



DR. BUU NYGREN *PRESIDENT*
RICHELLE MONTOYA *VICE PRESIDENT*

The Navajo Nation | Yideeskáądi Nitsáhákees

March 28, 2023

STEWART BROTHERS DRILLING CO.
PO BOX 2067
MILAN, NEW MEXICO 87021

ATTENTION: JOEL H. STEWART, PRESIDENT

REFERENCE: 164 Review 020033 / Modification

Dear Mr. Stewart:

Attached please find your copy of the approved Modification 7 (CO12895) with the Navajo Nation Division of Natural Resources. The Modification increases the contract budget by \$804,253.05, extends the contract term to December 31, 2024, and amends the Scope of Work. All other terms and conditions remain unchanged and fully enforced.

The above contract number must be referenced on all invoices, documents, and correspondence as it relates to this contract.

Should you have any questions, please contact Jason Johns at 928-729-4003.

Sincerely,

A handwritten signature in black ink, appearing to read "Darlene Begay".

Darlene Begay, Senior Accountant
COC – Contract Administration

SSOS S RAW

xc: Jason Johns, Navajo Nation DNR
Leldon Randall/Wynonna Henry, CA/Navajo Nation Office of the Controller
Contract Folder: CO12895



LETTER OF TRANSMITTAL

Souder, Miller & Associates
5454 Venice Ave. NE, Suite D
Albuquerque, NM 87113
(505) 299-0942 • Fax (505) 293-3430
1-877-299-0942

To: Lucinda Davis
Navajo Nation Water Management Branch
Route N112 Roanhorse Drive
Bldg. 2577
Fort Defiance, AZ 86504
Tel: 928-729-4004

Date: November 15, 2022 Job No.: 6915707
RE: Smith Lake Water System Improvements -
Change Order #7 Stewart Brothers Drilling Company:
Smith Lake Water System Improvements

We Are Sending You X Attached Under separate cover via the following items:

- Shop drawings, Prints, Plans, Samples, Specifications, Copy of letter, Change order

Table with 3 columns: Originals, Date, Description. Row 1: 5 sets, 11/15/22, Change Order #7 Stewart Brothers Drilling Company: Smith Lake Water System Improvements

These are transmitted as checked below:

- X For Review/Signature, For your use, As requested, For Review and Comments, Approved as submitted, Approved as noted, Returned for corrections, For Bids Due, Revise and Resubmit, Return corrected prints

Remarks:

Dear Lucinda,

Please find enclosed the Change Order #7 for Stewart Brothers Drilling Company's work on the Smith Lake Water System Improvements Project for the Navajo Nation's process of review, approval, and signature.

Once the Change Order #7 has been approved and signed, please send us a signed copy for our files.

Please contact me if you have any questions or concerns.

Thank you,

Wacey Jodie
Administrative Assistant

Enclosures

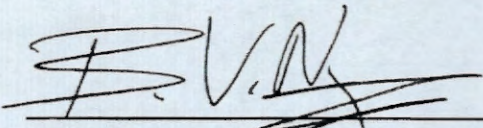


The Navajo Nation
Yideeskáadi Nitsáhákees

DR. BUU NYGREN *PRESIDENT*
RICHELLE MONTOYA *VICE PRESIDENT*

MEMORANDUM

TO: Richelle Montoya, *Vice President*
THE NAVAJO NATION

FROM: 
Dr. Buu Nygren, *President*
THE NAVAJO NATION

DATE: February 23, 2023

SUBJECT: Delegation of Authority February 26 to March 1, 2023

I will be on travel on behalf of the Navajo Nation from February 26, 2023, to March 1, 2023. In order to ensure the work of the Navajo Nation continues uninterrupted, I hereby delegate signature authority to you while I am on travel.

Through this delegation, you are authorized to sign all official documents on behalf of the Navajo Nation, including contracts, contract modifications, support letters, administrative documents and other documents requiring signature of the President. All documents must be reviewed by Bidtah N. Becker, Chief Legal Counsel, Office of the President and Vice President, or her designee.

