

MEMORANDUM

TO: MAYOR AND CITY COMMISSION

FROM: CITY ATTORNEY'S OFFICE

DATE: May 15, 2017

RE: Agreement with Aerzen USA Corporation for Extended Warranty and Service Agreement for Aerzen Turbo Blowers

Attached hereto for your consideration and approval is an Agreement with Aerzen USA Corporation (Aerzen) for an extended warranty and service agreement. In November 2015, the City Commission approved an Agreement with Tampa Bay Trane (Trane) for energy efficiency upgrades and aeration system improvements at the Glendale Wastewater Treatment Facility. A portion of that project included the purchase and installation of four (4) Aerzen Turbo Blower Packages which would replace existing twenty-five (25) year old technology.

Upon further evaluation, City staff determined that due to the complexity of the equipment, lack of operational knowledge, and potential significant cost of unscheduled repairs that it would be advisable to obtain an extended warranty and service agreement for the blowers. The extended warranty provided by Aerzen for its blowers will be for a period of five (5) years, effective from the date of startup of the equipment, which is scheduled to occur on or about May 15, 2017. The warranty will include all parts, materials, and labor, with no exclusions or exceptions. In addition, this Agreement includes onsite preventative maintenance services and ongoing training of City operational/maintenance staff by Aerzen. During this extended warranty period, the City will also receive all software upgrades to the blower control system at no additional cost.

The total cost for the five (5) year extended warranty and service Agreement is \$177,940. However, City staff was successful in negotiating with Trane to defray a significant portion of the cost totaling \$77,940. Accordingly, the total cost to the City for the five (5) year warranty and service agreement is \$100,000.

It is recommended that the City Commission approve the attached Extended Warranty and Service Agreement for the four (4) Aerzen Turbo Blowers and authorize the appropriate City Officials to execute the Agreement.

attachment



Compressed air, gas
and vacuum solutions

108 Independence Way
Coatesville, PA 19320 USA

Telephone: (610) 380-0244
Fax: (610) 380-0278
inquiries@aerzenusa.com
www.aerzenusa.com

Date: 5/5/2017

City of Lakeland
Water Utilities, Wastewater Treatment Division
1825 Glendale Street
Lakeland, FL 33803-4300

Attention: R. Scott Lewis
Manager of Waste Water Treatment

Re: Aerzen USA Quotation Number: SEQ-17-000179 Revision 1, Start-up and Maintenance Services

Scope of Services

Equipment Startup

Aerzen USA will provide 1 field service technician on site for a total of (6) 8 hour days to perform machine start-up and training services. The startup will be performed in 2 separate trips. Each trip will consist of (3) 8 hour days on site. The quotation includes on-site and travel labor, and all travel and living expenses.

5 Year Extended Warranty Cost

See the attached extended warranty terms and conditions for details.

Annual Preventive Maintenance Inspection

Aerzen USA will provide 1 field service technician on site for (2) 8 hour days per year, and will perform the following services:

1. Confirm BOV loading and make any adjustments necessary based on operating conditions.
2. Confirm wiring and Power supply voltages.
3. Inspect the BOV and clean if necessary.
4. Monitor and record DC link to establish the health of the Converter side Capacitors. This is a wearable item and will ensure clean power through the Inverter assembly.
5. Monitor and record the output of the VFD power. Check for imbalances as well as levels.
6. Inspect Inverter assembly heat sink to ensure good heat transfer and exhaust.
7. Inspect Inverter cabinet for signs of wear.
8. Wipe down motor impellor to ensure maximum air flow output.
9. Inspect motor windings.
10. Check controls power supply.
11. Update any software on the CPU or HMI if necessary.
12. Check instrumentation and calibrate if necessary.
13. Inspect Harmonic filter.
14. Verify safety devices.

