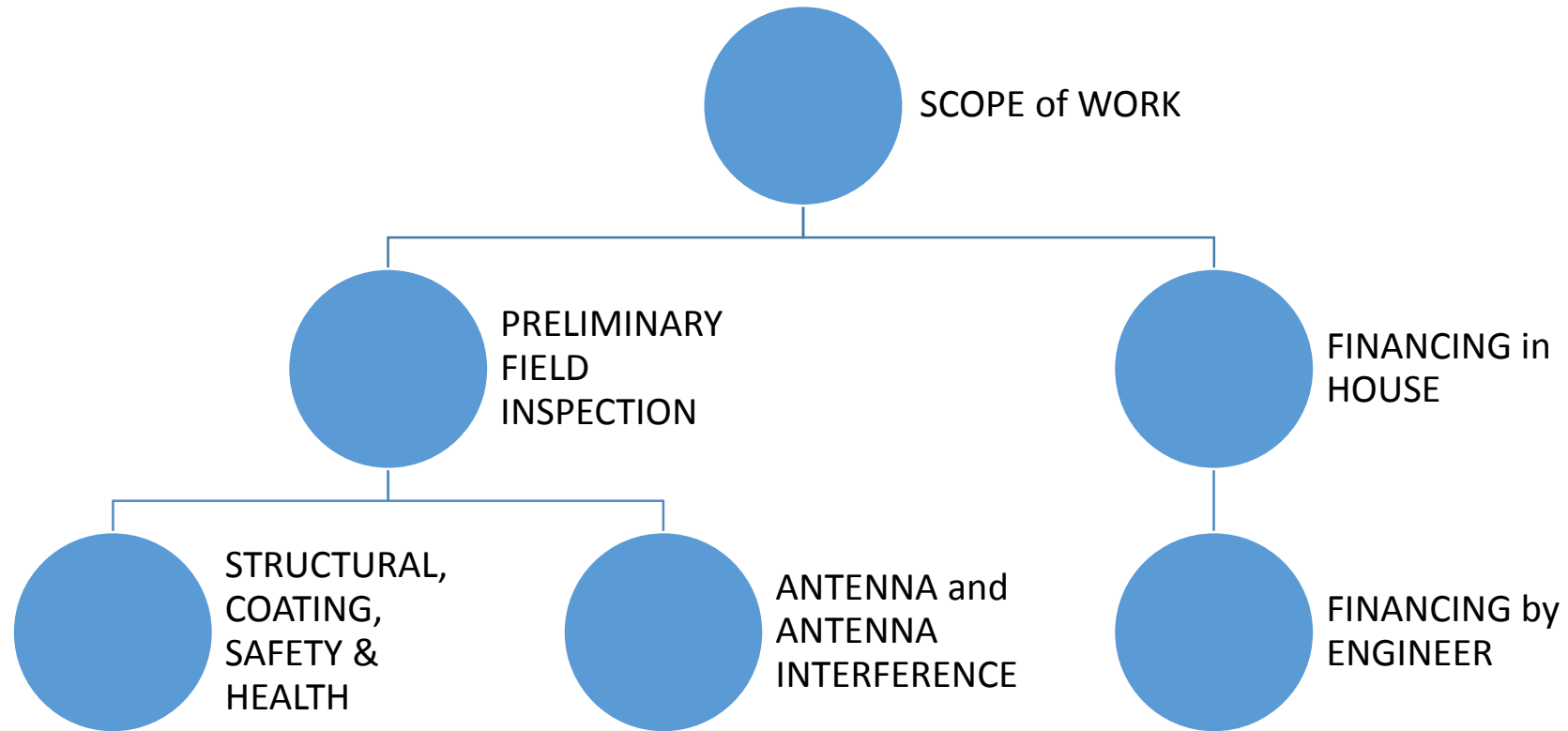


DECISION PROCESS toward Design of a Tank