

Memorandum

Public Works Department



To: City Manager
Subject: Reservoir Water Tower Repair, Project 2668
Date: May 31, 2011
Number: 2011-157

The water tower at the water treatment plant, commonly referred to as the reservoir tower, is in need of repair and repainting. Based upon a previous study of the tower by Dixon Engineering, \$515,000 has been budgeted for the repairs and painting in Fiscal Year 2013.

The public works department has been negotiating with Utility Service Company, the same company that has been hired to paint and take over the maintenance of the new water tower that will be constructed at 14th Street and 42nd Avenue. The attached maintenance contract is a result of those negotiations.

The contract covers all repairs deemed necessary by Dixon Engineering in their report and additional repairs noted by Utility Service Company during inspections last fall and this spring. A detailed list of the painting and repairs is included as Schedule A in the agreement. The total cost of the repair and repainting is \$478,870.00 which is less than is budgeted for this work. In addition, it is estimated that approximately \$50,000 would be saved by not having to prepare bid documents and go through the standard bid procedures.

By contracting for the work now, we get the current price locked in and work will start in the Spring/Summer of 2012. According to the contract, the City would not be billed for the work until it is completed and payment therefore would not have to be made until the fiscal year when it is already planned, FY2013.

In addition to the initial repair and painting work, the contract calls for Utility Service Company to take over all future maintenance and painting of the tank. The cost of this work is \$27,109.00 per year until the fifth year. In year five, and every three years thereafter, the price may be increased by a maximum amount of 5% to cover increases in labor and materials.

By using the Utility Service Company to help increase this tower's longevity, both an overall cost savings and an improved protective paint system are anticipated.

Recommendation

The Public Works Department recommends that the City Council approve the contract with the Utility Service Company and authorize the City Manager to sign the contract documents..

Submitted by: Michael J. Kane, P.E., City Engineer
Robert T. Hawes, P.E., Assistant City Manager/P. W. Director

Approved by: John C. Phillips, City Manager

Utility Service Co., Inc.

Water Tank Maintenance Contract



Owner: City of Rock Island
Rock Island, Illinois

Tank Size/Name: 500,000 Elevated – Treatment Plant Tank

Location: 2215 16th Avenue

Date Prepared: May 20, 2011



535 Courtney Hodges Blvd.
P.O. Box 1350
Perry, Georgia 31069
tel: 478-987-0303 800-223-3695
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WATER TANK MAINTENANCE CONTRACT

This Contract entered into by and between **City of Rock Island, whose business address is 1528 3rd Avenue, Rock Island, Illinois 61201** (hereinafter referred to as “the Owner”) and Utility Service Co., Inc., whose business address is Post Office Box 1350, 535 Courtney Hodges Boulevard, Perry, Georgia 31069 (hereinafter referred to as “the Company”).

Therefore, in consideration of the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Owner and the Company, the parties agree as follows:

The Owner agrees to engage the Company to provide the professional service needed to maintain its **500,000** gallon water storage tank located at **2215 16th Avenue, Rock Island, Illinois 61201** (hereinafter “tank”).

1. Company’s Responsibilities. This Contract outlines the Company’s responsibility for the care and maintenance of the above described water storage tank. Care and maintenance include the following:

