

STAFF REPORT



ITEM NO. 14
CITY OF OCEANSIDE

DATE: September 4, 2013
TO: Honorable Mayor and City Councilmembers
FROM: Water Utilities Department
SUBJECT: **PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$87,428 WITH ATLAS COPCO COMPTEC, LLC FOR BLOWER PREVENTATIVE MAINTENANCE AND REPAIR**

SYNOPSIS

Staff recommends that the City Council approve a professional services agreement in the amount of \$87,428 with Atlas Copco Comptek, LLC of Voorheesville, NY for preventative maintenance to blowers within the San Luis Rey Water Reclamation Facility; and authorize for the City Manager to execute the agreement.

BACKGROUND

The San Luis Rey Water Reclamation Facility has two major compressors that introduce air into the sewage treatment process; one unit serves as primary, while the second unit provides redundancy and back-up in the event the primary unit fails. As with any mechanical equipment, these compressors require regular preventative maintenance to operate at peak efficiency and avoid catastrophic failures, which could result in damage to the treatment plant, a sewage spill, or violation of the treatment plant permit standards.

The compressors were manufactured by Atlas Copco Comptek, LLC, and it is the only firm in the United States that is qualified to perform this level of preventative maintenance. The current service required is the 48,000 hour service, which requires the compressor to be shut down, and a complete tear down and inspection of the unit performed. Both compressors require preventative maintenance, which is estimated to take two weeks to complete.

ANALYSIS

Preventative maintenance is required on the primary and secondary compressors at the San Luis Rey Water Reclamation Facility. Failure to perform this required preventative maintenance may result in a catastrophic failure of the equipment, leading to shut down of the plant for an extended period, additional expense to replace the compressors, and potentially, a sewage spill. The estimated cost to replace each blower is in excess of \$300,000.

FISCAL IMPACT

The FY 2013-14 available budget in the San Luis Rey Wastewater repair and maintenance account (800805721.5320) is \$641,228. The total cost for the preventative maintenance is \$87,428; therefore, sufficient funds are available.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

INSURANCE REQUIREMENTS

The City's standard insurance requirements will be met.

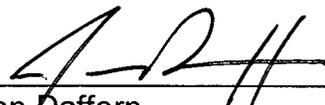
COMMISSION OR COMMITTEE REPORT

The Utilities Commission approved staff's recommendation at its regularly scheduled meeting on May 20, 2013.

RECOMMENDATION

Staff recommends that the City Council approve a professional services agreement in the amount of \$87,428 with Atlas Copco Comptek, LLC of Voorheesville, NY for preventative maintenance to blowers within the San Luis Rey Water Reclamation Facility; and authorize the City Manager to execute the agreement.

PREPARED BY:



Jason Dafforn
Water Utilities Division Manager



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Cari Dale, Water Utilities Director

Michael Blazenski, Interim Financial Services Director

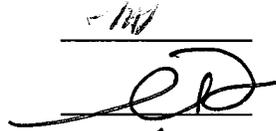






Exhibit A: Professional Services Agreement

CITY OF OCEANSIDE

PROFESSIONAL CONTRACTOR SERVICES AGREEMENT

**PROJECT: BLOWER PREVENTATIVE MAINTENANCE AND REPAIR —
800805721.5320**

THIS AGREEMENT, dated JUNE 18th, 2013 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and ATLAS COPCO COMPTec LLC, hereinafter designated as "CONTRACTOR."

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **SCOPE OF WORK.** The CONTRACTOR desires to perform preventative maintenance and repair on the blowers at the San Luis Rey Wastewater Treatment Plant and is more particularly described in the CONTRACTOR'S proposal dated March 18, 2013, attached hereto and incorporated herein as Exhibit A.
2. **INDEPENDENT CONTRACTOR.** CONTRACTOR'S relationship to the CITY shall be that of an independent contractor. CONTRACTOR shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the CITY. CONTRACTOR shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. CONTRACTOR shall report to the CITY any and all employees, agents, and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.
3. **WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, the CONTRACTOR hereby certifies that the CONTRACTOR is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and the CONTRACTOR will comply with such provisions, and provide certification of such compliance as a part of this Agreement.
4. **LIABILITY INSURANCE.**
 - 4.1. CONTRACTOR shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of CONTRACTOR, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.