Maintenance Contract

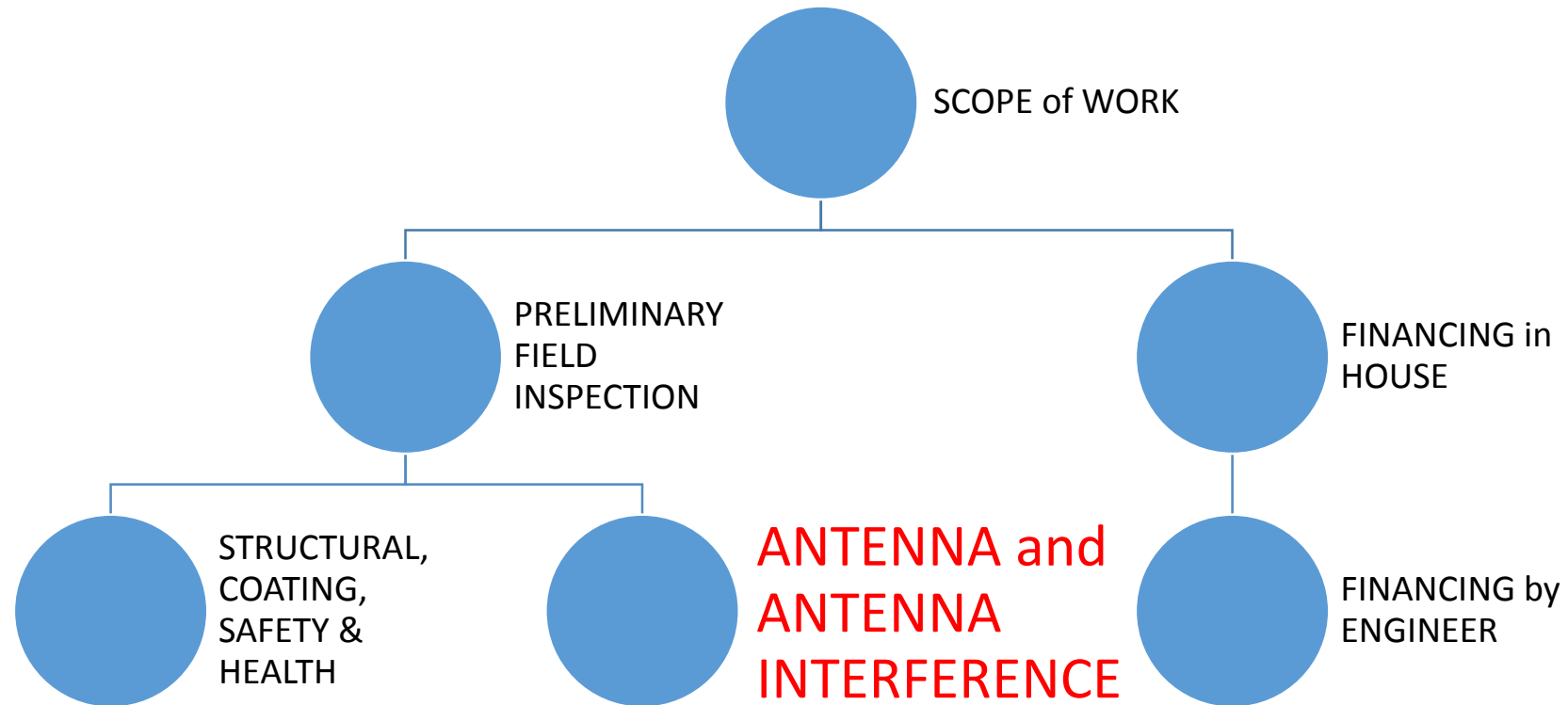


