



January 26, 2015

HISTORIC
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COF Contract No 2015-0032

Mr. Paul Christy
Managing Director
North American Business Unit
Cambi Inc.
5 Great Valley Parkway
Malvern, PA 19355

Subject: **Letter of Intent
City of Franklin, Tennessee
Franklin WRF Modifications & Expansion Project (City Contract No. 2015-0032)**

Dear Mr. Christy:

This letter represents the intent of the City of Franklin (City) to preselect the Cambi Inc. (Cambi) B-2 Thermal Hydrolysis Pretreatment (THP) system for the Franklin Water Reclamation Facility (WRF) Modifications & Expansion Project (Project). The following documents form the basis of this selection and are collectively referred to as the “Proposal”:

- Cambi’s proposal, originally dated October 31, 2014, and revised December 8, 2014.
- The Request for Proposals (RFP) package; issued by CDM Smith and dated September 19, 2014.
- Addendum No. 1 to the RFP package; issued by CDM Smith and dated September 24, 2014.
- Addendum No. 2 to the RFP package; issued by CDM Smith and dated October 20, 2014.
- Addendum No. 3 to the RFP package; issued by CDM Smith and dated October 28, 2014.
- Addendum No. 4 to the RFP package; issued by CDM Smith and dated October 30, 2014.

By signature of this letter, Cambi agrees to enter into an agreement with the general contractor that the City intends to select to construct the Project. In accordance with this agreement with the general contractor, Cambi will provide the equipment and services as established in the Proposal. In return, the City agrees to design the Project around the THP system defined in the Proposal.

By signature of this letter, Cambi also agrees to the following:

- Cambi agrees to provide the equipment, materials and services at the Adjusted Selling Price, calculated in accordance with the attached Method of Cost Escalation for THP Equipment (Attachment A).
- Cambi agrees to furnish replacement parts at a guaranteed price calculated based on the cost escalation method described in Section 11351, Paragraph 1.07C.
- Cambi agrees to assist the General Contractor with functional testing, commissioning, and acceptance testing associated with the THP system.



- The City reserves the right to delete optional items from the scope of supply and deduct the cost of these optional items from the price without any penalty.
- If for any reason the City does not award the Project, the City is under no obligation to purchase the equipment, materials, and services in the Proposal.

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:
Cambi Inc.

Title: _____

Date

Print Name: _____

Attachment

cc: Mark Hilty, Director Water Management Department
Bob Huguenard, CDM Smith
Project File



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Attachment A
City of Franklin, Tennessee
Franklin WRF Modifications & Expansion Project (City Contract No. 2015-0032)
Method of Cost Escalation for THP Equipment

1. The Base Selling Price of the Franklin WRF THP equipment is set at \$3,612,735. This price includes the following items listed in the Proposal:

| Item | Description | Price |
|------|---|--------------------|
| a. | 1. Pre-Dewatered Sludge Storage Bin System | \$872,600 |
| | 2. Progressing Cavity Pumps | \$40,000 |
| | 3. Water Service Pumps | \$2,000 |
| | 4. Pressure Vessel(s) | \$1,416,578 |
| | 5. Valves and Actuators | \$35,000 |
| | 6. Piping Systems | \$12,000 |
| | 7. Heat Tracing, Insulation & Cladding | \$16,000 |
| | 8. Air Compressor System | \$5,000 |
| | 9. Heat Exchangers | \$282,000 |
| | 10. Chopper Pumps | \$42,587 |
| | 11. Variable Frequency Drives | \$30,000 |
| | 12. Instrumentation and Controls | \$90,000 |
| | 13. Electrical | \$45,000 |
| | 14. Other Equipment, Materials and Associated Services not included in Items 1 through 13 | \$40,000 |
| | 15. Warranty Bond for the THP System | \$12,000 |
| | 16. Cost to Achieve Class A Approval | \$0 |
| | 17. Optimization and Operator Shadowing | \$60,000 |
| | 18. Optional One (1) Year Service Contract | \$521,700 |
| | 19. Payment and Performance Bonds | \$90,000 |
| | Base Selling Price | \$3,612,735 |

*Item Numbers listed above include spare parts, Manufacturer’s Services, and testing as outlined in the RFP specifications.

This Base Selling Price is valid as of October 31, 2014, the Due Date for THP 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).

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:

Adjusted Selling Price =
Base Selling Price x (PPI as of Date of Advertisement for Bids / PPI as of October 31, 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 October 31, 2014 = Latest version of the PPI for Capital Equipment, not seasonally adjusted, available for October 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 THP System Supplier shall honor the Adjusted Selling Price for a period of two (2) years from October 31, 2014.