

**CONSTRUCTION SERVICES CONTRACT  
FOR CONSTRUCTION MANAGER AT RISK (CMAR) PROJECT**

**Project Name: Camp Naco Rehabilitation**

**Project No: Phase 2**

**Contract Date: September 16, 2025**



## **CONSTRUCTION SERVICES CONTRACT FOR CONSTRUCTION MANAGER AT RISK (CMAR) PROJECT**

This CONTRACT is entered into as of the Effective Date set forth below between the City of Bisbee, Arizona, a municipal corporation, hereinafter referred to as "BISBEE" and Durazo Construction, Inc, hereinafter referred to as the "CMAR." BISBEE and the CMAR may hereinafter be referred to individually as a "Party" or collectively as the "Parties."

BISBEE and CMAR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

### **1.0 CMAR - FIDUCIARY DUTY**

- 1.1 This is a contract for complete construction services in accordance with the Construction Manager at Risk method of delivery of construction services. CMAR has participated in the design process, but not as a designer, and been an active member of the Project Team for the work known as the Camp Naco Rehabilitation Project ("Project") and is fully aware of the issues and constraints involved in this construction Project.
- 1.2 CMAR is BISBEE's fiduciary, responsible for undertaking all necessary action contemplated under the contract documents to construct the Project and ensure timely and quality completion of the Project at a cost within the Guaranteed Maximum Price ("GMP").
- 1.3 This Project is an "open book" Project. BISBEE is entitled to attend any and all meetings of the CMAR firm relating to the Project, and BISBEE or its designated auditors or accountants shall have access to any and all records of CMAR or maintained by CMAR relating to the Project.

### **2.0 CONSTRUCTION SERVICES**

- 2.1 The definitions set forth in the Construction Manager at Risk Pre-Construction Services Contract dated June 24, 2025 shall apply in addition to definitions set forth in the General Conditions and Supplementary Conditions for construction services.
- 2.2 CMAR shall complete all work as specified or indicated in the Contract Documents for the Project. The work is generally described as follows:

The rehabilitation of the historic adobe buildings at Camp Naco.

- 2.3 CMAR shall complete, provide and perform, or cause to be performed, all work in a proper and workmanlike manner, with appropriate consideration for public safety and convenience, consistent with the highest standards of professional and construction practices and in full compliance with, and as required by or pursuant to, this Contract,



and with the greatest economy, efficiency, and expediency consistent therewith all as more particularly described in the Contract Documents.

### 3.0 CITY OF BISBEE PROJECT REPRESENTATIVE

BISBEE has determined it will not utilize a third-party Construction Manager (CM) to manage this Project and represent BISBEE on the Project site. If appointed, BISBEE's CM will assume all duties and responsibilities and will have all rights and authority assigned to BISBEE CM in connection with completion of the Work in accordance with the Contract Documents.

BISBEE's Project Manager for this Project is **Michael Normand**, Construction Project Manager, City of Bisbee.

BISBEE's CM for this Project is **Michael Normand**, Construction Project Manager, City of Bisbee.

### 4.0 CONTRACT TIME

- 4.1 CMAR shall submit to BISBEE, on or before the effective date of this Contract, a Critical Path Method (CPM) Construction Progress Schedule indicating the times for starting and completing the various stages and Construction Phases of the Work, including any Milestones specified in this Contract and as more fully described in the General Conditions and other Contract Documents. Revisions/updates to the CPM schedule shall be submitted to accurately reflect plans for completion of the work no less frequently than on a monthly basis as part of the CMAR's progress payment request.
- 4.2 Time is of the Essence. All of the time limits for Milestones, if any, for Substantial Completion and for Final Completion and readiness for final payments as stated in the Contract Documents, are of the essence of the Contract.
- 4.3 The Work shall be substantially complete within 365 calendar days after the date when the Contract Times commence to run as provided in the Notice to Proceed, or the date of the issuance of permit(s), whichever is later, and all Work shall be finally completed and ready for final payment in accordance with the Notice to Proceed within 405 calendar days after the date when the Contract Times commences to run. The Work may be divided into separate Construction Phases and the Contract Time for each Construction Phase will be set forth in each Construction Phase Notice to Proceed.
- 4.4 Failure of CMAR to perform any covenant or condition contained in the Contract Documents within the time periods specified herein, shall constitute a material breach of this Contract entitling BISBEE to terminate the Contract and to seek all the remedies set forth herein or provided by law, unless CMAR applies for and receives an extension of time, in accordance with the procedures set forth in the Contract Documents.



