

**AMENDMENT NO. 1
TO
DESIGN-BUILD SERVICES CONTRACT
FIBER NETWORK
PROJECT NO. 2024-15
CONTRACT NO. 2024-125**

THIS AMENDMENT NO. 1 to the Design-Build Services Contract, Contract No. 2024-125 (“Contract”), is made and entered into this _____ day of _____, 2026 by and between the **CITY OF FLAGSTAFF**, an Arizona municipal corporation (“City”), and **WECOM LLC**, a Delaware limited liability company (“Design-Builder”).

RECITALS

- A.** The Contract, as approved by the City on January 21, 2025 and fully executed on or about February 8, 2025, provides for the design and construction of a Fiber Network for City use (the “Project”).
- B.** Design-Builder is building out a city-wide fiber network for residential and commercial use, which includes the Project that will serve municipal purposes (“Network”).
- C.** The City currently only allows five (5) concurrent active permits (permits for 5 neighborhoods) at a time, and the City is struggling to provide City permitting, inspection and utility locating services needs for the Network.
- D.** The Design-Builder has expressed a desire to increase the concurrent active permit limit to further expedite work on the Network.
- E.** City is willing to engage temporary staff, authorize overtime for existing City staff, and/or contract with third parties to perform additional City permitting, inspection, and utility locating services related to the Network, and in exchange, Design-Builder is agreeable to a dollar-for-dollar reduction in the Contract price equal to the City’s actual costs incurred for such services.
- F.** Design-Builder has not yet invoiced City for work on the Project, and the Project will be underway for considerable time.

AGREEMENT

NOW THEREFORE, for and in consideration of the mutual covenants and considerations hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Amendment of Price.

The Contract, Subsection 5.4.2.4 Project GMP Proposal Summary Sheet, price is amended as follows (new text is shown as underlined, deleted text is shown as stricken): \$2,000,000.00, LESS THE COSTS EXPENDED BY CITY FOR ADDITIONAL SERVICES UNDER SECTION 3.6 OF THE CONTRACT.

The Contract is amended by adding a new Subsection 7.8.6 to read as follows (new text is shown as capitalized, underlined text):

7.8.6 DESIGN-BUILDER WARRANTS THAT AMENDMENT NO. 1 TO THIS CONTRACT WILL NOT IMPAIR ITS ABILITY TO PAY ALL SUBCONTRACTORS AND SUPPLIERS FOR WORK PERFORMED IN FURTHERANCE OF THE PROJECT.

The Contract, Exhibit B, is hereby amended to read as follows (new text is shown as underlined, capitalized text, and deleted text is shown as stricken):

EXHIBIT B CONTRACT PRICE

City shall pay Design-Builder an amount not to exceed \$2,000,000.00 (Two Million U.S. Dollars), LESS THE COSTS EXPENDED BY CITY FOR ADDITIONAL SERVICES STAFF AS OUTLINED IN SECTION 3.6 OF THE CONTRACT, PLUS in cash plus in-kind contributions in exchange for Design-Builder goods and services as detailed below for the Project services described in Exhibit A and Exhibit B.

As additional consideration for the Design-Build Contractor Services, City is entering into the following separate agreements that provide for financial consideration and in-kind contributions:

Fiber License Agreement dated January 21, 2025 (including a credit against the license fee);

City Conduit Lease Agreement dated January 21, 2025;

City Fiber Maintenance Agreement dated January 21, 2025.

2. City Additional Services

The Contract, is amended by adding a new Section 3.6 to read as follows (new text has not been capitalized, to allow for reading ease):

3.6 City Additional Services (added by Amendment No. 1)

3.6.1 Additional Services Staff.

3.6.1.1 Qualifications. City will, subject to the provisions of Section 3.6.7.1, endeavor to: (i) engage temporary staff, and/or (ii) authorize overtime for existing City staff, and/or (iii) contract with one or more third-

parties (collectively, the “Additional Services Staff”) with qualifications and skills similar to the following City positions:

Engineering Specialist,

Utility Locator, and/or

Construction Inspector

to perform City permitting, inspection, and utility locating services (“Additional Services”) necessary for the Network. Utility locating services will be related to City-owned facilities (e.g. water, sewer, stormwater, conduit, fiber.