- A. The Company will annually inspect and service the tank. The tank and tower will be thoroughly inspected to ensure that the structure is in a sound, watertight condition.
- B. Biennially, beginning with the first washout/inspection, the tank will be completely drained and cleaned to remove all mud, silt, and other accumulations that might be harmful to the tank or its contents. After cleaning is completed, the interior will be thoroughly inspected and disinfected prior to returning the tank to service; however, the Owner is responsible for draining and filling the tank and conducting any required testing of the water. A written report will be mailed to the Owner after each inspection.
- C. The Company shall furnish engineering and inspection services needed to maintain and repair the tank and tower during the term of this Contract. The repairs include: steel parts, expansion joints, water level indicators, sway rod adjustments, and manhole covers/gaskets.
- D. The Company will clean and repaint the interior and/or exterior of the tank at such time as complete repainting is needed. The need for interior painting is to be determined by the thickness of the existing liner and its protective condition. When interior repainting is needed, procedures as outlined in A.W.W.A.-D102 specifications for cleaning and coating of potable water tanks will be followed. Only material approved for use in potable water tanks will be used on any interior surface area. The need for exterior painting is to be determined by the appearance and protective condition of the existing paint. At the time the exterior requires repainting, the Company agrees to paint the tank with the same color paint and the same logo design, and to select a coating system which best suits the site conditions, environment, and general location of the tank. Exterior and interior repainting cycles will not exceed 12 years. When painting is needed, all products and procedures will be equal to, or exceed the requirements of **Illinois Environmental Protection Agency**, the American Water Works Association, and the Society for Protective Coatings as to surface preparation and coating materials.
- E. A lock will be installed on the roof hatch of the tank.

F. The Company will provide emergency services, when needed, to perform all repairs covered under this Contract. Reasonable travel time must be allowed for the repair unit to reach the tank site.

G. The Company will furnish pressure relief valves, if requested by the Owner, so that the Owner can install the valves in its water system while the tank is being serviced.

H. The Company will furnish current certificates of insurance coverage to the Owner. Insurance certificates will name the City of Rock Island as additionally insured and will list the City of Rock Island in the "Description" and "Certificate Holder" caption areas.

2. Contract Price/Annual Fees. The tank shall receive an **exterior renovation, interior renovation and repairs prior to the end of Contract Year 2012.** The annual fee for **Contract Year 1** shall be **\$478,870.00.** The annual fees for **Contract Year 2** and each subsequent annual fee shall be **\$27,109.00** per Contract Year; however, in **Contract Year 5** and each third anniversary thereafter, the annual fee shall be adjusted to reflect the current cost of service. The adjustment of the annual fee shall be limited to a maximum of 5% per annum. **When an inflation adjustment occurs, the Company agrees to provide notice of the adjustment in a letter form with an explanation of the increase.** All applicable taxes are the responsibility of the Owner and are in addition to the stated costs and fees in this Contract. A "Contract Year" shall be defined as each consecutive 12-month period following the first day of the month in which the Contract is executed by the Owner and each subsequent 12-month period thereafter during the time the Contract is in effect. For example, if a contract was signed by an Owner on April 17, 2007, Contract Year 1 for that contract would be April 1, 2007 to March 31, 2008, and Contract Year 2 for that contract would be April 1, 2008 to March 31, 2009 and so on.

3. Payment Terms. The annual fee for **Contract Year 1**, plus all applicable taxes, shall be due and payable upon completion of the exterior and/or interior renovation. **Each subsequent annual fee, plus all applicable taxes, shall be due and payable on the first day of each Contract Year; however, beginning in Contract Year 2, the annual fee can be paid either monthly, quarterly, semiannually, or annually. Owner shall circle the preferred billing frequency. If the Owner does not choose a preferred billing frequency, the Owner will be billed quarterly.**

4. Structure of Tank. The Company is accepting this tank under program based upon its existing structure and components. *Any modifications to the tank, including antenna installations, shall be approved by Utility Service Co., Inc., prior to installation and may warrant an increase in the annual fee.*

5. Environmental, Health, Safety, or Labor Requirements. The Owner hereby agrees that future mandated environmental, health, safety, or labor requirements as well as changes in site conditions at the tank site which cause an increase in the cost of tank maintenance will be just cause for modification of this Contract. Said modification of this Contract will reasonably reflect the increased cost of the service with a newly negotiated annual fee. Owner shall be responsible for moving and/or relocating the power lines around the tank site in order to create and maintain a safe working environment.

