



HISTORIC  
**FRANKLIN**  
TENNESSEE

December 22, 2014

COF Contract No. 2014-0269

Ms. Jennifer Watt  
Director, Southeast USA  
GE Water & Process Technologies  
3239 Dundas Street West  
Oakville, Ontario L6M 4B2  
Canada

Subject: Letter of Intent  
City of Franklin, Tennessee  
Franklin Water Treatment Plant Modifications

Dear Ms. Watt:

This letter represents the intent of the City of Franklin (City) to preselect the GE Water and Process Technologies (GE) ZeeWeed® 1500 hollow fiber membrane ultrafiltration membrane system for the Franklin Water Treatment Plant (WTP) Modifications (Project). The following documents form the basis of this selection and are collectively referred to as the “Proposal”:

- GE’s quote number 795690, originally dated September 23, 2014.
- The Request for Proposals (RFP) package; issued by Smith Seckman Reid (SSR) and dated September 1, 2014.
- Addendum No. 1 to the RFP package; issued by SSR and dated September 18, 2014.

In order to complete the design and prepare a bid package, SSR and the City of Franklin require information and design assistance from GE Water & Process Technologies. It is anticipated that the following information will be required:

- PFDs, process control descriptions, P&IDs
- Single line diagrams, network architecture
- General arrangements drawings, equipment cutsheets, itemized bill of materials
- Attendance at design meetings as defined in the Proposal.

The anticipated membrane system design milestone dates are as follows:

- 30% - January 30, 2015
- 60% - March 31, 2015
- 90% - April 30, 2015



It is anticipated that GE's project manager will work with SSR and the City to develop a work plan that will further define the schedule and design deliverables required.

By signing this letter, GE agrees to the following:

- GE agrees to provide the equipment, materials and services at the Adjusted Selling Price, calculated in accordance with the attached Method of Cost Escalation for Membrane Filtration Equipment (Attachment A).
- The City reserves the right to delete optional items from the scope of supply and deduct the cost of these optional items from the Base Selling Price.
- No additional compensation will be paid for the design services described herein
- If, for any reason, the City does not award the Project, the City is under no obligation to purchase the equipment.
- If for any reason, GE is not under contract for supply of a membrane filtration system before October 5, 2015, GE will be compensated by the City for design services performed up to a maximum amount of \$100,000.

After signing this letter in the space below, please return one signed original to me.

We look forward to working with you on this project. If you have any questions or comments, please do not hesitate to contact me at (616) 550-6660.

Sincerely,

David Parker, P.E.  
City Engineer/CIP Executive  
City of Franklin

Signed:  
GE Water and Process Technologies

\_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Date

Print Name: \_\_\_\_\_

Attachment



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cc: Eric Stuckey, City Administrator  
Mark Hilty, Director Water Management Department  
Michelle Hatcher, Assistant Director Water Management Department  
Bo Butler, Andrew Johnson, Joe Griffey - SSR  
Brent Fulghum, Bill Allen – Southern Sales Company



**Attachment A** **COF Contract No. 2014-0269**  
**City of Franklin, Tennessee**  
**Franklin WTP Improvements Project (City Contract No. 2012-0183)**  
**Method of Cost Escalation for Membrane Filtration Equipment**

1. The Base Selling Price of the Franklin WTP hollow-fiber membrane ultrafiltration equipment is set at \$1,318,000. This price includes the following items listed in the Proposal:

<b>Item</b>	<b>Description</b>	<b>Price</b>
a.	Membrane Filtration System including the following: <ul style="list-style-type: none"> <li>• Design and Bidding Assistance</li> <li>• 2-Year Full Replacement Warranty</li> <li>• 10-Year Pro-Rated Warranty</li> <li>• Manufacturer’s Construction Services including Installation Assistance, Testing, Commissioning, and Training</li> <li>• Manufacturer’s Continuing Services</li> </ul>	\$1,318,000
<b>Base Selling Price</b>		<b>\$1,318,000</b>

This Base Selling Price is valid as of September 23, 2014, the Due Date for Hollow-Fiber Membrane Filtration Proposals.

2. The Base Selling Price shall be adjusted in accordance with the percent change in the Producer Price Index (PPI) for Capital Equipment, not seasonally adjusted, as appears in the monthly PPI Detailed Report published by the Bureau of Labor Statistics ([http://www.bls.gov/ppi/ppi\\_dr.htm](http://www.bls.gov/ppi/ppi_dr.htm)).

In the event that the PPI for Capital Equipment is unavailable for either or both of the time periods used in the adjustment of the Base Selling Price, the PPI for Finished Goods Less Foods and Energy, not seasonally adjusted, shall be used in its place.

3. The Adjusted Selling Price shall be calculated according to the following formula:

$$\text{Adjusted Selling Price} = \text{Base Selling Price} \times (\text{PPI as of Date of Advertisement for Bids} / \text{PPI as of September 23, 2014})$$

Where;

- Base Selling Price is as listed in Paragraph 1 above.



- PPI as of Date of Advertisement for Bids = PPI for Capital Equipment, not seasonally adjusted, available on the first Date of Advertisement for Bids. The PPI used shall be for the most recent month for which data are available and shall be the first-published version.
  - PPI as of September 23, 2014 = Latest version of the PPI for Capital Equipment, not seasonally adjusted, available for September 2014. The latest version of the PPI shall incorporate revisions or corrections made by BLS prior to the first Date of Advertisement for Bids.
4. The Hollow-Fiber Membrane Ultrafiltration System Manufacturer shall honor the Adjusted Selling Price for a period of two (2) years from September 23, 2014.