3.6.1.2 Overtime Work. City will not authorize any overtime work without Design-Builder’s advance written permission. Design-Builder may request City to cease overtime work on the Network at any time. Nothing herein requires the City to authorize overtime work, and the needs and desires of the Additional Services Staff will be considered by City.

3.6.1.3 Engagement Period. The City will make good faith efforts to engage the Additional Services Staff, as needed and subject to the provisions of Section 3.6.7.1, in the summer of 2026 and to maintain those services for approximately two (2) years. City is not able to guarantee that Additional Services Staff remain engaged by the City, due to changing circumstances. If there are gaps or vacancies in service, City will endeavor to fill those positions.

3.6.1.4 Effect of Additional Services Staff. The availability of Additional Services Staff is intended to supplement work that other City staff members may be performing related to the Network. Existing City staff will continue to perform work related to the Network even after Additional Services Staff are hired or otherwise engaged in accordance with the terms of this Contract.

3.6.2 Work Assignments. City will assign Additional Services Staff to perform City services necessary for the Network. Additional Services Staff will not be used to work on other City projects or assignments, unless there is an emergency that poses a risk of damage or injury to persons, property, or public welfare. In such event, the City may reprioritize the work of all City staff, including Additional Services Staff, as necessary to address the emergency, and emergency work shall take priority over Network-related work for the duration of the emergency.

3.6.3 Service Levels.

3.6.3.1 Staffing Levels. Subject to the provisions of this Contract, including Section 3.6.7.1, the City agrees to provide up to the equivalent of four (4) Additional Services Staff (including up two Utility Locators) on a full-

time basis (staffing levels may fluctuate and the City is unable to make any guarantees as to staffing levels).

3.6.3.2 Timekeeping. Design-Builder hereby agrees that City permitting procedures as outlined in this Amendment and in the City Code satisfy the timekeeping requirements of A.R.S. § 9-835. Once Design-Builder has ten (10) active permits (as discussed in more detail in Section 3.6.3.3 below), Design-Builder agrees that it will submit no more than three (3) permit applications or resubmittals per week in connection with the Network. With respect to any permit application, the City will, within ten (10) working days of submission by the Design-Builder, either (a) provide a written notice of incompleteness, (b) return the permit application for corrections, (c) provide approval with conditions or (d) provide approval. For purposes of this section 3.6.3, a “working day” shall mean Monday through Friday, excluding City Holidays and excluding any day when City Hall is closed for at least four (4) hours due to inclement weather. City agrees there is no limit on the total number of permits that may be approved and waiting to be released. For each resubmittal the City will have an additional ten (10) working days to complete the review and provide written notice of approval (or return the permit application for further revisions). If on the second resubmittal, the Design-Builder has not corrected all previous items indicated by the City, the application will be denied and the Design-Builder may submit a new application.

3.6.3.3 Active/Open Permits. Per City Code § 13-09-008-0002.F.6, Design-Builder has requested approval of additional concurrent permits. City will allow Design-Builder to have up to ten (10) active permits as defined by City Code § 13-09-008-0002.F.1 at any given time (versus the five active permits currently allowed); provided, however:

3.6.3.3.1 Design-Builder will implement effective underground damage prevention methods per City Code § 13-09-008-0002.F.5 that will ensure all necessary measures for utility location and damage avoidance are implemented in accordance with applicable regulations.

3.6.3.3.2 City may reduce the number of, or place restrictions on, specific active permits to minimize conflicts with other projects, maintain acceptable levels of traffic service or for any of the following reasons:

(i) Design-Builder neglects to implement project management practices sufficient to ensure that impacts to the public are minimized by ensuring that all requirements of each permit and all applicable codes, laws, statutes and rules are followed.

(ii) deficiencies in Design-Builder’s quality control over permit submittals, including incompleteness, returns for corrections, or excessive resubmittals;

(iii) Design-Builder's failure to provide timely and complete restoration of work areas following construction;

(iv) limited availability of City utility locating services; provided, however, the City will not reduce the number of, and will only place restrictions on specific active permits after the City has made good faith efforts to engage up to two Additional Services Staff as utility locators; or

(v) Design-Builder's failure to coordinate 811 requests in alignment with City staff availability.

