached Schedule A for a Principal Engineer or Senior Engineering Technician. HEI will not exceed the quoted fee without prior written approval from THOA.

Fee Estimate THOA COSA Rewrite and Well and Cost Sharing Agreements

Our fee to perform the Scope of Work for the THOA COSA Rewrite is not to exceed \$10,250. The project will be completed based only on the time required with time billed on an hourly basis.

This proposal assumes the owner will assign at least one-person from the THOA to provide data, maps or information as requested and assist HEI by reviewing the COSA prior to submittal of the final document to review agencies. This proposal also assumes that the THOA will provide one person to assist HEI in meetings with Lake County required to remove the building moratorium.

The project will be completed based only on the time required with time billed on an hourly basis. THOA will be invoiced at our standard rates shown on the attached Schedule A for a Principal Engineer or Senior Engineering Technician. HEI will not exceed the quoted fee without prior written approval from THOA.

Conditions of Agreement and Compensation

You will be invoiced at our standard rates shown on the attached Schedule A for a Principal Engineer, Senior Engineering Technician or clerical staff. HEI will invoice once each 30-day period. Invoices will provide sufficient detail to clarify the professional fees and associated charges.

Any changes in the Scope of Work resulting from changes in the owner's request or changes in Governmental Review Standards will be promptly called to your attention. Should the Scope of Work require modification, fees will be re-negotiated prior to initiating any changes. In addition to quoted fees, any review and permit fees advanced by Hafferman Engineering, Inc. (HEI) to any County or State agencies paid by HEI are to be reimbursed. State of Montana DEQ review fees are anticipated to be \$800 for the for the deviations and the PWS 5 and PWS 6 reports. The COSA review fees are anticipated to be near to \$1,500. Parties agree that HEI may invoice for review fee reimbursements on the day, or any time after, they are incurred.

Payment default for more than 30 days from date on the invoice will be a breach of this agreement and may result in termination of services. Payment on invoices due that are past due for 30 days or more shall be assessed 1-1/2% interest per month they are delinquent. In the event suit or collection action is instituted to collect any past due fees invoiced under this agreement, you concur each party will be responsible for any attorney's fees and additional costs the court may determine to be reasonable. In the event the project is suspended, terminated or delayed by the client, HEI shall be entitled to seven (7) days advance written notice and shall be compensated for

all professional services and reimbursable expenses up to the date of termination, suspension or delay. Upon termination and payment to HEI, all plans and work papers shall be promptly forwarded to THOA. The parties agree that the venue and jurisdiction for any action arising under this agreement is Flathead County, Montana and that the laws of the State of Montana govern any proceedings.

HEI carries and shall continue to carry for the term of this agreement professional errors and omissions insurance, professional liability insurance, property damage insurance and automobile insurance. Professional services provided under this agreement shall be performed in a manner consistent with other professionals practicing in the same field and same geographical area as HEI.

All data and plans developed hereunder are for the benefit of THOA and shall not be disclosed to any person or entity excepting only the governmental agencies required to approve the water plan and COSA and to lift the building moratorium and other parties approved in advance by the THOA Board.

HEI will not assign this agreement or subcontract portions of the agreement without written consent.

This scope of work and fee estimate are the entire and only agreement between the parties. No change, alteration or modification of the agreement can be made unless made in writing and signed by both parties. HEI failure to require strict compliance with this agreement shall not be construed as a waiver of any responsibilities or provisions of the agreement and HEI may at any time require strict compliance to the agreement, regardless of previous failure to do so.

The THOA agrees to defend, indemnify and hold HEI harmless against any claim, obligation or liability arising from or related to the performance of services under this agreement resulting from a THOA negligent act, an error or an omission. HEI agrees to defend, indemnify, and hold harmless the THOA from the negligent act, error or omission of HEI.

Project Time Line and Compensation Schedule

Written Time Line Description

Upon execution of the agreement, HEI will begin work immediately. HEI require 30 days to develop the specified well locations and the first draft of the PWS 5 and PWS 6 reports for each well along with the units assigned to each well and the approximate costs as specified in the above scope of work at Section I. Upon THOA Board approval pursuant to the scope of work at Section I, HEI will develop and make a submittal to the State for any deviations from regulations for well separations distance requirements.