Please keep me informed of documents you are signing while I am absent from the office.

xc: Patrick Sandoval
Bidtah N. Becker
Division Directors

CHANGE ORDER NO. 7

Date of Issuance: 10/27/22	Effective Date: 10/27/22
Owner: Navajo Nation	Owner's Contract No.: CO12895
Contractor: SBQ2, LLC dba Stewart Brothers Drilling Company	Contractor's Project No.:
Engineer: Souder, Miller & Associates	Engineer's Project No.: 6915707
Project: Smith Lake Water System Improvements	Contract Name: Smith Lake Water System Improvements

The Contract is modified as follows upon execution of this Change Order:

Description:

Contract times are hereby extended as detailed below. Contract price is increased to include additional work to purchase equipment for water supply treatment, improvements, and tie-in to existing facilities.

See attached Schedule of Values for Change Order #7 work pricing, quantities, and scope.

CHANGE IN CONTRACT PRICE	CHANGE IN CONTRACT TIMES
Original Contract Price: \$ 565,658.10 (incl. tax)	Original Contract Times: Substantial Completion: <u>Oct. 31, 2018</u> Ready for Final Payment: <u>December 20, 2018</u> days or dates
Increase from previously approved Change Orders No. <u>1</u> to No. <u>6</u> : \$ 208,982.20 (incl. tax)	Increase from previously approved Change Orders No. <u>1</u> to No. <u>6</u> : Substantial Completion: <u>1,522</u> Ready for Final Payment: <u>1,472</u> days
Contract Price prior to this Change Order: \$ 774,640.30 (incl. tax)	Contract Times prior to this Change Order: Substantial Completion: <u>December 31, 2022</u> Ready for Final Payment: <u>December 31, 2022</u> days or dates
Increase of this Change Order: \$ 804,253.05 (incl. tax)	Increase of this Change Order: Substantial Completion: <u>730 days</u> Ready for Final Payment: <u>730 days</u> days or dates
Contract Price incorporating this Change Order: \$ 1,578,893.35 (incl. tax)	Contract Times with all approved Change Orders: Substantial Completion: <u>December 31, 2024</u> Ready for Final Payment: <u>December 31, 2024</u> days or dates

RECOMMENDED: By: <u></u> Engineer (if required)	ACCEPTED: By: <u></u> Owner (Authorized Signature)	ACCEPTED: By: <u></u> Contractor (Authorized Signature)
Title: Project Engineer	Title: _____	Title: President
Date: 10/27/22	Date: <u>02.28.2023</u>	Date: 11/14/22

Contract C012895, Mod 7 – Budget
Smith Lake Water System Improvement

FIRM NAME : SBO2, LLC dba Stewart Brothers Drilling Company
ADDRESS : 306 Airport Rd./PO Box 2067
: Milan, New Mexico 87021
TELEPHONE NO. : (505) 287-2986
EMPLOYER'S TAX ID NO. : 81-4524390
FOR THE PERIOD : Beginning Date: 5/04/2018
Ending Date: 12/31/2024

PREVIOUS CONTRACT BUDGET

CONTRACT NO. C012895

Item	Account Number (Funding Sources)	Item Total (Inc. Tax)
Original Contract	K163058 (609-16-0001-TF11)	\$ 565,658.10
Change Order 1	No Cost Time Extension	\$ 0.00
Change Order 2	K163058 (609-16-0001-TF11)	\$ 199,421.00
Change Order 3	No Cost Time Extension	\$ 0.00
Change Order 4	K163058 (609-16-0001-TF11)	\$ -1,185.75
	K163058 (609-16-0001-TF11)	\$ 10,746.95
Change Order 5	No Cost Time Extension	\$ 0.00
Change Order 6	No Cost Time Extension	\$ 0.00
Total Budget for Prior to this Change Order No. 7:		\$ 774,640.30

CHANGE ORDER NO. 7

ARPA CJY-41-21	K211544	\$ 382,075.47
	6% NN Tax	\$ 22,924.53
Total from Business Unit No. K211544.8545		\$ 405,000.00
609-19-D2633	K193076	\$ 187,974.58
	6% NN Tax	\$ 11,278.47
Total from Business Unit Number K193076.6865		\$ 199,253.05
609-21-F4043	K2130103	\$ 188,679.25
	6% NN Tax	\$ 11,320.75
Total from Business Unit No. K2130103.8545		\$ 200,000.00
TOTAL CHANGE ORDER NUMBER 7 (Including Tax)		\$ 804,253.05