- 4.5 Failure of BISBEE to insist upon the performance of any covenant or condition within the time periods specified herein, shall not constitute a waiver of CMAR's duty to perform every other covenant or condition within the designated periods, unless a specific waiver is granted in writing for each such covenant or condition.
- 4.6 BISBEE's agreement to waive a specific time provision or to extend the time for performance shall not constitute a waiver of any other time provisions contained in the Contract Documents. Failure of CMAR to complete performance promptly within the additional time authorized in the waiver or extension of time agreement shall constitute a material breach of this Contract entitling BISBEE to all the remedies set forth herein or provided by law.

## 5.0 LIQUIDATED AND SPECIAL DAMAGES

- 5.1 BISBEE and CMAR recognize that time is of the essence for this Contract and that BISBEE will suffer financial loss, in addition to and apart from the costs described in Paragraph 5.2, if the Work and/or portions of the Work are not performed and completed within the times specified in Section 4, plus any extensions thereof allowed in accordance within the Contract Documents. BISBEE and CMAR also recognize the delays, expense, and difficulties involved in proving, through legal or arbitration proceedings, the actual loss suffered by BISBEE if the Work or portion of the Work is not completed on time. Accordingly, instead of requiring any such proof, BISBEE and CMAR agree that the amounts per day set forth herein are reasonable estimates of such liquidated damages for delay (but not as a penalty) and that said amounts do in fact bear a reasonable relationship to the damage that would be sustained by BISBEE, and CMAR agrees to pay such liquidated damages as herein provided.
  - 5.1.1 CMAR shall pay BISBEE one-thousand and seventy dollars and no cents (\$1,070) for each calendar day that expires after the time specified for substantial completion, until the Work is substantially complete.
  - 5.1.2 After Substantial Completion, if CMAR shall neglect, refuse or fail to complete the remaining Work within the Contract Time or any proper extension thereof granted by BISBEE, CMAR shall pay BISBEE five-hundred thirty five dollars and no cents (\$535) for each calendar day that expires after the time the Work has been deemed substantially complete until such time as the Work is finally complete and ready for final payment.
- 5.2 **Special Damages:** In addition to the amounts provided for liquidated damages, CMAR shall pay BISBEE the actual costs reasonably incurred by BISBEE for BISBEE's CM (if applicable), the A/E and for engineering and inspection forces employed on the Work for each calendar day that expires after the time specified in Section 4, including any extensions thereof made in accordance with the Contract Documents, until the Work is finally complete. The rate for inspection services for this Contract is \$150.00 per hour. The rate for the work by the A/E for this Contract is \$150.00 per hour. The rate for work by BISBEE's CM for this Contract is \$44.00per



hour. Each of these hourly rates is calculated at time and one half for work required to be performed during other than normal business hours.

- 5.3 BISBEE may withhold and deduct from any payment due to CMAR the amount of liquidated damages, special damages, and other costs, such as CMAR's failed testing costs or damages to other BISBEE property, from any moneys due CMAR under the Contract.
- 5.4 **Limited Mutual Waiver of Consequential Damages:** Nothing herein shall be deemed to constitute a waiver of damages mutually agreed upon by the Parties as liquidated damages in Article 5.0 of the Construction Services Contract; Articles 9.2 and 9.3 of the Construction General Conditions, and excluding losses covered by insurance required by the Contract Documents; or any other remedy available to BISBEE in the event of CMAR's default under this Contract prior to full performance of the Work including, without limitation as applicable, specific performance or completion of the Work on behalf of CMAR, the cost and expense of which shall be offset against any monies then or thereafter due to CMAR (if any) and otherwise immediately reimbursed to BISBEE by CMAR. BISBEE and the CMAR agree to waive all claims against each other for any consequential damages that may arise out of or relate to this Contract. BISBEE agrees to waive consequential damages for loss of use of the Project, any rental expenses incurred, loss of income, profit or financing related to the Project, as well as the loss of business, loss of financing, loss of profits not related to this Project, loss of reputation, or insolvency. The CMAR agrees to waive consequential damages for loss of business, loss of financing, principal office overhead and expenses including the compensation of personnel stationed there, loss of profits except anticipated profit arising directly from the Project, loss of bonding capacity, loss of reputation, or insolvency. The provisions of this section shall also apply to the termination of this Contract and shall survive such termination.

## 6.0 CONTRACT PRICE

BISBEE shall pay CMAR for completion of the Work in accordance with the Contract Documents, an amount in current funds not to exceed the sum of two million, seven hundred twenty-two thousand, four hundred thirteen dollars and twenty cents (\$2,722,413.20) as more specifically set forth in the Guaranteed Maximum Price (GMP) Proposal of the CMAR Pre-construction Services Contract (including Cost Model Form CIP4.4) and incorporated herein by reference. If the Work is to be performed in Construction Phases, the Contract Price for each Construction Phase will be set forth in each Construction Phase Notice to Proceed.