State review of the deviations will take up to 30 days from the date of submittal and any requirements or conditions that are made from the deviation committee will be incorporated into the final PWS 5 and PWS 6 reports and the final design. HEI will require 15 days to incorporate the final deviation approvals and conditions in the PWS 6 report and the final PWS 5 and PWS 6 reports will be submitted to the DEQ. A correct and complete determination of the PWS 5 and PWS 6 reports is likely to take 90 days from the date of submittal.

Once the final approval of the PWS 5 and PWS 6 reports is obtained, HEI will begin the final design of the wells, pump control structures and the pipeline and distribution system. HEI anticipates the final design following PWS 5 and PWS 6 approval will take 30 days. HEI anticipates the THOA Board will need two weeks to approve the final plans and, following any modifications, the final plan submittal will be made to DEQ approximately two weeks after THOA Board approval. A correct

and complete determination of the final THOA Water System Plans is likely to take 90 days from the date of submittal.

Upon receipt of the final plan approval from DEQ HEI will begin the rewrite of the COSA to reflect the new PWS ground water well system. HEI anticipates the COSA rewrite will take two weeks to complete. HEI anticipates DEQ will take 30 days to review and approve the rewritten COSA.

Upon final approval of the rewritten COSA, HEI will work with the THOA Board and/or legal representative to file the COSA at the Lake County Clerk and Recorder. Upon final filing, HEI will meet with the Lake County Commissioners to provide a petition to have the THOA Subdivision Building Moratorium lifted. HEI anticipates that it will require 30 days from final COSA approval to Lake County Commissioners approval of the petition.

Milestones and HEI invoice at the time step:

Day 1 to Day30- HEI Well Locations, First Draft PWS 5 and PWS 6	Invoice at day 30 \$4500
Day30 to Day 44- THOA Board Review and Approval of Well Location and PWS 5&6 reports	
Day 44 to Day 74- DEQ PWS 5 and PWS 6 deviation submittal	Invoice at day 74 \$4500
Day 74 to Day 104 DEQ Deviation Committee Review Approval	
Day 104 to Day 119 Final PWS 5 and PWS 6 with Deviations Submittal	Invoice at Day 119 \$4500
Day 119 to Day 209 DEQ PWS 5 and PWS 6 Review and Approval	
Day 209 to Day 239 HEI Final Design	Invoice at Day 239 \$6450
Day 239 to Day 329 DEQ plan review and Approval	
Day 329 to 343 COSA rewrite and submittal	Invoice at Day 342 \$4500
Day 343 to Day 373 COSA Approval at DEQ	
Day 373 to Day 400 Lift THOA Building Moratorium	Invoice at Day 400 \$5350

Should you agree with the Scope of Work and Fee Estimate, please indicate by way of your signature below and return one copy to us. This offering expires in 30 days. HEI is prepared to start this project immediately after receiving the signed proposal. Any delays will extend the project completion dates accordingly.

Please feel free to contact me at the Email, address or telephone numbers shown below. Thank you again for the opportunity to provide this proposal.

Respectfully,
Hafferman Engineering Inc.



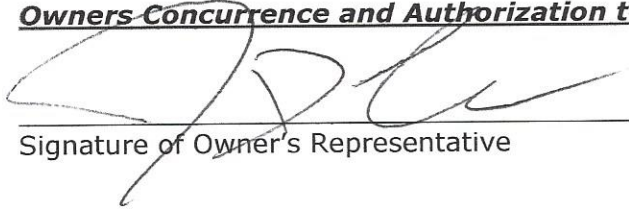
Kurt Hafferman, P.E., President
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Hafferman Engineering Inc.

James Cole, Chairman
Timbrshor Homeowners Association
30353 Borchers Lane, Unit 308/309
Polson, MT 59860

RE: Timbrshor Groundwater Well System design, COSA Rewrite

Owners Concurrence and Authorization to Proceed:



Signature of Owner's Representative

5/24/18
Date