**BLOWER PREVENTATIVE MAINTENANCE
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4.2 CONTRACTOR shall maintain liability insurance in the following minimum limits:

<u>Comprehensive General Liability Insurance</u> (bodily injury and property damage)	
Combined Single Limit Per Occurrence	\$ 1,000,000
General Aggregate	\$ 2,000,000*
 <u>Commercial General Liability Insurance</u> (bodily injury and property damage)	
General limit per occurrence	\$ 1,000,000
General limit project specific aggregate	\$ 2,000,000
 <u>Automobile Liability Insurance</u>	 \$ 1,000,000

*General aggregate per year, or part thereof; with respect to losses or other acts or omissions of CONTRACTOR under this Agreement.

4.3 If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by the CONTRACTOR to restore the required limits. The CONTRACTOR shall also notify the CITY promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONTRACTOR resulting from any of the CONTRACTOR’S work.

4.4 All insurance companies affording coverage to the CONTRACTOR for the purposes of this Section shall add the City of Oceanside as “additional insured” to the extent of CONTRACTOR’S indemnity obligation under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the City as additional insured shall be primary insurance to the extent of the CONTRACTOR’S indemnity obligation and other insurance maintained by the City of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.

4.5 All insurance companies affording coverage to the CONTRACTOR pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.

4.6 CONTRACTOR shall provide thirty (30) days written notice to the CITY should any policy required by this Agreement be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.

**BLOWER PREVENTATIVE MAINTENANCE
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- 4.7 CONTRACTOR shall provide evidence of compliance with the insurance requirements listed above by providing, at minimum, a Certificate of Insurance and applicable endorsements, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.
- 4.8 CONTRACTOR shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by the CONTRACTOR to provide such a substitution and extend the policy expiration date shall be considered a default by CONTRACTOR and may subject the CONTRACTOR to a suspension or termination of work under the Agreement.
- 4.9 Maintenance of insurance by the CONTRACTOR as specified in this Agreement shall in no way be interpreted as relieving the CONTRACTOR of any responsibility whatsoever and the CONTRACTOR may carry, at its own expense, such additional insurance as it deems necessary.
5. **CONTRACT BOND (for contracts exceeding \$25,000)**. If the total contract price specified in Section 7 of this Agreement exceeds \$25,000, or if any amendment to this Agreement causes the total contract price to exceed \$25,000, before entering upon the performance of work, CONTRACTOR shall:
- A Performance Bond in a sum not less than one hundred percent (100%) of the total contract price, to guarantee faithful and timely performance of all work, in a manner satisfactory to the CITY, and further to guarantee that all materials and workmanship will be free from original or developed defects CONTRACTOR may substitute a letter of credit in the form attached in place of the bond requirement.
6. **CONTRACTOR'S INDEMNIFICATION OF CITY**. To the greatest extent allowed by law, CONTRACTOR shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for injury or death of death parties, or the damage of the property of third parties to the extent arising out of the negligent acts, errors or omissions or wrongful acts or conduct of the CONTRACTOR, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, CONTRACTOR'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONTRACTOR at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees resulting or arising from the conduct, tortious acts or omissions of the CONTRACTOR. CONTRACTOR'S indemnification of CITY shall not be limited by any prior or subsequent declaration by the CONTRACTOR.
7. **COMPENSATION**. CONTRACTOR'S compensation for all work performed in accordance with this Agreement, shall not exceed the total contract price of \$87,428.45.

**BLOWER PREVENTATIVE MAINTENANCE
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No work shall be performed by CONTRACTOR in excess of the total contract price without prior written approval of the CITY. CONTRACTOR shall obtain approval by the CITY prior to performing any work that results in incidental expenses to CITY.

8. **TIMING REQUIREMENTS.** CONTRACTOR shall use all commercially reasonable efforts to complete the work to meet all CONTRACT requirements by December 31, 2013.
9. **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONTRACTOR concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
10. **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. The Agreement does not limit any other rights or remedies available to CITY.