3.6.3.3.3 Design-Builder will implement and maintain quality control practices for permit submittals and post-construction restoration, which will consist of the following:

(i) Permitting Applications: Design-Builder will prepare and submit plans for each permit in accordance with Division 13-09-008. Design-Builder will certify with each application or resubmittal that the Design-Builder has completed visual inspection of all locations proposed in accordance with 13-09-008-0004 B and has included as-found existing conditions within right-of-way and adjacent frontage in the submittal. Where the City finds that the submittal does not substantially reflect existing conditions, the City may halt the substantive review (prior to completion) and the substantive review timeframe will reset to the full substantive timeframe upon resubmittal of an application which reflects existing conditions.

Design-Builder will utilize the necessary professional services to affirmatively verify the location of Right-of-Way boundaries in relation to private property, private improvements and public improvements adjacent to the scope of work proposed by Design-Builder. All such boundaries shall be indicated on all plans submitted for approval. City Staff will review such boundaries for general conformance with City GIS but will not generally conduct in-depth research of publicly-available records to verify the legal status or location of property and/or Right-of-Way lines. All parties agree that by definition Right-of-Way permits issued by the City do not authorize any work outside of public Right-of-Way or public utility easements.

(ii) Management and Quality Control of Construction: Design-Builder will comply with the City of Flagstaff Municipal Code and specifically Division 13-09-008 subject only to any modifications explicitly agreed herein. Highlighted requirements from Section 13-09-008-0004 of the City of Flagstaff Municipal Code are as follows:

B. Responsibility for accommodating existing conditions

D. Retain independent testing company

E. Designated superintendent

F. Notification door hangers

G. Utility location & restoration

I. Public convenience and safety

Design-Builder will assign one or more personnel to a role specifically focused on quality control, code compliance, traffic control and the coordination of such with the assigned City of Flagstaff Engineering Inspector(s).

3.6.3.4 Close Out. The City will inspect and close out any permit, or provide Design-Builder with any final punch list items, within ten (10) working days of the date on which Design-Builder provides the City with a completed “punch list readiness certification form,” signed by the Design-Builder’s Construction Manager or designee qualified and authorized to make certifications on behalf of the Design-Builder, listing all items which have been completed and are ready for inspection by City.

3.6.3.4.1 If upon inspection, the City finds clearly uncompleted items contrary to the Design-Builder’s certification, the City may discontinue the inspection and notify Design-Builder of such finding. The Design-Builder will submit a new punch list readiness certification form upon completion thereby starting a new ten (10) working days inspection timeframe.

3.6.3.4.2 If Design-Builder has completed a portion of the work in the permit area, and the work area has been restored with no further public impacts per City Code, then, at Design-Builder’s request, City will close out the completed portion of the permit area. Design-Builder may submit a new application for other work to be completed at a later date.

3.6.3.5 Repair of Completed Improvements. Where the City identifies significant deficiencies, failures, delamination of mastic or subsidence in or caused by Design-Builder’s completed improvements, the City may re-open the permit for the associated work area and the Design-Builder shall provide plans and submittals for review and approval for any repairs or replacements necessary to remedy those deficiencies. Design-Builder may have two reopened permits for surface repairs open at a given time and these will not count toward the current total permit limit approved by the City Engineer.

3.6.4 City Discretion and Control. The City retains sole discretion over the hiring, management, engagement, and assignment of Additional Services Staff. Nothing in this Amendment shall create an employment or contractual relationship between the Design-Builder and any Additional Services Staff.

3.6.5 Coordination. The City and Design-Builder shall coordinate in good faith regarding the scheduling of Additional Services Staff to ensure efficient

progress of the Work. The City's Representative, as identified in Section 8.4.1 of the Contract, will help coordinate Additional Services.

3.6.6 No Change to Design-Builder Obligations. This Section 3.6 does not relieve the Design-Builder of any responsibilities, obligations, or duties under the Contract, including but not limited to those set forth in Sections 2.10 (Government Approvals and Permits) and 2.12 (General Construction Services). The Design-Builder shall continue to be responsible for obtaining all permits, approvals, and licenses required for the prosecution of the Work/Project as set forth in the Contract and shall cooperate with City in performing such obligations.

