

July 14, 2010

Mr. Ken Hibl, City Manager  
 City of Clare  
 202 West Fifth Street  
 Clare, MI 48617-149

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[www.gourdiefraser.com](http://www.gourdiefraser.com)

RE: City of Clare Webitat Equipment - Entex  
 GFA #09067

Dear Ken,

We had discussions with the Webitat Equipment Supplier in regards to extending the bid hold period for the Webitat Equipment. Please find their response attached.

The original bids were received on March 15, 2010 for the Pilot Study (\$22,500) and the full equipment package for the ammonia removal Equipment (\$619,350 less \$16,875 which is 75% of the pilot cost). The Pilot Study portion of the project was approved by the Commission (\$22,500) and has since been successfully completed. The bids for the Equipment Package were good for 90 days which allowed time for the Pilot Study to be completed and reviewed, which has been done.

We requested that Entex extend the Equipment Package bid hold period until October 1, 2010 to allow the City to obtain bids on the remainder of the project items to firm up project budgeting and funding numbers. Entex is unable to extend their previous bid pricing beyond July 23, 2010 due to conditions stated in their letter.

We recommend that the City of Clare approve the bids for the Entex Webitat installation to maintain current bids received. The equipment purchase would be approved in two phases: P.O. #4416A (\$154,750) and the remaining under P.O. #4416B (\$447,375) in October 2010 after Rural Development funding is secured.

This will require payments to be issued in accordance with the following:


<u>Completed</u>		<u>Payment</u>	<u>Required</u>
July 1, 2010	Approval of Pilot Study Work	\$22,500	
August 1, 2010	P.O. #4416A (\$154,750) approved (July 9, 2010) and shop drawings submitted (Aug. 1, 2010)	\$61,900	within 60 days
August 15, 2010	Shop drawings approved (Sept 15, 2010)	\$92,850	within 60 days
October 8, 2010	P.O. #4416B (\$447,375) approved for equipment delivery once other project bids have been received and after RD Loan Closing		
Feb/March 2011	Delivery of Equipment to WWTF	\$433,300	within 30 days
May 1, 2011	Start up	<u>\$14,075</u>	within 30 days
	Total Entex	\$624,625	

This approach allows the minimal commitment and outlay of funds before the expected Rural Development loan closing date while allowing Entex to hold the current pricing.

The alternative to this would be to complete the General Construction Contract Bid documents, bid out and receive bids (scheduled for 9-17-2010). We could request new pricing from Entex now that would extend the bid hold period to October 15, 2010 after the scheduled loan closing date with Rural Development. (Similar to the schedule provided). However as stated by Entex by letter, this would result in a price increase to the original bids received in March 2010.

We will attend next Monday's commission meeting to answer any questions in this regard.

Sincerely,  
Gourdie-Fraser, Inc.



Joseph H. Elliott, P.E.  
President

enclosures

JHE/vls



Engineering a Clear Water Environment

July 13, 2010

Joe Elliot  
Gourdie-Fraser, Inc.  
123 West Front Street  
Traverse City, Michigan 49684

Re: Clare, MI WWTP  
RFP for Ammonia Reduction System dated March 3, 2010  
Webitat™ Lagoon Upgrade - Entex Quote # 4416

Dear Joe,

I understand that a decision on proceeding with the Ammonia Reduction System as requested in your RFP of March 3, 2010 has been delayed. Unfortunately, the pricing validity for our Quote #4416 expired on June 15, 2010. I should point out that the RFP specifically requested an extended 90 validity, which we provided as requested. I would also like to point out that we provided this price in March 2009, almost 17 months ago.

Unfortunately, our costs from our suppliers are already rising on some items, on other items I suspect Entex will experience significant cost increases as well since our supplier quotes have expired. We bid this project aggressively in our enthusiasm to work with Gordie-Frasier and the City of Clare. Given the narrow margins, rising costs and uncertain timing, I must hereby provide notice that our quote, pricing and any delivery schedules that may have been provided will expire 7 days from the date of this letter.

If circumstances change and you would like a re-quote on our scope of supply, please give us 2-4 weeks' notice to obtain new pricing from our vendors so we can provide new firm quotes. We hope we have the opportunity to work on this project in the future.

Thanks for the opportunity to provide a proposal for this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Flournoy".

Wayne Flournoy, President



Engineering a Clear Water Environment

July 14, 2010

Joe Elliot  
Gourdie-Fraser, Inc.  
123 West Front Street  
Traverse City, Michigan 49684

Re: Clare, MI WWTP  
RFP for Ammonia Reduction System dated March 3, 2010  
Webital™ Lagoon Upgrade - Entex Quote # 4416

Dear Joe,

Based on our discussion today, I wanted to offer the following alternative to our previous notice of termination of quote validity. We can extend the termination of quote validity to Friday July 23, 2010 and offer the following as an alternative to our Quote #4416:

Quote #4416 can be executed in two separate Purchase Orders as follows:

- a. Purchase Order #4416A can be limited to delivery and approval of technical submittals for the scope of supply defined by our Quote #4416. Execution of this Purchase Order shall obligate Entex to accept Purchase Order #4416B at the sole and exclusive election of the City of Clare for a period of seven months from today. Payment terms would be:

Payment Terms	Net 60
Payment	\$61,900 upon drawing submittal
Schedule	\$92,850 upon drawing approval

- b. Purchase Order #4416B shall be at the election of the City of Clare, however if Clare chooses to execute this second PO, Entex shall be obligated to accept with the following payment terms:

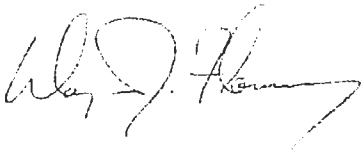
Payment Terms	Net 30
Payment Schedule	\$433,300 upon shipment (pro-rated and billed for partial shipments allowed) \$30,950 upon startup, no later than 60 days from shipment. (Additionally, with this payment, Entex shall credit the City of Clare for 75% of the cost of the pilot, or \$16,875 – Final payment due shall be \$30,950 – \$16,875 = \$14,075)

All other terms and conditions for both A & B shall be consistent with Entex Quote #4416.

Execution of this alternative arrangement will allow Entex to secure firm pricing for this project with our subvendors. As mentioned, I believe re-quoting this project will result in substantial price increases, which not in either Entex's or the City's interest.

Thanks for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Flournoy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Wayne Flournoy, President