The CONTRACTOR shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein. Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

11. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
12. **TERMINATION OF AGREEMENT.** Either party may terminate this Agreement by providing thirty (30) days written notice to the other party. If any portion of the work is terminated or abandoned by the CITY, then the CITY shall pay CONTRACTOR for any work completed up to and including the date of termination or abandonment of this Agreement. The CITY shall be required to compensate CONTRACTOR only for work performed in accordance with the Agreement up to and including the date of termination.
13. **FORCE MAJEURE.** Any delay or failure of CONTRACTOR to perform its obligations under this Agreement will be excused if CONTRACTOR is unable to perform the services as a result of an event or occurrence beyond its reasonable control and without its fault or negligence, including acts of God or nature, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labor problems (including lockouts, strikes and slowdowns), inability to obtain necessary engineering talent, manufacturing facilities, power, material, labor, equipment or transportation, or court injunction or order. CONTRACTOR will use reasonable efforts to minimize the duration and consequences of any failure and delay in performance, and will give CITY written notice of the beginning of the cause of delay. To the extent that, and so long as the obligations of CONTRACTOR under this Agreement are affected by this cause or event, those obligations will be suspended.

**BLOWER PREVENTATIVE MAINTENANCE
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14. **LIMITATION OF LIABILITY.** CONTRACTOR's liability to the CITY for any indirect, consequential, incidental, special, punitive or exemplary damages or loss including any loss of business, lost profits or interruption of service shall be capped at the amount of compensation paid to CONTRACTOR pursuant to this Agreement.
15. **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONTRACTOR and the CITY.

IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Contractor Services Agreement to be executed by setting hereunto their signatures on the dates set forth below.

ATLAS COPCO COMPTEC LLC

CITY OF OCEANSIDE

By: L Joseph Conway ^{FIELD OPERATIONS} By: _____
Name/Title ^{MANAGER} Peter Weiss, City Manager

By: Jessie Mauro ^{FIELD OPERATIONS} APPROVED AS TO FORM:
Name/Title ^{MANAGER} _____
City Attorney

20-2011466

Employer ID No.

NOTARY ACKNOWLEDGMENTS OF CONTRACTOR MUST BE ATTACHED.

JESSICA MAURO
Notary Public, State of New York
No. 01MA6123904
Qualified in Albany County
Commission Expires March 14, 2017
Jessie Mauro

Date: March 18, 2013

Contact: Steve Wise
Mark Patnode

Quote: 300027034
Model: HA9

Company: City of Oceanside
c/o San Luis Rey Sewer Plant

Address: 3950 North River Road
Oceanside, CA 92054

Phone: (760) 435-5935

Presented by: Tom DuBois
Aftermarket Sales
(903) 626-7591

Constance Weisenburn
Aftermarket Programs Specialist
(518) 765-3344, ext. 532

PREVENTIVE MAINTENANCE INSPECTION



A Preventive Maintenance Inspection (PMI) is a one time service covering the recommended parts and labor for the appropriate maintenance interval: Level B at 8000 hours, Level C at 24,000 hours and Level D at 48,000 hours. Additional work, parts or repairs are not included, but can be carried out at the next service level or sooner, depending on the urgency.

PROPOSAL FOR LEVEL D PREVENTIVE MAINTENANCE INSPECTION

Scope of Agreement

This Agreement of prices, terms, conditions and responsibilities between **Atlas Copco Comptec LLC** hereinafter called "Atlas Copco", and **City of Oceanside, San Luis Rey Sewer Plant**, hereinafter called "Customer", shall provide to the Customer maintenance services for the Atlas Copco products identified in Section One. This agreement applies only to the compressor(s) identified below that are installed and operating at the customer's plant.

1. Compressor(s), Location

Compressor(s) type: HA9
Serial Number(s) ACC9950167 and ACC0150190
Equipment Number(s): 7652 / 7669
Location(s): Oceanside, CA
Primary Contact: Steve Wise
Mark Patnode

2. Level D Preventive Maintenance Inspection Plan and Reporting

- 2.1 Maintenance Inspection Plan should be performed once (1) every 12 months or 8,000 hours as outlined in the P.M. visit schedule.
- 2.2 The scope of service to be performed during the visit is detailed under the level of service in Section 4, Preventive Maintenance Scopes.
- 2.3 The customer will receive a written report on the condition of the equipment after the service visit.
- 2.4 At sites with multiple units Atlas Copco will have access to compressor(s) listed in section 1 during one visit. Preventive maintenance levels B, C, and D require the compressor(s) to be shutdown. However (if the proposed schedule is followed), shutdown of only one compressor at a time is required. If needed, additional trips will be reviewed by both parties to determine if such shall be considered separate service calls, which will be charged separately in accordance with the current Field Service Rates and Policies.
- 2.5 The list of required replacement parts and recommended spare parts is detailed for the level of service in the attached Preventive Maintenance List. It is the customer's responsibility to separately purchase and store any recommended spare parts. **Parts delivery is 10-12 weeks; bearings 14-16 weeks after receipt of purchase order. Shipping terms are FCA, Voorheesville, NY (USA).**
- 2.6 Cleaning of the inter stage cooler bundles is not included in the standard maintenance scope.