3.6.7 Cost of Additional Services Staff; Final Accounting. The parties agree as follows:

3.6.7.1 Anticipated Costs. The parties agree that unless another Contract Amendment is approved, the costs of Additional Services Staff shall not exceed \$720,000. City will engage Additional Services Staff at rates determined by City and approved in advance by Wecom, which may include market wages, contractor fees, premium pay, and overtime as necessary or appropriate to provide the Additional Services. If Design-Builder does not approve the proposed compensation in writing, City will not engage the Additional Services Staff.

3.6.7.2 City Rights. City may, in its sole discretion, cease or reduce all or part of the Additional Services Staff services at any time, including based on budgetary considerations or as the cumulative cost of Additional Services Staff approaches \$720,000.00 or the remaining Contract balance owed to Design-Builder, whichever is less.

3.6.7.3 Monthly Accounting. City will provide Design-Builder with a monthly accounting reasonably detailing the costs expended on Additional Services Staff for the prior month and a running total. This monthly accounting will consist of payroll and/or invoice data (not a special report). Design-Builder may challenge the costs expended on Additional Services Staff, and the parties will work in good faith to resolve such dispute (and reflect the result of such dispute in the City's books and records with respect to the Additional Services Staff).

3.6.7.4 Final Accounting on June 30, 2028. Unless Design-Builder has earlier exercised its option under section 3.6.8 below, City will provide a final accounting of its actual costs expended on Additional Services Staff expended through June 30, 2028 and this amount shall be deducted from the \$2,000,000.00 Contract price owed to Design-Builder; provided, however, that if Design-Builder challenges the costs expended on Additional Services Staff, the parties will work in good faith to resolve such dispute and adjust the reduction to the \$2,000,000.00 Contract price accordingly.

3.6.8 Design-Builder Option for Early Termination. At any time, Design-Builder may notify the City in writing that Design-Builder no longer wishes the City to retain Additional Services Staff. In this case, the following procedures will apply:

3.6.8.1 Temporary Additional Services Staff. City will notify Additional Services Staff who are engaged on a temporary basis that their services will no longer be needed after expiration of their temporary contract term. Alternatively, the City in its sole discretion may hire the temporary Additional Services Staff as city employees or as contractors outside of the parameters of this Section 3.6 and they will no longer be classified as Additional Services Staff.

3.6.8.2 Non-Replacement. If any Additional Services Staff cease working for the City at any time after City has received the foregoing written notice from the Design-Builder, City will not retain Additional Services Staff to replace them.

3.6.8.3 Overtime Work. Additional Services Staff will no longer perform any overtime work on the Network.

3.6.8.4 Final Accounting. Once there are no longer Additional Services Staff under contract, City will prepare a final accounting for the actual costs of Additional Services Staff expended, and this sum shall be deducted from the \$2,000,000.00 Contract price.

3. Effect on Companion Agreements

The companion agreements referenced in Exhibit B of the Contract—specifically the Fiber License Agreement, the City Conduit Lease Agreement, and the City Fiber Network Maintenance Agreement, each dated January 21, 2025—shall remain in full force and effect and are not modified by this Amendment.

4. No Other Changes

Except as expressly amended herein, all terms and conditions of the Contract shall remain in full force and effect and are hereby ratified and confirmed. In the event of any conflict between this Amendment and the Contract, this Amendment shall control.

5. Effective Date

This Amendment shall be effective as of the date of the last signature below.

6. Counterparts

This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their undersigned authorized representatives.

CITY OF FLAGSTAFF, ARIZONA

an Arizona Municipal Corporation

By: _____

Date: _____

Name: Becky Daggett

Title: Mayor

ATTEST:

City Clerk _____

APPROVED AS TO FORM:

City Attorney _____

WECOM LLC

a Delaware limited liability company

Rachel Solomon

By: Rachel Solomon (Aug 12, 2026 14:45:56 PDT)

Date: 08/12/2026

Name: Rachel Solomon

Title: CEO

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Final Audit Report

2026-08-12

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