## 7.0 CMAR REPRESENTATIONS

As part of the inducement for BISBEE to enter into this Contract, CMAR makes the following representations:



- 7.1 CMAR was a member of the Project Team for this Project and participated in and provided recommendations concerning the Contract Documents and Project Design.
- 7.2 CMAR has examined and carefully studied the Contract Documents (including any Addenda) and other related data, including “technical data” and all federal, state and local laws, ordinances, standards, rules and regulations that in any manner may affect cost, progress, performance or furnishing of the Work.
- 7.3 CMAR has obtained and carefully studied (or assumes responsibility for having done so) the reports of investigations, explorations, tests, studies and data concerning conditions (surface, subsurface and underground facilities) and the drawings of physical conditions in or relating to existing surface or subsurface structures, at or contiguous to the site or otherwise which may affect costs, progress, performance or furnishing all the Work or which relate to any aspect of the means, methods, techniques, sequences and procedures of construction to be employed by CMAR and safety precautions and programs incident thereto. CMAR acknowledges that such reports and drawings are not Contract Documents and may not be complete for CMAR’s purposes. CMAR acknowledges that BISBEE and BISBEE’s CM do not assume responsibility for the accuracy or completeness of information and data shown or indicated therein within respect to Underground Facilities at or contiguous to the site. CMAR acknowledges full responsibility for locating and resolving any conflicts with any Underground Facilities.
- 7.4 CMAR has visited the site and become familiar with and is satisfied as to the general, local and site conditions that may affect cost, progress, performance or furnishing of the Work.
- 7.5 CMAR has made or caused to be made examinations, investigations, tests, studies and related data as he deems necessary, and CMAR does not consider that any additional examinations, investigations, explorations, tests, studies, or data are necessary for the performance and furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents.
- 7.6 CMAR has correlated the information known to CMAR, information and observations obtained from visits to the site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies, reports, and data, with the terms and conditions of the Contract Documents.
- 7.7 CMAR has given BISBEE’s CM written notice of all conflicts, errors, or discrepancies that CMAR has discovered in the Contract Documents, and the written resolution thereof by BISBEE is acceptable to CMAR, and the Contract Documents are sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work. CMAR assumes full responsibility and liability for any conflicts, errors or discrepancies in the Contract Documents, including, but not limited to, the specifications, design and engineering for the Project, for which written notice has not



been provided and which a reasonable CMAR, participating in the design process as the Construction Manager at Risk would have discovered.

## 8.0 CONTRACT DOCUMENTS

The following documents are pertinent to the Project: (Place N/A in the blanks which are not applicable to this Contract).

- 8.1 This Contract (pages 1 to 12, inclusive).
- 8.2 The Project Drawings titled "Camp Naco Building Rehabilitation Phase II" and dated August 27, 2025.
- 8.3 The project General Conditions (pages 1 to 72), inclusive.
- 8.4 The project Supplementary Conditions (pages SC-1 to N/A), inclusive.
- 8.5 The Project Technical Specifications (pages TS-1 to N/A), inclusive
- 8.6 The accepted CPM Construction Schedule dated N/A.
- 8.7 Addenda consisting of Numbers N/A to N/A inclusive.
- 8.8 Performance Bond.
- 8.9 Labor and Materials (Payment) Bond.
- 8.10 CMAR's List of Subcontractors (per GMP).
- 8.11 CMAR'S Schedule of Manufacturers and Suppliers of Major Equipment and Material Items (per GMP).
- 8.12 The following which may be delivered or issued after the Effective Date of this Contract and are not attached hereto:
  - A. Written Attachments
  - B. Work Change Directives
  - C. Change Order(s)
  - D. Construction Phase Authorization(s)

## 9.0 MISCELLANEOUS

- 9.1 Controlling Law: Any action to enforce any provision of this Contract or to obtain any remedy with respect this Contract shall be brought exclusively in the Superior Court, Cochise County, Arizona (or, as may be appropriate, in the Justice Courts of Cochise County, Arizona or in the United States District Court for the District of Arizona, if, and



only if, the Superior Court lacks jurisdiction over such action). The Parties expressly and irrevocably consent to the exclusive jurisdiction and venue of such courts and expressly waive the right to transfer or remove any such action.