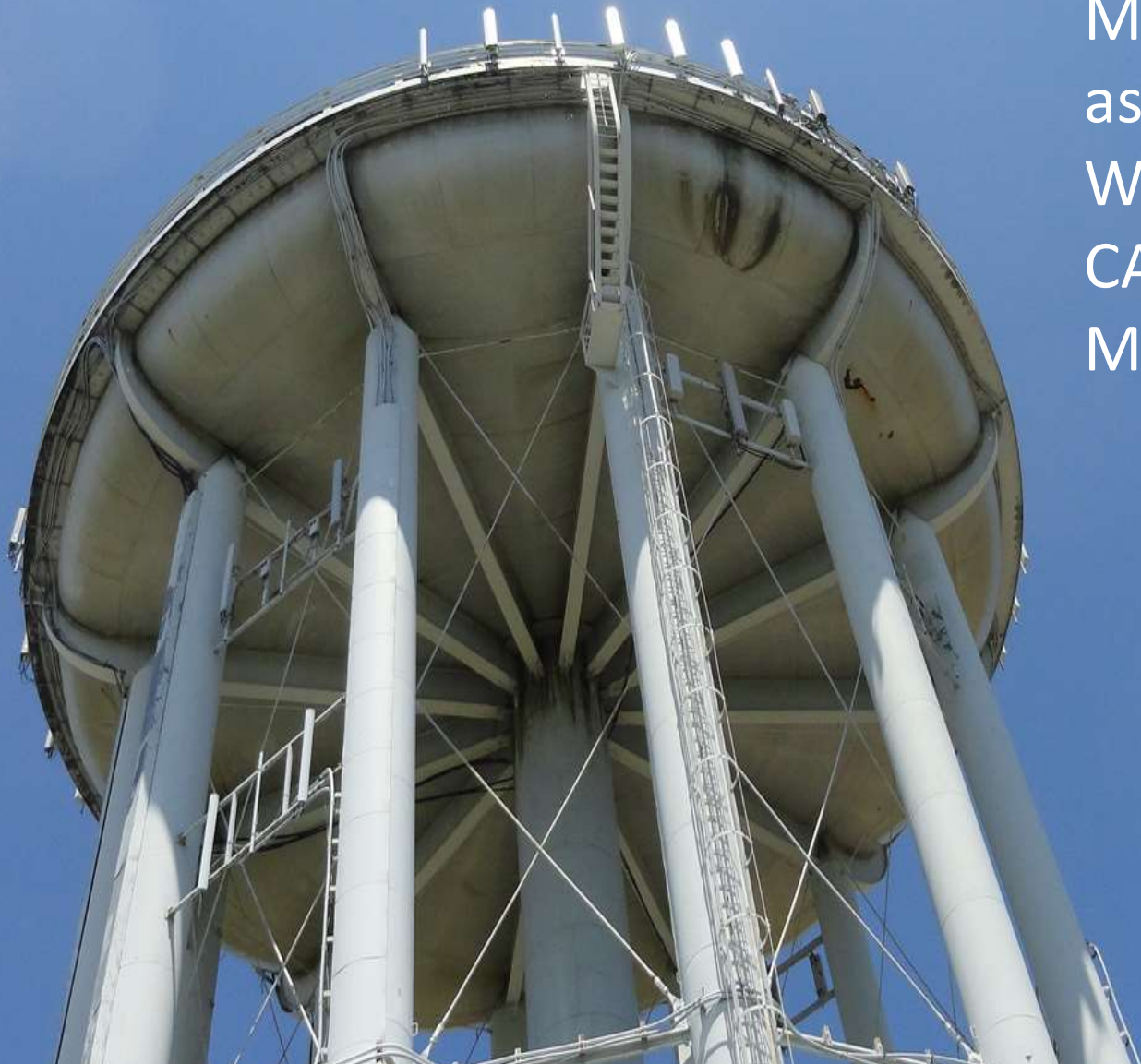
PRESENTED by
William J. Dixon P.E., Esq.
Keith P. Dixon Esq.