The work performed under this Contract is subject to prevailing wages, and the workers who are performing work under this Contract are to be paid no less than the prevailing hourly rate of wages as set by the appropriate authority. Any future work performed by workers under this Contract will be subject to the wage determination of the appropriate authority which is in effect when the work is performed. However, the Owner and the Company hereby agree that if the prevailing wage rates for any job or trade classification increases by more than 5% per annum from the effective date of this Contract to the date in which any future work is to be performed under this Contract, then the Company reserves the right to re-negotiate the annual fee(s) with the Owner. If the Company and the Owner cannot agree on re-negotiated annual fee(s), then: (1) the Company will not be obligated to perform the work and (2) the Company will not be obligated to return past annual fee(s) received by the Company.

6. Excluded Items: This Contract does NOT include the cost for and/or liability on the part of the Company for: (1) containment of the tank at anytime during the term of the Contract; (2) disposal of any hazardous waste materials; (3) resolution of operational problems or structural damage due to cold weather; (4) repair of structural damage due to antenna installations or other attachments for which the tank was not originally designed; (5) resolution of operational problems or repair of structural damage or site damage caused by physical conditions below the surface of the ground; (6) negligent acts of Owner's employees, agents or contractors; (7) damages, whether foreseen or unforeseen, caused by the Owner's use of pressure relief valves; (8) repairs to the foundation of the tank; or (9) other conditions which are beyond the Owner's and Company's control, including, but not limited to: acts of God and acts of terrorism. Acts of terrorism include, but are not limited to, any damage to the tank or tank site which results from unauthorized entry of any kind to the tank site or tank.

7. Termination. The Owner shall have the right to continue this Contract for an indefinite period of time providing payment of the annual fees is in accordance with the terms herein. This Contract is subject to termination by the Owner only if written notice of intent to terminate is received by the Company ninety (90) days prior to the first day of the upcoming Contract Year. Notice of Termination is to be delivered by registered mail to Utility Service Co., Inc., Attn: Customer Service, P.O. Box 1350, Perry, Georgia 31069, and signed by three (3) authorized voting officials of the Owner's management and/or Commissioners.

8. Assignment. The Owner may not assign or otherwise transfer all or any of its interest under this Contract without the prior written consent of the Company. If the Company agrees to the assignment, the Owner shall remain responsible under this Contract, until its assignee assumes in full and in writing all of the obligations of the Owner under this Contract.

9. Indemnification. THE COMPANY AGREES TO INDEMNIFY THE OWNER AND HOLD THE OWNER HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, DAMAGES, LIABILITY, AND EXPENSE IN CONNECTION WITH LOSS OF LIFE, PERSONAL INJURY, AND/OR DAMAGE TO PROPERTY BY REASON OF ANY ACT, OMISSION, OR REPRESENTATION OF THE COMPANY OR ITS SUBCONTRACTORS, AGENTS, OR EMPLOYEES. IN TURN, THE OWNER AGREES TO INDEMNIFY THE COMPANY AND HOLD THE COMPANY HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, DAMAGES, LIABILITY, AND EXPENSE IN CONNECTION WITH LOSS OF LIFE, PERSONAL INJURY, AND/OR DAMAGE TO PROPERTY BY REASON OF ANY ACT, OMISSION, OR REPRESENTATION OF THE OWNER OR ITS CONTRACTORS, AGENTS, OR EMPLOYEES. THE INDEMNIFICATION PROVIDED IN THIS PARAGRAPH DOES NOT AFFECT THE COMPANY'S LIMITATIONS OF LIABILITY SET FORTH IN OTHER PARAGRAPHS OF THIS CONTRACT.

10. Assignment of Receivables. The Company reserves the right to assign any outstanding receivables from this Contract to its Bank or other Lending Institutions as collateral for any loans or lines of credit.

11. Miscellaneous Items. No modifications, amendments, or alterations of this Contract may be made except in writing signed by all the parties to this Contract. No failure or delay on the part of any party hereto in exercising any power or right hereunder shall operate as a waiver thereof. The parties expressly warrant that the individuals who sign below are authorized to bind them.

12. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior communications, understandings and agreements relating to the subject matter hereof, whether oral or written.