- 9.2 This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
- 9.3 The failure of any Party to enforce against another Party any provision of this Contract shall not constitute a waiver of that Party's right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.
- 9.4 BISBEE and CMAR each binds itself, its partners, successors, assigns and legal representatives to the other Party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in these Contract Documents.
- 9.5 Independent Contractor: CMAR agrees he is an independent contractor and not an agent or employee of BISBEE. CMAR shall supervise and direct the Work to be done, using his best skill and attention. CMAR shall be solely responsible for all construction means, methods, techniques, sequences, procedures and for coordinating all portions of the Work, required by the Contract Documents. CMAR shall be responsible to BISBEE for the acts and omissions of his employees, subcontractors and their agents and employees, and other persons performing any of the Work under any Contract Documents.
- 9.6 Attorney's Fees: Should litigation be necessary to enforce any term or provision of this Contract, or to collect any damages claimed or portion of the amount payable under this Contract, then all litigation and collection expenses, witness fees, court costs, and attorney's fees shall be paid to the prevailing Party. Nothing herein shall preclude non-binding arbitration if they so elect in the event of a dispute hereunder.
- 9.7 Conflict of Interest: In accordance with the provisions of Arizona Revised Statutes § 38-511, as amended, BISBEE may cancel any contract it is a party to within three years after its execution and without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of BISBEE is, at any time while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. In the event BISBEE elects to exercise its rights under Arizona Revised Statutes § 38-511, as amended, BISBEE agrees to immediately give notice thereof to CMAR.
- 9.8 Notices: Unless otherwise provided herein, all notices, demands, or other communication required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given and received either (a) on the date of service if personally served on the Party to whom notice is to be given, or (b) on the



third day after the date of the postmark of deposit by first class US mail, registered or certified, postage prepaid, or (c) the following 1 business day after the date given to a recognized and reputable overnight delivery service, and properly addressed as set forth below, or at such other address, and to the attention of such other person or officer, as any Party may designate in writing by notice duly given pursuant to this subsection:

TO BISBEE:  
Stephen Pauken  
City Manager  
City of Bisbee  
118 Arizona Street  
Bisbee, AZ 85603

TO CMAR:  
JR Durazo  
President  
Durazo Construction, Inc.  
934 S 6<sup>th</sup> Ave, Tucson, AZ 85701  
PO Box 629, Tucson, AZ 85702

COPIES TO:  
Joseph Estes  
City Attorney  
City of Bisbee  
118 Arizona Street  
Bisbee, AZ 85603

If a copy of a notice is also given to a Party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a Party shall mean and refer to the date on which the Party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

## 9.9 Compliance with Laws

9.9.1 The CMAR understands and acknowledges the applicability of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989 to it. The CMAR agrees to comply with these laws in performing this Contract and to permit BISBEE to verify such compliance.

### 9.9.2 Immigration Law Compliance Warranty:

9.9.2.1 As required by A.R.S. § 41-4401, CMAR hereby warrants its compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A). CMAR further warrants that after hiring an employee, CMAR verifies the employment eligibility of the employee through the E-Verify program.

9.9.2.2 If CMAR uses any subcontractors in performance of the Work, subcontractors shall warrant their compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A), and subcontractors shall further warrant that after



hiring an employee, such subcontractor verifies the employment eligibility of the employee through the E-Verify program.

- 9.9.2.3 A breach of this warranty shall be deemed a material breach of the Contract that is subject to damages up to and including termination of the Contract. CMAR is subject to contractual damages of \$100 per day for the first violation, \$500 per day for the second violation, and \$1,000 per day for the third violation. BISBEE at its option may terminate the Contract after the third violation. CMAR shall not be deemed in material breach of this Contract if the CMAR and/or subcontractors establish compliance with the employment verification provisions of Sections 274A and 274B of the federal Immigration and Nationality Act and the E-Verify requirements contained in A.R.S. § 23-214(A).
- 9.9.2.4 BISBEE retains the legal right to inspect the papers of any CMAR or subcontractor employee who works on the Contract to ensure that the CMAR or subcontractor is complying with the warranty. Any inspection will be conducted after reasonable notice and at reasonable times.
- 9.9.2.5 If state law is amended, the Parties may modify this paragraph accordingly.

9.9.3 Equal Treatment of Workers: CMAR shall keep fully informed of all federal and state laws, county and local ordinances, regulations, codes and all orders and decrees of bodies or tribunals having any jurisdiction or authority, which in any way affect the conduct of the Work. CMAR shall at all times observe and comply with all such laws, ordinances, regulations, codes, orders and decrees; this includes, but is not limited to laws and regulations ensuring equal treatment for all employees and against unfair employment practices, including the Occupational Safety and Health Administration ("OSHA") and the Fair Labor Standards Act ("FLSA"). CMAR shall protect and indemnify BISBEE and its representatives against any claim or liability arising from or based on the violation of such, whether by CMAR or its employees.