15. Train any additional staff that may have been hired between visits on basic maintenance and operation.

Price Proposal

Initial Price for Startup and Warranty

No.	Description	Serial No.	Start Up Services	5Year Warranty
SEI-013962	Package, Turbo Blower 21-AT300-08T	P-16040506	\$3,575.00	\$39,500.00
SEI-013961	Package, Turbo Blower 21-AT300-08T	P-16040507	\$3,575.00	\$39,500.00
SEI-013963	Package, Turbo Blower 21-AT300-08T	P-16040511	\$3,575.00	\$39,500.00
SEI-013960	Package, Turbo Blower 21-AT300-08T	P-16050510	\$3,575.00	\$39,500.00
		Total	\$14,300.00	\$158,000.00

Annual Price for Maintenance and Monitoring

No.	Description	Serial No.	Annual Fee
SEI-013962	Package, Turbo Blower 21-AT300-08T	P-16040506	\$1,410.00
SEI-013961	Package, Turbo Blower 21-AT300-08T	P-16040507	\$1,410.00
SEI-013963	Package, Turbo Blower 21-AT300-08T	P-16040511	\$1,410.00
SEI-013960	Package, Turbo Blower 21-AT300-08T	P-16050510	\$1,410.00
		Total	\$5,640.00

Payment Terms: Net 45 days from completion of commissioning for the Start-up and Warranty Services in accordance with Florida Statute Section 218.74 et. seq., the Local Government Prompt Payment Act. Net 45 days from completion of each site visit for Annual Maintenance and Monitoring, pursuant to Section 218.74 et. seq. Florida Statute.

EXTENDED WARRANTY AGREEMENT TERMS & CONDITIONS Turbo Blowers

The **AERZEN USA CORPORATION** (hereinafter called "Servicer") agrees to an Extended Warranty for the equipment sold to Brandes Design-Build, Inc. for the benefit of the City of Lakeland for its Lakeland Glendale WWTP (hereinafter "Owner") as described on Schedule 1 to this Agreement (the "Equipment") based on the terms and conditions of this Agreement.

1. SCOPE OF SERVICES

Under this Agreement, the equipment warranty will be extended from 24 months to 60 months from the effective date or from the date of first start-up, whichever is later. The Servicer shall provide start up and commissioning service otherwise, this Agreement is void.

2. SERVICES: TERM & EFFECTIVE DATE

The term of this Agreement shall be 60 months from the effective date or from the date of first start-up.

EFFECTIVE DATE: May 15, 2017

EXPIRATION DATE: May 15, 2022

3. EXCLUSIONS

The following specific equipment and/or components are excluded from the extended warranty coverage:

- a. No exclusions, warranty applies to complete scope of supply from Aerzen.

4. OWNER'S RESPONSIBILITIES

Owner will be responsible to follow and uphold the daily/monthly/annual routine Maintenance Schedules included in the Operations Manual, including but not limited to monitoring of air filter cleanliness, vibration, unusual noise or smell. Owner shall use only Aerzen factory parts in maintaining the unit. Owner shall immediately report to Servicer any unusual or abnormal functioning, or any malfunction of the Equipment.

Equipment that is in need of service, repair or replacement must be made accessible to Servicer at the time Services are to be rendered and without delay from the Owner. Owner shall cooperate with Servicer's service technician and provide means of access, lifting equipment, manpower as requested, to perform necessary Services at the customer site.

Owner shall operate the Equipment in accordance with the operations manual and other applicable specifications for the Equipment. Owner shall not operate the Equipment for any use for which it is not intended, nor in an improper, negligent or reckless manner.

CAUTION: Attempting to restart equipment after a shutdown without first remedying the fault may further damage the equipment and will void the warranty.

Owner's failure to perform any of its responsibilities and obligations described in this Section may terminate any warranty applicable to the Equipment and shall give Servicer the option to terminate this Agreement.

5. LIMITED WARRANTY

Seller warrants the products and parts that it manufactures will be free from defect in materials and workmanship. Seller shall, upon prompt written notice by the Owner, correct such non-conformities, at Seller's option, by either repair or replacement. All such defective Goods shall be sent at Owner's expense directly to Seller at 108 Independence Way, Coatesville, PA, USA, 19320. Shipment of repaired or replacement goods will be at Seller's expense. Seller warrants any Equipment repaired or replaced pursuant to the above warranty to be free from defects in materials and workmanship for the longer of: (a) a period of ninety (90) days after the start-up of such repaired or replaced Equipment or (b) the period remaining on the Equipment warranty.