3.0 **Payment of Services**

This Level B Preventive Maintenance Inspection agreement is a firm price for parts and estimated price of field service for unit(s) serial number(s)

ACC9950167 and ACC0150190

The actual price for field service will be invoiced after the P.M. service has been completed. Please refer to the parts for preventive maintenance service list for required/recommended parts.

Parts for a Level D PM (A9-50190)	\$23,774.50
Parts for a Level D PM (A9-50167)	\$15,693.50

ONE TRIP, 1 UNIT:

Estimated labor for **Level D** Preventive Maintenance Inspection **\$22,896.00**
Price for estimated labor includes one service technician with seven (7), 10 hour days, onsite with travel and living expenses to perform Level D inspection on one (1) compressor.

ONE TRIP, 2 UNITS:

Estimated labor for a **Level D** Preventive Maintenance Inspections **\$44,006.00**
Price for estimated labor includes one service technician with fourteen (14), 10 hour days, onsite with travel and living expenses to perform Level D Inspection on two (2) compressors.

4.0 Preventive Maintenance Scopes**Daily Checklist - Compressor Running**

Performed by Plant Personnel

- ✓ Check and record all parameters displayed on operator interface and local gauges
- ✓ Check Reservoir oil level
- ✓ Inspect main drive motor lubrication
- ✓ Check for oil, cooling water and instrument air systems for leaks
- ✓ Check for abnormal noise, loose connections or cables bolts, etc
- ✓ Clean any accumulated dirt on or around machine

Level A - 4,000 Running Hours or Semi-Annually - Compressor Running

Performed by Plant Personnel

- ✓ Perform daily inspections
- ✓ Energize auxiliary oil pump to ensure proper operation.
- ✓ Acquire an oil sample and send for analysis.
- ✓ Observe oil filter differential pressure.
- ✓ Observe inlet filter differential pressure.
- ✓ Inspect instrument air supply lines and filters. Drain any accumulated moisture and clean any filter elements.

Level B - 8,000 Running Hours or Annually - Compressor Running / Shutdown

Performed under direction by Atlas Copco Service Personnel

- ✓ Review previous operational data to identify any potential problems.
- ✓ Check and record all parameters displayed on operator interface and local gauges.
- ✓ Check for abnormal noise, loose connections or cables bolts, etc.
- ✓ Observe inlet filter differential pressure, replace filter(s) as required.
- ✓ Inspect inlet filter housing internal surfaces for corrosion.
- ✓ Inspect inlet expansion joint.
- ✓ Inspect inlet guide vanes. Check calibration and ensure proper operation.
- ✓ Inspect instrument air supply lines and filters. Drain any accumulated moisture and clean any filter elements.
- ✓ Check condensate traps for proper operation.
- ✓ Inspect discharge expansion joint.
- ✓ Inspect blow off valve. Check calibration and ensure proper operation.
- ✓ Inspect main drive coupling.
- ✓ Inspect drive motor inlet filter.
- ✓ Inspect main drive motor bearing lubrication.
- ✓ Check oil reservoir level.
- ✓ Acquire an oil sample and send for analysis.
- ✓ Energize auxiliary oil pump to ensure proper operation.
- ✓ Replace oil filter element(s).
- ✓ Visually inspect oil mist eliminator. (replace filter if applicable)

