



May 5, 2020

**By Email Only**

Mr. Michael DuFrane  
Utilities Superintendent  
City of Vergas  
PO Box 32, 111 Main Street  
Vergas, Minnesota 56587

**RE: Proposal for a 10-Year Service Agreement to Perform Inspection Services on the 100,000-Gallon Elevated Water Tower Located in the City of Vergas, Minnesota.**

Dear Mr. DuFrane:

KLM is pleased to submit this proposal for a service agreement for the 100,000-gallon elevated water tower located in the City of Vergas, Minnesota for a 10-year period, with the first inspection on or before December 31, 2020. KLM proposes to perform an inspection of the existing conditions of the tower on a 5-year cycle.

By choosing KLM Engineering, Inc., the City of Vergas is investing in the knowledge and expertise of a consultant who will perform an accurate and unbiased inspection of your water tower. Our inspections will clearly identify all the maintenance requirements of the tower and recommend when additional maintenance of the tower may be appropriate.

The experience of KLM's staff in water tank inspections is enhanced by our training as National Association of Corrosion Engineers (NACE) Certified Coatings Inspectors and American Welding Society (AWS) Certified Welding Inspectors. This training, plus the years of field experience in abrasive blasting (surface preparation) painting, rigging, welding, and inspection has given this company a competitive edge for performing this type of work in a safe and professional manner.

**Documentation**

KLM will provide to the Owner a full report in 2020 and a summary report in 2025 and 2030. These reports will provide the following benefits:

**Full Report**

1. Clearly stating the actual condition of the coatings and structural integrity.
2. Identify the amount of sediment and estimate the next time it needs cleaning.
3. Provide a schedule for performing recommended maintenance work.
4. Provide a Cost Estimate for all recommended repair work.
5. Color photographs and DVD (ROV only) substantiate details of the report.
6. Copies of the report justify maintenance recommendations to decision-makers.
7. The inspection report can be included in the specification document to provide accurate information on existing conditions for bidders.
8. Recommendation of future inspections.
9. KLM will also provide drawings in the report for future maintenance.

**Summary Report**

1. Clearly stating the actual condition of the coatings and structural integrity.
2. Document the amount of sediment that was removed from the tower.
3. Provide a schedule for performing recommended maintenance work.
4. Color photographs substantiate details of the report.
5. Copies of the report justify maintenance recommendations to decision-makers.

The inspection report will be provided to the City in digital format (PDF) unless indicated to KLM otherwise. After the City receives the report, KLM will follow up to breakdown our discoveries detailed out in the report.

**KLM Work Plan****ROV Inspection**

KLM plans to utilize a two-man crew and a Remote Operated Vehicle (ROV) to perform the inspection. This inspection method can be performed in one day.

KLM will provide NACE Coatings Inspectors, whom are properly trained and qualified to perform this type of inspection. To perform an ROV inspection, the Owner would be required to have the water at or near the high-water level (HWL) at the start of the inspection. KLM inspectors will insert a disinfected ROV into the tank interior, for the interior inspection of the roof, roof structure, and all appurtenances such as vents, manways, and ladders. Photographs will be taken with an underwater camera, which will show the coating deficiencies. The camera will be disinfected in accordance with AWWA. The inlet pipe or wet riser is excluded from the inspection, unless otherwise written into this agreement.

**Dry Tank Cleanout Inspection**

The dry tank inspection is the method recommended by AWWA M 42 D101-53 (R1986) Part A. However, this method of inspection is limited to areas accessible from a ladder or areas that can be reached from the floor.

KLM will inspect the floor, the reservoir walls, and any interior structure accessible by ladders. All accessible exterior surfaces, including the roof, will also be inspected. KLM will measure and photograph all areas that need to be included in the inspection report. KLM will also remove any sediment inside the tower.

When the tower is empty, KLM will perform a clean-out of the interior of the tower and riser. KLM will disinfect the tank in accordance with Method 1, 2, or 3 of AWWA C652-11. KLM will supply the chlorine and do the clean-out of the bottom.

**Exterior and Interior Inspection**

The exterior inspection is critical for evaluating the coating conditions to determine whether the coating is a candidate for over coating or complete reconditioning. KLM inspectors will also check for structural deficiencies and OSHA compliance.

KLM will provide a NACE Coatings Inspector that is properly trained and qualified to perform this type of inspection. The exterior will be inspected from all areas accessible without rigging unless otherwise written into this agreement. Coating conditions of both the interior and exterior will be examined using several different testing equipment.