9.9.4 Equal Employment Opportunity Provisions: The following provisions, contained in Section 301 of Executive Order No. 11246, dated September 24, 1965, as amended, govern performance of work under BISBEE contracts, are applicable to all BISBEE contracts, and must be included in all contracts executed by BISBEE for the performance of work. In this document, the term "Contractor," means parties awarded contracts by BISBEE.

9.9.4.1 CMAR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or disability. Such action includes the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CMAR agrees to post notices provided by BISBEE, setting forth the provisions of this Equal



Opportunity clause, in conspicuous places available to employees and applicants for employment.

- 9.9.4.2 CMAR will state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin or disability, in all solicitations or advertisements for employees placed by or on behalf of CMAR.
  - 9.9.4.3 CMAR will comply with all provisions of Executive Order No. 11246, dated September 24, 1965, as amended, and with all the rules, regulations, and relevant orders of the Secretary of Labor.
  - 9.9.4.4 CMAR will furnish all information and reports required by Executive Order No. 11246, dated September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, and will allow BISBEE and the Secretary of Labor to access his books, records, and accounts in order to ascertain compliance with such rules, regulations, and orders.
  - 9.9.4.5 The Contract may be canceled, terminated, or suspended, in whole or in part if the CMAR does not comply with the provisions of this document. Other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246, dated September 24, 1965, as amended, under rules, regulations, or orders of the Secretary of Labor, or as otherwise provided by law. Further, CMAR may be declared ineligible for further BISBEE Contracts in accordance with procedures authorized in Executive Order No. 11246, dated September 24, 1965, as amended.
  - 9.9.4.6 CMAR must include the provisions of subdivisions 9.9.4.1 through 9.9.4.6 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontract or vendor.
- 9.9.5 Boycott of Israel: The Parties shall comply with the applicable requirements of Arizona Revised Statutes § 35-393.01. CMAR certifies that it is not engaged in a boycott of Israel as of the effective date of this Contract, and agrees for the duration of this Contract to not engage in a boycott of Israel.
- 9.9.6 Provisions Required by Law: Each and every provision of law and any clause required by law to be in the Contract will be read and enforced as though it were included herein and, if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either Party, the Contract will promptly be physically amended to make such insertion or correction.



- 9.10 Amendments and Waiver: No amendment or waiver of any provision of these Contract Documents nor consent to any departure by BISBEE shall be effective unless the same shall be in writing and signed by BISBEE. Such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver by BISBEE of any default or breach by CMAR shall be deemed to be or constitute a waiver of any other or subsequent default or breach. BISBEE specifically reserves and shall have all rights and remedies available to it under the provisions of the Contract Documents.
- 9.11 Severability: The provisions of this Contract are severable to the extent that any provision or application held to be invalid by a Court of competent jurisdiction shall not affect any other provision or application of the Contract which may remain in effect without the invalid provision or application.
- 9.12 Force Majeure: If either Party is delayed or prevented from the performance of any service, in whole or in part, required under this Contract by reason of acts of God or other cause beyond the control and without fault of that Party (financial inability excepted), performance of that act will be excused, but only for the period of the delay. The time for performance of the act will be extended for a period equivalent to the period of delay. No increase in contract amount will be allowed. CMAR's sole compensation will be an extension of time only.

(Signatures on Following Page)



**CONSTRUCTION MANAGER AT RISK NAME**

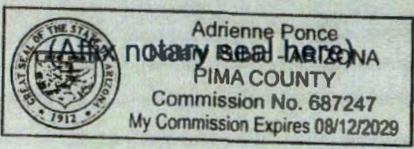
By: [Signature] Name: Mario Durazo Jr.  
*(Signature Required)* *(Please Print)*  
Title: President

**ACKNOWLEDGMENT**

STATE OF ARIZONA  
COUNTY OF Arizona

On September 11, 2025, Mario Durazo Jr. as President of Durazo Construction, an Arizona corporation, personally appeared before me whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document on behalf of Durazo Construction.

Notary Public [Signature]



**CITY OF BISBEE**

IN WITNESS WHEREOF, the Parties have this Contract as of this 16th day of September, 2025 (the "Effective Date").

By: [Signature]  
Stephen Pauken, City Manager

ATTEST: [Signature]  
Ashlee Coronado, City Clerk

APPROVED AS TO FORM: [Signature]  
Joseph Estes, City Attorney