Level C - 24,000 Running Hours or 3 Years - Compressor Running / Shutdown

Performed under direction by Atlas Copco Service Personnel

- ✓ Perform Level B Service
- ✓ Verify motor alignment.
- ✓ Inspect drive motor inlet filter.
- ✓ Inspect main drive motor bearing lubrication.
- ✓ Inspect oil reservoir.
- ✓ Replace oil with Gas & Process Fluid, VG-32.
- ✓ Remove inlet shrouds. Inspect for erosion, corrosion or abnormal wear. Clean as required.
- ✓ Visually inspect impellers for erosion, corrosion or abnormal wear. Clean as required.
- ✓ Visually inspect each diffuser guide vane for erosion. Clean as required.
- ✓ Remove gear cap and inspect all high speed and low speed bearings. Clean or replace as necessary.
- ✓ Inspect all high speed and low speed seals. Clean or replace as necessary.
- ✓ Replace low speed split rubber seal.
- ✓ Check and record low speed thrust clearance.
- ✓ Check and record all wheel to shroud clearances. Adjust as necessary.
- ✓ Check and record all high speed thrust bearing clearances. Adjust as necessary.
- ✓ Replace core orings and gaskets.
- ✓ Visually inspect intercooler shells and bundles while interstage piping is removed.
- ✓ Replace interstage pipe gaskets.
- ✓ Record all running data and vibration levels after reassembly.

Level D - 48,000 Running Hours or 6 Years - Compressor Running / Shutdown

Performed under direction by Atlas Copco Service Personnel

- ✓ Perform Level C Service
- ✓ Remove and inspect all interstage cooler bundles and replace gaskets. Check intercooler shells. **Cleaning and repair, if necessary, is done by others.**
- ✓ Remove discharge check valve and rebuild or replace as necessary. (Customer to ensure proper isolation and supply required gaskets)
- ✓ Overhaul auxiliary and main oil pumps, service idler and pump drive components.
- ✓ Replace all high speed seals.
- ✓ Overhaul Inlet Guide Vane Assembly using required components from parts list.

SERVICE TERMS AND CONDITIONS

1. ATLAS COPCO'S RESPONSIBILITIES

- a) Atlas Copco will inspect and service the equipment in accordance with Atlas Copco Maintenance Standards.
- b) Atlas Copco will provide a copy of the "Service Report" at the conclusion of each scheduled service call. The Service Report outlines the service provided and any additional repairs recommended. The Service Report must be signed by representatives of both parties at the conclusion of each scheduled service call thereby verifying that the work, as specified, has been completed.
- c) Scheduled service calls will be performed during normal working hours. See Field Service Rates and Terms section. At the Customers request scheduled service calls may be performed outside of normal working hours for an additional charge to the Customer.
- d) Work at customer site will be scheduled for Monday through Friday, unless otherwise specified.

2. CUSTOMERS RESPONSIBILITIES

- a) The Customer will perform daily and 4,000 hour servicing on the machine(s) as indicated in the Atlas Copco Preventative Maintenance Scope.
 - I. Adequate ventilation is available in the vicinity of the equipment (as per Atlas Copco recommendations.)
 - II. The equipment is regularly cleaned prior to each planned service call.
- b) The Customer will allow Atlas Copco to have free and full access to the equipment to perform scheduled service calls pursuant to this Agreement, unless otherwise specified. The cost of waiting time, where required by the Customers operational conditions, will be covered by an additional charge to the Customer.
- c) The Customer will provide all necessary assistance, service and material; including but not limited to tools, lifting equipment, power, air, water supply and a minimum of one millwright or equal manual labor as required for assistance.
- d) The customer will provide only recommended spare parts as needed by Atlas Copco at time of service. Part delivery is **10-12** weeks and bearings **14-16** weeks after receipt of purchase order. Shipping terms are **FCA, Voorheesville, NY (USA)**.
- e) The Customer will provide all necessary impeller and seal removal tooling to complete the scheduled services.

**TERMS AND CONDITIONS
OF FIELD SERVICES
(INCLUDING RATES VALID FOR WORK PERFORMED FROM JAN. 1, 2013 UNTIL DEC. 31, 2013)**

Atlas Copco Comptec LLC (referred to below as "Atlas Copco Comptec") maintains a staff of competent Field Service Personnel, hereafter referred to as (FSP), to provide technical supervision or assistance for the installation, commissioning, overhaul, repair and/or maintenance of Atlas Copco centrifugal compressors and/or turbo expanders, to the extent agreed upon by Atlas Copco Comptec in a written document from Atlas Copco Comptec to customer that is signed by an authorized representative of Atlas Copco Comptec. Field Service can be scheduled by contacting our Service Planner at:

Phone: (518) 765-5831

Fax: (518) 765-4889

E-mail: sue.lasch@us.atlascopco.com

General. These Terms and Conditions of Service shall be incorporated into any and all agreement(s) for services between Atlas Copco Comptec and the customer. Any terms and conditions of the customer conflicting with these Terms and Conditions of Service, whether contained in any purchase order or elsewhere, are hereby objected to and rejected.