BUDGET SUMMARY INCLUDING CHANGE ORDER 7

Total Contract Amount Prior to Change Order 7 (Including Tax)	\$ 774,640.30
Total Contract Increase for Change Order 7 (Including Tax)	\$ 804,253.05
NEW CONTRACT AMOUNT WITH THIS CHANGE ORDER 7 (Inc. Tax)	\$1,578,893.35

Change Order #7 Schedule of Values

Project: Smith Lake Water System Improvements Project
Well #1 Treatment Site and Backwash Line

Updated: 10/20/2022

Item CO7-	Description	Unit	Quantity	Unit Price w/Tax	Total w/Tax
1	Mobilization and Demobilization, CIP	LS	1	\$ 96,812.98	\$ 96,812.98
2	Material Testing Allowance	LS	1	\$ 20,554.25	\$ 20,554.25
3	Site preparation and grading , including clearing, grubbing, drainage, erosion control, site restoration, and all labor and materials, CIP	LS	1	\$ 65,037.15	\$ 65,037.15
4	Well #1 and Treatment Site piping , incl. all pipe, flush lines, drains , tie-ins to existing site piping, fittings, disinfection, pressure and bacteriological testing, and appurtenances not separately listed; as well as removal or abandonment of existing site piping where called for on plans or otherwise necessary and disinfection and hydrostatic pressure testing of installed site piping, CIP. Excludes gate valves, check valve vault, 4-inch flush valve assembly, and stationed 4-inch backwash line.	LS	1	\$ 53,157.94	\$ 53,157.94
5	4-inch buried service gate valve assembly, CIP	EA	7	\$ 3,741.69	\$ 26,191.83
6	6-inch buried service gate valve assembly, CIP	EA	1	\$ 3,885.11	\$ 3,885.11
7	4-inch check valve assembly in pre-cast vault, CIP	EA	1	\$ 24,172.35	\$ 24,172.35
8	4-inch Flush Valve Assembly, CIP	EA	1	\$ 8,538.04	\$ 8,538.04
9	4-inch C900 PVC DR18 backwash line , including all trenching, fittings, tracer wire, warning tape, above ground pipe marker posts, testing, driveway restoration, regrading to match existing conditions, site restoration, and appurtenances separately listed, CIP	LF	765	\$ 85.12	\$ 65,116.80
10	4-inch backwash line outfall assembly, CIP. Excludes wire caged rip rap.	EA	1	\$ 9,467.92	\$ 9,467.92
11	Wire caged rip-rap at backwash outfall, CIP.	SY	3	\$ 1,522.21	\$ 4,566.63
12	Treatment building foundation , interior slab, external concrete driveway and porch pads, with tie-ins and appurtenances, CIP	LS	1	\$ 30,236.71	\$ 30,236.71
13	Treatment building , incl. doors, hardware, floor drains, insulation, and all other structural elements and finishes not separately listed, CIP	LS	1	\$ 208,719.83	\$ 208,719.83
14	Allowance for treatment site and building electrical, SCADA, and mechanical, to be completed as directed by Engineer.	Allow	1	\$ 58,300.00	\$ 58,300.00
15	Allowance to unload, install, and tie-in packaged, skid mounted water treatment system for removal of Fe/Mn from water supply, to be completed in accordance with Fe./Mn Treatment system manufacturer recommendations and as directed by Engineer.	Allow	1	\$ 104,580.42	\$ 104,580.42
16	8-ft tall chainlink fence assembly with 3-strand barbed wire, CIP. Includes tie-in to existing fencing where shown on drawings, and removal of existing fence as needed.	LF	140	\$ 134.09	\$ 18,772.60
17	12-ft Double gate assembly (two 6-ft panels), CIP	EA	1	\$ 2,340.16	\$ 2,340.16
18	16-ft Double gate assembly (two 8-ft panels), CIP	EA	1	\$ 3,120.22	\$ 3,120.22
19	3.5-ft wide personnel gate assembly, CIP	EA	1	\$ 682.11	\$ 682.11

Change Order Increase Total:					\$ 804,253.05
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FUNDING SOURCES BRECKDOWN:

NM State Funding 74%
US Federal Funds 26%



**THE NAVAJO NATION
DEPARTMENT OF WATER RESOURCES
WATER MANAGEMENT BRANCH**

P.O. BOX 678 * FORT DEFLANCE, ARIZONA 86504 * (928)729-4004 * FAX (928)729-4126

**RUSSELL BEGAYE
PRESIDENT**

**JONATHAN NEZ
VICE PRESIDENT**

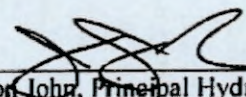
DATE: October 9, 2017

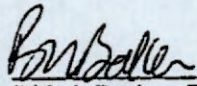
TO: Janice Haskie, Accounting Manager
Purchasing Section – Division of Finance

Veronica Blackhat, Assistant Attorney General
Navajo Nation Department of Justice

OFFICE OF FINANCIAL SERVICES
CONTROLLER

RECEIVED
OCT 10 PM 4 35

FROM: 
Jason John, Principal Hydrologist, Branch Manager
Water Management Branch

THROUGH: 
Bidtah Becker, Executive Director
Division of Natural Resources

**RE: SOLE SOURCE JUSTIFICATION FOR CONTRACT WITH STEWART BROTHERS
DRILLING COMPANY, INC.**

The Navajo Nation Water Management Branch is providing this sole source justification memorandum pursuant to the Navajo Nation Procurement Regulations, Section VI C. (see memorandum from the Department of Justice, dated June 22, 2012) to hire Stewart Brothers Drilling Company, Inc. of 306 Airport Road, Milan, New Mexico 87021 for additional work to complete a water production well in Smith Lake Chapter.

Background

The Smith Lake Chapter currently has an unsafe source of water contaminated with alpha (radioactive) particles above the maximum contaminant levels for drinking water established by the EPA under the Safe Drinking Water Act. Furthermore, inspection of both supply wells in the Spring of 2015 revealed that the existing wells are at risk of complete failure at any time due to severe scaling and corrosion of the well casings, which would leave Smith Lake Chapter without a water source.

On April 26, 2016 the Navajo Nation, on behalf of the Smith Lake Chapter, signed a contract with Stewart Brothers Drilling Company (SBDC) for a total amount of \$1,293,505.50, including Navajo Nation sales tax, to drill and sample a pilot well in Smith Lake and, pending pilot well results and available funds, complete the pilot well to a production well. In the first phase of construction in April 2016, SBDC drilled the pilot well to an initial depth of 2,000'. After reviewing the results, SBDC was directed to continue drilling the same well to deeper depths where better quality water sources were anticipated. In this second phase, SBDC advanced and the pilot well to a total depth over 4,000'. \$1,441,380.91 was expended for both phases of the pilot well drilling and sampling (a change order was approved to allow pilot well drilling to greater depths). Unfortunately, better water quality and quantity was not found at deeper depths as

Stewart Brothers Drilling Company, Inc., October 9, 2017

anticipated. After evaluating all pilot well sampling results obtained, the best water quality and quantity is present in two geologic formations between 680' and 1,150' in depth.

Justification

In the Spring of 2017, Water Management Branch met with project stakeholders at the Smith Lake Chapter House, where all parties agreed to request proceeding with converting the 4,000+ foot deep well to a water production well that would be 1,150' in depth as soon as possible to provide the Smith Lake Chapter with a reliable water source. Completing the well to 1,150' depth, including tie in to the water system, is projected to cost \$515,187.00. Adding this amount to the previous SBDC contract would put the total contract value beyond the 20% allowable change order cap as required under Navajo Nation law found at 2 N.N.C. § 223 (F). The Water Management Branch believes that a sole-source contract should be issued to SBDC to complete the 1,150' deep well for the following reasons:

1. There is only one geographically feasible qualified source for the desired services. SBDC is a local contractor from Milan, NM, approximately 40 miles from the project site. The expense attendant to locating vendors outside the geographically feasible area of the Albuquerque area, as well as costs associated with rebidding (including evaluating bids, selecting a contractor, and negotiating the final construction contract), is an inefficient use of Navajo Nation resources, because SBDC is the only contractor located within the geographically feasible area who is familiar with inherent site conditions. The contractor, SBDC is the most appropriate source for the desired Services, because of their knowledge of the well site and subsurface hydrogeological conditions of the pilot well (constructed by SBDC) that would be converted to a production well. There is no drilling vendors on the list of certified Navajo businesses at Division of Economic Development that are capable of performing this work. It is also worth noting that SBDC has diligently followed all Office of Navajo Labor Relations requirements to date, and in fact has made an extraordinary effort to hire Navajo personnel for work on site, primarily from nearby communities; and