THE FOREGOING WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL OR IMPLIED, INCLUDING ANY WARRANTY OF PERFORMANCE, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO REPRESENTATION, CONDITION OR WARRANTY, INCLUDING, BUT NOT LIMITED TO, STATEMENTS OF CAPACITY, SUITABILITY FOR USE, OR PERFORMANCE, WHETHER MADE BY SELLER, EMPLOYEES OR REPRESENTATIVE PERSONNEL, SHALL BE CONSIDERED TO BE A WARRANTY BY SELLER FOR ANY PURPOSE OR GIVE RISE TO ANY LIABILITY OF SELLER WHATSOEVER AND ALL SUCH IMPLIED WARRANTIES ARE HEREBY DISCLAIMED BY SELLER AND EXCLUDED FROM ANY CONTRACT RESULTING OR ARISING FROM OR OTHERWISE EVIDENCED BY THIS AGREEMENT.

Failure to notify Seller of any unsatisfactory operation, improper maintenance, or installation shall terminate this Warranty. The above warranties do not apply to products which are (a) repaired, modified or altered by any party other than Seller or Seller's Authorized Service Center; (b) subjected to unusual physical, thermal, or electrical stresses, corrosion or erosion, improper installation or maintenance, improper controls or controls induced failures, lack of lubrication, misuse, abuse, accident or negligence in use, improper storage, transportation or handling, or (c) considered a consumable item or an item requiring repair or replacement due to normal wear and tear. SELLER SHALL NOT BE LIABLE FOR SPECIAL OR CONSEQUENTIAL DAMAGES WHICH MAY ARISE UNDER THIS CONTRACT WHETHER SUCH LIABILITY IS IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, AND IN NO CASE SHALL SELLER'S LIABILITY EXCEED THE PRICE OF THE GOODS.

6. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. The parties agree that jurisdiction and venue shall be in the courts of Polk County, Florida or the United State District Court in and for the Middle District of Florida, Tampa Division. The requirements of Chapter 119, Florida Statutes, attached hereto and incorporated herein, shall apply to this Extended Warranty Agreement.

Acknowledged and Agreed this _____ day of May 2017.

Aerzen USA Corporation

City of Lakeland, Florida

By:  _____

By: _____

Title: _____

Title: _____

**Schedule 1
(Equipment Description)**

No.	Description	Serial No.
SEI-013962	Package, Turbo Blower 21-AT300-08T	P-16040506
SEI-013961	Package, Turbo Blower 21-AT300-08T	P-16040507
SEI-013963	Package, Turbo Blower 21-AT300-08T	P-16040511
SEI-013960	Package, Turbo Blower 21-AT300-08T	P-16050510

IF THE SERVICER HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS: KEVIN COOK - DIRECTOR OF COMMUNICATIONS AT: PHONE: 863-834-6264, E-MAIL: KEVIN.COOK@LAKELANDGOV.NET, ADDRESS: ATTN: COMMUNICATIONS DEPARTMENT, 228 S. MASSACHUSETTS AVE., LAKELAND, FLORIDA 33801.

In accordance with Florida Statute §119.0701, the Servicer shall keep and maintain public records required by the Buyer in performance of services pursuant to the contract. Upon request from the Buyer's custodian of public records, Services shall provide the Buyer with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided pursuant to Florida Statute Chapter 119 or as otherwise provided by law. Servicer shall ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the Servicer does not transfer the records to the Buyer. Servicer shall, upon completion of the contract, transfer, at no cost, to the Buyer all public records in possession of the Servicer or keep and maintain public records required by the Buyer to perform services pursuant to the contract. If the Servicer transfers all public records to the Buyer upon completion of the contract, the Servicer shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Servicer keeps and maintains public records upon completion of the contract, the Servicer shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the Buyer, upon request from the Buyer's custodian of public records, in a format that is compatible with the information technology systems of the Buyer.