Service Warranty. Atlas Copco Comptec warrants that it shall use sound and professional principles and practices in accordance with normally accepted industry standards in the performance of services and that performance of its personnel shall reflect their best professional knowledge, skill and judgment. If any failure to meet the foregoing warranty appears within ninety (90) days after the services are rendered, Atlas Copco Comptec shall again perform the services directly affected by such failure at Atlas Copco Comptec's sole expense. Atlas Copco Comptec's warranty for defective or negligently performed services shall be limited to the cost of performing such services and, upon expiration of said ninety (90) days, such warranty shall terminate. This warranty and remedies provision shall be exclusive and there are no other representations or warranties, including the WARRANTY OF MERCHANTABILITY or fitness for any purpose. The customer shall supply at his own expense all labor, material, equipment, tools, cranes, rigging tools, and facilities required to perform the physical work on the equipment.

Limitation of Liability. Except for claims brought by customer for indemnity as provided in the next paragraph below, neither party shall be liable for any indirect or consequential, or punitive damages of any kind from any cause arising out of the services, sale, installation, use or inability to use any equipment or service, including without limitation, loss of profits, goodwill or business interruption, whether or not foreseeable. The total liability of Atlas Copco Comptec arising under or in connection with the agreement or services, regardless of the legal theory (whether based on contract, tort or otherwise), shall be limited to damages in an amount equal to the amount paid to Atlas Copco Comptec under the agreement provided however such cap shall not apply to Contractor's indemnification obligations including any insurance requirements of the contract.

Indemnification obligations by Atlas Copco Comptec. Atlas Copco Comptec agrees to indemnify and save the customer harmless from and against any and all loss, damage, expense (including reasonable attorney's fees) and liability on account of bodily injury or death to any persons or damage to or loss or destruction of any property caused by the willful or negligent act or omission of Atlas Copco Comptec, its employees or agents in connection with the performance of the services, except to the extent caused or contributed to by the willful or negligent acts or omissions of any other person. Notwithstanding the foregoing, Atlas Copco Comptec shall not be liable for any loss of use resulting from damage to property of the customer.

Force Majeure. In the event Atlas Copco Comptec's performance of services is limited or prevented in whole or in part by acts of God, fire, war, civil disorders, strikes, explosions, embargoes, accidents, floods, storms, shortages or failures of supply of fuel, power, raw materials, equipment containers or transportation, or by any rule, regulation, order or other action adopted or taken by any governmental authority or any other cause not reasonably within Atlas Copco Comptec's control whether or not specifically provided herein, Atlas Copco Comptec shall be excused, discharged and released of performance to the extent such performance is limited or prevented without liability for damages of any kind.

**TERMS AND CONDITIONS
OF FIELD SERVICES**

(INCLUDING RATES VALID FOR WORK PERFORMED FROM JAN. 1, 2013 UNTIL DEC. 31, 2013)

Payment: All invoices are due and payable thirty (30) days after the invoice date, except to the extent Atlas Copco Comptec agrees otherwise in writing.

Field Service Function: The purpose of the FSP is to perform the service(s) that Atlas Copco Comptec, in a written document from Atlas Copco Comptec that is signed by an authorized representative of Atlas Copco Comptec, agrees to perform for the customer. The customer shall supply at his own expense all labor, material, replacement parts (other than defective parts still covered by warranty), tools, equipment, cranes, rigging tools, and facilities required to perform the physical work on the equipment.

The rates stated herein are subject to the following definitions:

Straight Time is defined as the time worked, traveled and/or on standby for a maximum of 8 hours, between 7:00 a.m. and 6:00 p.m., Monday through Friday, exclusive of holidays. Each hour of straight time shall be paid at the straight time rate.

All travel hours Monday thru Friday will be billed at straight time rates. If customer requests travel on weekends or holidays overtime rates may apply.

Premium Time is defined as the time worked or on standby, in excess of or at times other than the regular straight time schedule. The rates for premium time relative to straight time are defined as follows:

Day	Time	Rate
Monday thru Friday (Except holidays)	After 8 straight time hours thru 12 hours	1.5
	After 12 hours until relieved*	2.0
Saturday (Except holidays)	First 12 hours between 7:00 am and 8:00 pm	1.5
	After 12 hours until relieved*	2.0
Sundays & Holidays	First 12 hours between 7:00 am and 8:00 pm	2.0
	After 12 hours until relieved*	2.5

* Maximum working hours in a day are not to exceed 16 hours due to health and safety concerns.