## **Owner's Responsibilities**

### **ROV Inspection**

The Owner's personnel shall be responsible for:

- Providing copies of background information on tower, including maintenance records, construction drawings, previous inspection reports, and previous painting or reconditioning specifications. It is especially helpful if this information is collected prior to KLM's personnel beginning its inspection.
- Provide keys for locks and access to the water tower.

### **Dry Tank Cleanout Inspection**

The Owner's personnel shall be responsible for:

- Verifying the tower is empty prior to arrival of inspectors.
- Disposing of sediment removed from the tower.
- Providing copies of background information on the tower, including maintenance records, construction drawings, previous inspection reports, and previous painting or reconditioning specifications. It is especially helpful if this information is collected prior to KLM's personnel beginning its inspection.
- Taking and testing water samples after the cleanout of the tower has been completed.

## **10 Year Service Agreement**

The purpose of a 10-year service agreement is for KLM to perform an AWWA inspection every five years over the ten-year period. KLM's proposed inspection schedule is listed below.

<b>100,000 Gallon Elevated Water Tower</b>			
<b>Year of Inspections</b>	<b>Scope of Work</b>	<b>Price</b>	<b>Report</b>
By December 31, 2020	ROV Inspection	\$2,800.00	Full Report
By December 31, 2025	Dry Tank Cleanout Inspection	\$3,100.00	Summary Report
By December 31, 2030	Dry Tank Cleanout Inspection	\$3,400.00	Summary Report
<b>Total Price:</b>		<b>\$9,300.00</b>	

The yearly cost breakdown of this service agreement is \$930.00 per year over the ten-year period.

If for some reason beyond KLM's control, the inspection of the tower cannot be performed in one day, and KLM must return for a second day to complete the inspection, the cost of a second day of inspection would be on a time & materials basis. KLM can replace the existing manway gasket(s) for a time and materials fee per gasket. A tower that has excess sediment and requires more than 2 hours of cleaning time may result in extra charges above and beyond the original Agreement amount. Fees are subject to change if proposed work exceeds 12 months from this bid proposal.

**\*KLM will not bill the City of Vergas, Minnesota in a lump sum. KLM will bill the City of Vergas once the owner receives the report for that individual year. The City of Vergas will not be billed until 2020 after they receive the report.**

## **Terms & Conditions**

KLM has attached our standard Terms & Conditions. The Terms & Conditions are part of this agreement between the City of Vergas, Minnesota and KLM Engineering, Inc. unless otherwise agreed to in writing by both parties.

**Additional Information**

The City of Vergas, Minnesota and KLM may terminate this agreement at any time by providing a written notice. Both parties can modify the duration or the number of inspections per this 10-year contract as needed and approved. Any modification to this agreement must be in writing and signed by both parties.

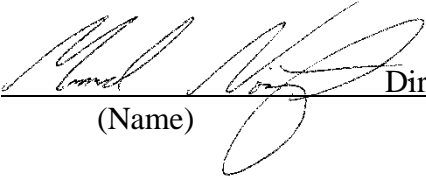
If KLM were to find structural or coating maintenance that is needed, KLM would communicate with the City of Vergas on these findings. Fees for structural and coating maintenance is separate and will be covered on a case by case basis with the City of Vergas as needed.

If KLM finds the structure to be unsafe for our crew, we will contact the owner to discuss options.

**Agreement**

This proposal is valid for sixty (60) May 5, 2020. If the City of Vergas finds this proposal acceptable, please sign and return by mail, fax, or email. When KLM receives the signed proposal, we will call the Owner to coordinate an inspection time. When the City of Vergas receives the inspection report, KLM will bill the Owner according to this agreement.

This agreement, between the City of Vergas, Minnesota and KLM Engineering, Inc. of Woodbury, Minnesota is accepted by:

_____	_____	City of Vergas, Minnesota
(Name)	(Title)	
_____		
(Date)		
	Director of Business Development	KLM Engineering, Inc.
(Name)	(Title)	Woodbury, Minnesota
May 5, 2020		
(Date)		

Sincerely,

**KLM ENGINEERING, INC.**

Michael Novitzki

Director of Business Development

Email: [mnovitzki@klmengineering.com](mailto:mnovitzki@klmengineering.com)

Enclosed: KLM's Terms and Conditions