13. **Schedule A shall be made a part of this agreement.**

This Contract signed this _____ day of _____, _____.

OWNER:

City of Rock Island

By: _____

Title: _____

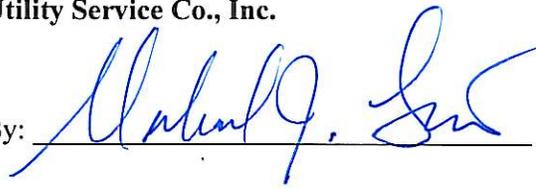
Print Name: _____

Witness _____

Seal:

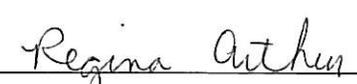
COMPANY:

Utility Service Co., Inc.

By:  _____

Title: Senior Vice President

Print Name: Michael J. Lewis

Witness  _____

Seal:

SCHEDULE A

Initial Renovation Specifications

ALL ANTENNAS, COAX, AND MOUNTS SHALL BE REMOVED FROM THE TANK BY THE OWNER PRIOR TO THE COMMENCEMENT OF WORK FOR THE INITIAL RENOVATION

Exterior

1. All exterior surfaces must be pressure washed with a minimum of 4,000 P.S.I. washer to remove any surface contamination.
2. All rusted areas and weld seams must be Hand/Power tool cleaned per SSPC-SP2, SP3, SP7 cleaning methods.
3. Apply one full intermediate coat of Tnemec Series 135 or equivalent to the manufacturer's recommendation thickness.
4. Finish: Apply one full topcoat of Tnemec Series 740 or equivalent to the manufacturer's recommendation thickness.
5. Paint all concrete foundations

Repairs

1. Install Access Ladder
2. Install Standard Ladder Gate
3. Install Interior Ladder
4. Install Dome Ladder
5. Install Riser Bolted Manway
6. Install Overflow Flapper and Screen
7. Install Access Ladder Cable Safety Climb
8. Install Dome Ladder Cable Safety Climb
9. Install Riser Handrail
10. Install Frost Proof Roof Vent
11. Caulk Foundations
12. Secure Dome Ladder
13. Install Riser Ladder Cable Safety Climb
14. Remove Staircase
15. Seal CP openings
16. Repair Balcony Cracks

Interior Wet

1. The complete interior (100%) shall be abrasive blast cleaned to SSPC-SP No. 10 "Near White" finish.
2. After abrasive cleaning, all surfaces shall be cleaned of any dust residue or foreign debris.
3. A high build epoxy liner manufactured by the Tnemec Company shall be applied as follows:
 - Primer Coat: One [1] complete coat of Tnemec Series 91H2O zinc or equivalent shall be applied at the manufacturer's recommended thickness.
 - Intermediate Coat: One [1] complete coat of Tnemec Series N140 Epoxy or equivalent shall be applied at the manufacturer's recommended thickness.
 - Finish Coat: One [1] complete finish coat of Tnemec Series N140 Epoxy or equivalent shall be applied at the manufacturer's recommended thickness.
 - a. Contrasting Color: Each coat of epoxy paint shall be of contrasting color.
 - b. Stripe Coat: One additional coat of epoxy shall be applied by brush and roller to all weld seams.
4. After the liner has properly cured, the interior surfaces shall be disinfected per A.W.W.A. Spray Method No. 2 (200 PPM).
5. The spent abrasive media shall be tested per TCLP-(8) Heavy Metals as mandated by the State.
6. Once the tests results confirm the non-hazardous status of the wastes, the spent abrasive shall be disposed of properly.
7. The Tank shall be sealed and made ready for service.

Pit Piping

1. All pit piping shall be abrasive blast cleaned to SSPC-SP No. 6.
2. After abrasive cleaning, all surfaces shall be cleaned of any dust residue or foreign debris.
3. Apply one full prime coat of Tnemec 135 Chembuild Epoxy to all bare metal areas.
4. Apply one full finish coat of Tnemec Series N140 or equivalent coating to all primed areas.