Holidays are defined as the following days which are observed by Atlas Copco Comptec.

01/01/13 New Year's Day	11/28/13 Day before Thanksgiving
02/18/13 President's Day	11/29/13 Thanksgiving
03/29/13 Good Friday	12/24/13 Day before Christmas
05/27/13 Memorial Day	12/25/13 Christmas Day
07/04/13 Independence Day	12/31/13 New Year's Eve
09/02/13 Labor Day	

**TERMS AND CONDITIONS
OF FIELD SERVICES
(INCLUDING RATES VALID FOR WORK PERFORMED FROM JAN. 1, 2013 UNTIL DEC. 31, 2013)**

Standby Time is defined as time Monday thru Saturday up to 8 hours per day, during which the FSP, during the course of his assignment, is available to work but is not working because of circumstances beyond the control of Atlas Copco, including weather conditions, excluding his own sickness or injury. Each hour of standby time shall be paid for at the rates defined above.

Report Time One half hour per day will be included into the daily working hours to allow the FSP to complete daily activity report and other requisite job documentation.

Domestic is defined as a job site within the United States, Canada or Puerto Rico for a FSP.

Foreign is defined as a job site in locations other than the United States, Canada or Puerto Rico for a FSP.

The Straight Time Rates are defined in United States Dollars per hour as follows:

	<u>Field Service Technician</u>	<u>Commissioning Engineer II</u>	<u>Commissioning Engineer I</u>
Domestic	\$213.00	\$237.00	\$256.00
Foreign	\$251.00	\$270.00	\$314.00
Hazardous Location*	\$301.00	\$323.00	\$376.00

*Hazardous Location is defined as places where there is an active US Department of State Travel Warning in effect.

Travel Time All travel time from base of operation to jobsite and return shall be charged in accordance with the above defined workday rates. Daily travel time to and from lodging, as well as time for meals, will be included and billed as part of the workday.

Travel and Living Expenses are not included in the hourly rates and will be billed at cost.

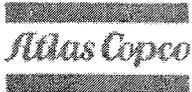
Per Diem allowance covers the cost of meals and incidental expenses and will be invoiced on a per day basis (domestic, \$65.00; Canada & Mexico, \$75.00 and international \$100.00).

Travel Expenses shall include air or rail transportation, local bus, taxi, auto rental costs, gasoline, tolls, personal auto costs, meals in transit and any other expenses incurred. Air or rail transportation will ordinarily be coach, tourist or economy class accommodations. Business class or First class accommodation will be used only under special circumstances such as the unavailability of lesser accommodations unless traveling to a hazardous location, in which case air or rail will be business class. Use of a personal or Atlas Copco Comptec owned vehicle will be charged at a rate of 55 cents per mile.

Equipment Warranty Service Work and Prepaid Service will not be charged while performed during periods defined above as straight time. When the customer requires service personnel to work during premium time, the customer will be charged for the difference between the applicable premium time rate and the straight time rate.

Shipping and Insurance Expenses Test equipment and special tooling not returned to Atlas Copco Comptec by user within 20 days after completion of job will be billed at current selling price.

The Maximum Hours per day including work, travel and standby time shall be limited to 16 hours due to safety considerations. Service personnel assignments will not exceed 60 continuous days. Rotation of service personnel will be at customer's expense.



Atlas Copco Comptec LLC.
46 School Road
Voorheesville, NY USA 12186

**TERMS AND CONDITIONS
OF FIELD SERVICES
(INCLUDING RATES VALID FOR WORK PERFORMED FROM JAN. 1, 2013 UNTIL DEC. 31, 2013)**

Governing Law: Unless agreed otherwise by Atlas Copco Comptec in writing, any dispute arising out of the services of this agreement shall be determined according to the substantive laws of the State of New York, without regard to its conflict of law rules.

Confirmation of your acceptance of these rates and policies and the issuance of a purchase order number are required in order to release field service personnel to travel to your site. Completion of the following information via e-mail constitutes acceptance of the above rates and policies by the customer. Please complete all items below. Failure to do so may result in delays.

Purchasing Company: _____

Authorized Representative (print): _____

Signature: _____

Purchase Order Number: _____ **Date:** _____

Expected date and time of arrival: _____

The above rates and policies are not negotiable.