4. The expense attendant to locating vendors outside the geographically feasible area is an inefficient use of the Navajo Nation's Resources. Procuring a contractor other than SBDC to complete the well, on which construction has already begun in the pilot phase would greatly complicate responsibility and liability should problems arise during well completion. The well was not designed to be constructed by multiple drilling contractors, and rebidding at this time would almost certainly result in prematurely transferring significant responsibility from SBDC to the Navajo Nation for work already completed. SBDC has consistently proven to be a fair and responsive contractor with regard to pricing and finding ways to reduce costs. SBDC has agreed to reduced unit prices on eight items, for a total savings of nearly \$97,000 relative to the original 2015 bid prices for these items alone. No unit prices were increased for any items relative to the August 2015 bid; and

5. No other Goods or Services will satisfy the procurement request because well drilling is a highly specialized, site-specific field in which past experience and knowledge of the particular well site and geographic area is invaluable to the success of the proposed well completion. SBDC's experience with the pilot well already completed means they have a unique ability to perform the Services quickly and efficiently, thus securing a reliable new source of water for the Smith Lake Chapter and relieving the Chapter's water emergency.

CONCURRENCE:

Janice Haskie
Division of Finance

[Signature]
Office of the Attorney General

Stewart Brothers Drilling Company, Inc., October 9, 2017



THE NAVAJO NATION
DEPARTMENT OF WATER RESOURCES

P.O. Box 678 · Fort Defiance, Arizona 86504 · Phone: (928) 729-4003 · Fax: (928) 729-4029

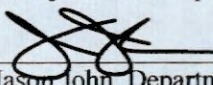
Dr. BUU NYGREN
President

RICHELLE MONTOYA
Vice-President

MEMORANDUM

Date: February 3, 2023

To: Navajo Nation Department of Justice

From: 
Jason John, Department Manager III
Department of Water Resources

RE: 164 Review Document No. 20033 - Mod. 7 CO12895 – clarification of NNFRF/ARPA funds and breakdown by funding source.

The Department of Justice has requested further details regarding what scope of work will be paid by each funding source for the proposed Change Order no. 7 to Navajo Nation contract no. CO12895 with SBQ2, LLC d/b/a Stewart Brothers Drilling Company, and requested clarification of funding source of the NNFRF/ARPA appropriation. The source of the NNFRF appropriation is through CJY-41-21 from business unit for K211544 in the amount of \$405,000.

A copy of the Schedule of Values for the proposed Change Order No. 7 are attached, including annotations in the far-left column that identify what funding source is anticipated to be used to pay each work item – State of New Mexico Capital Outlay funded items are highlighted in blue; Federal American Rescue Plan Act (ARPA)/Navajo Nation Fiscal Recovery Fund (NNFRF) funded items are highlighted in light yellow. Note that one item highlighted in green will be partly paid for with NNFRF/ARPA funds and partly paid for with Capital Outlay funds. The amount of this particular item to be paid for with each funding source are further detailed in the same cell.

To summarize the breakdowns noted on the attachment:

- Work items 1, 3, and a portion of 4 are to be paid from \$199,253.05 of Capital Outlay Grant funds via account K193076.
- Work items 2, a portion of 4, 5 through 11, and a portion of 14 are to be paid from \$200,000.00 of Capital Outlay Grant funds via account K2130103.
- Work items 12, 13, a portion of 14, and 15 through 19 are to be paid from \$405,000.00 of NNFRF/ARPA funds via account K211544.

The Department of Water Resources' Engineering consultant for this project, Souder, Miller and Associates, assisted NDWR in preparing the attached breakdown summarized above.

I hope that the Navajo Department of Justice finds this additional information helpful as you review the recommended Change Order No. 7 to CO12895. Please let me know if you have questions or require further information prior to completing your review of the contract modification discussed herein.

Attachments: Schedule of Values, annotated with work item breakdown by funding source

Change Order #7 Schedule of Values

Project: Smith Lake Water System Improvements Project
Well #1 Treatment Site and Backwash Line

Updated: 10/20/2022

Proposed to be paid from funding source:	Item CO7-	Description	Unit	Quantity	Unit Price w/Tax	Total w/Tax
NM CO K193076	1	Mobilization and Demobilization, CIP	LS	1	\$ 96,812.98	\$ 96,812.98
NM CO 2130103	2	Material Testing Allowance	LS	1	\$ 20,554.25	\$ 20,554.25
NM CO K193076	3	Site preparation and grading, including clearing, grubbing, drainage, erosion control, site restoration, and all labor and materials, CIP	LS	1	\$ 65,037.15	\$ 65,037.15
NM CO K193076 (\$37,402.92) & NM CO K2130103 (\$15,755.02)	4	Well #1 and Treatment Site piping, incl. all pipe, flush lines, drains, tie-ins to existing site piping, fittings, disinfection, pressure and bacteriological testing, and appurtenances not separately listed; as well as removal or abandonment of existing site piping where called for on plans or otherwise necessary and disinfection and hydrostatic pressure testing of installed site piping, CIP. Excludes gate valves, check valve vault, 4-inch flush valve assembly, and stationed 4-inch backwash line.	LS	1	\$ 53,157.94	\$ 53,157.94
NM CO 2130103	5	4-inch buried service gate valve assembly, CIP	EA	7	\$ 3,741.69	\$ 26,191.83
NM CO 2130103	6	6-inch buried service gate valve assembly, CIP	EA	1	\$ 3,885.11	\$ 3,885.11
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NM CO 2130103	8	4-inch Flush Valve Assembly, CIP	EA	1	\$ 8,538.04	\$ 8,538.04
NM CO 2130103	9	4-inch C900 PVC DR18 backwash line, including all trenching, fittings, tracer wire, warning tape, above ground pipe marker posts, testing, driveway restoration, regrading to match existing conditions, site restoration, and appurtenances separately listed, CIP	LF	765	\$ 85.12	\$ 65,116.80
NM CO 2130103	10	4-inch backwash line outfall assembly, CIP. Excludes wire caged rip rap.	EA	1	\$ 9,467.92	\$ 9,467.92
NM CO 2130103	11	Wire caged rip-rap at backwash outfall, CIP.	SY	3	\$ 1,522.21	\$ 4,566.63
ARPA K211544	12	Treatment building foundation, interior slab, external concrete driveway and porch pads, with tie-ins and appurtenances, CIP	LS	1	\$ 30,236.71	\$ 30,236.71
ARPA K211544	13	Treatment building, incl. doors, hardware, floor drains, insulation, and all other structural elements and finishes not separately listed, CIP	LS	1	\$ 208,719.83	\$ 208,719.83
NM CO K2130103 (\$21,752.05) & ARPA K211544 (\$36,547.95)	14	Allowance for treatment site and building electrical, SCADA, and mechanical, to be completed as directed by Engineer.	Allow	1	\$ 58,300.00	\$ 58,300.00
ARPA K211544	15	Allowance to unload, install, and tie-in packaged, skid mounted water treatment system for removal of Fe/Mn from water supply, to be completed in accordance with Fe./Mn Treatment system manufacturer recommendations and as directed by Engineer.	Allow	1	\$ 104,580.42	\$ 104,580.42
ARPA K211544	16	8-ft tall chainlink fence assembly with 3-strand barbed wire, CIP. Includes tie-in to existing fencing where shown on drawings, and removal of existing fence as needed.	LF	140	\$ 134.09	\$ 18,772.60
ARPA K211544	17	12-ft Double gate assembly (two 6-ft panels), CIP	EA	1	\$ 2,340.16	\$ 2,340.16
ARPA K211544	18	16-ft Double gate assembly (two 8-ft panels), CIP	EA	1	\$ 3,120.22	\$ 3,120.22
ARPA K211544	19	3.5-ft wide personnel gate assembly, CIP	EA	1	\$ 682.11	\$ 682.11

Change Order Increase Total:	\$ 804,253.05
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