SCOPE of WORK / PROJECT



SCOPE of WORK / PROJECT





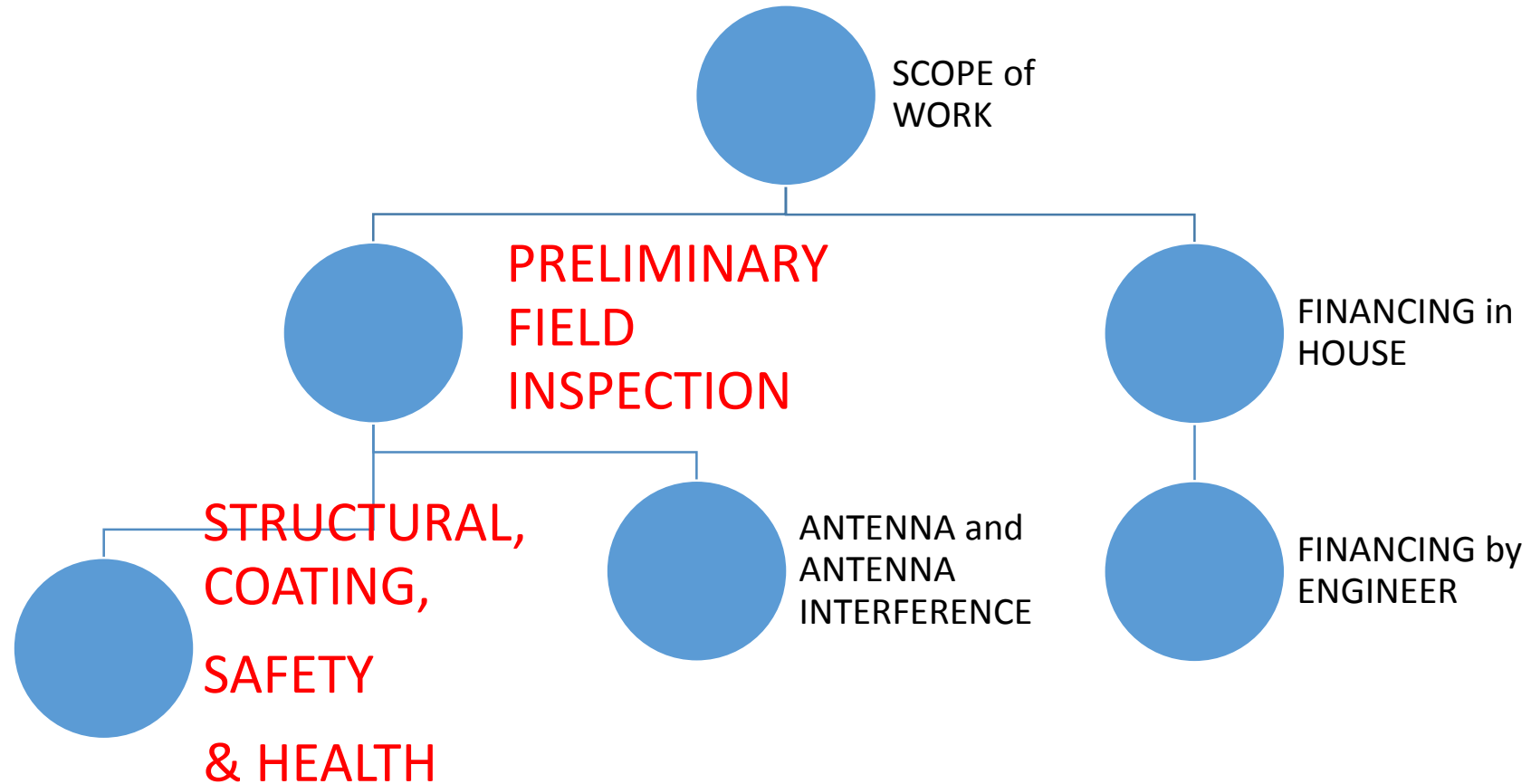
ANTENNA CONTRACTS
MUST BE INCLUDED by
REFERENCE in TANK
MAINTENANCE CONTRACTS,
as well as CLAUSES AS TO
WHAT HAPPENS WHEN THE
CARRIER CONTRACT IS
MODIFIED OR TERMINATED

IS THERE AN EXTRA or DOES
THE CONTRACTOR GET A
PIECE OF THE MONEY PIE

WHO SHOULD PAY FOR
MODIFICATIONS



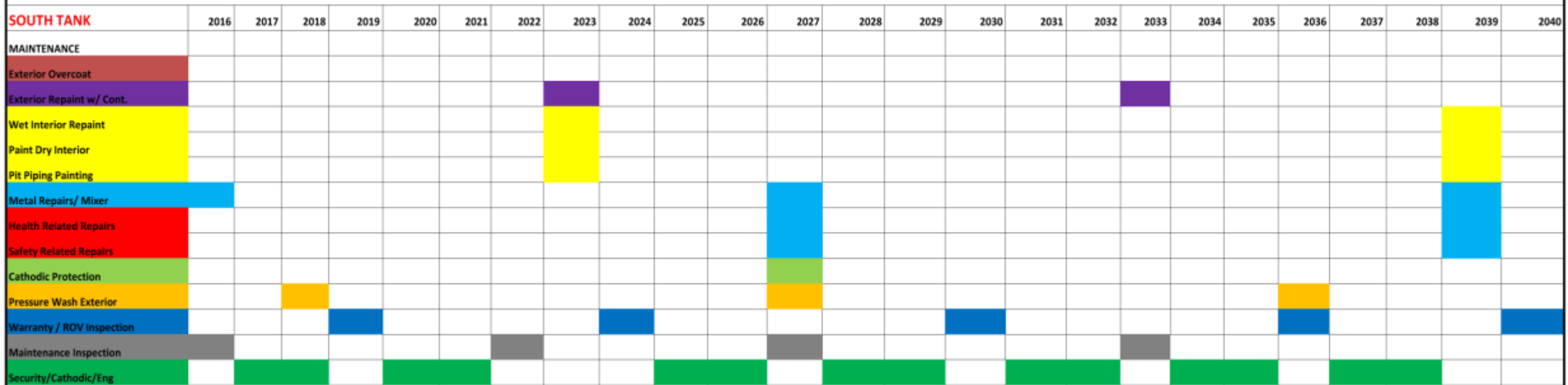
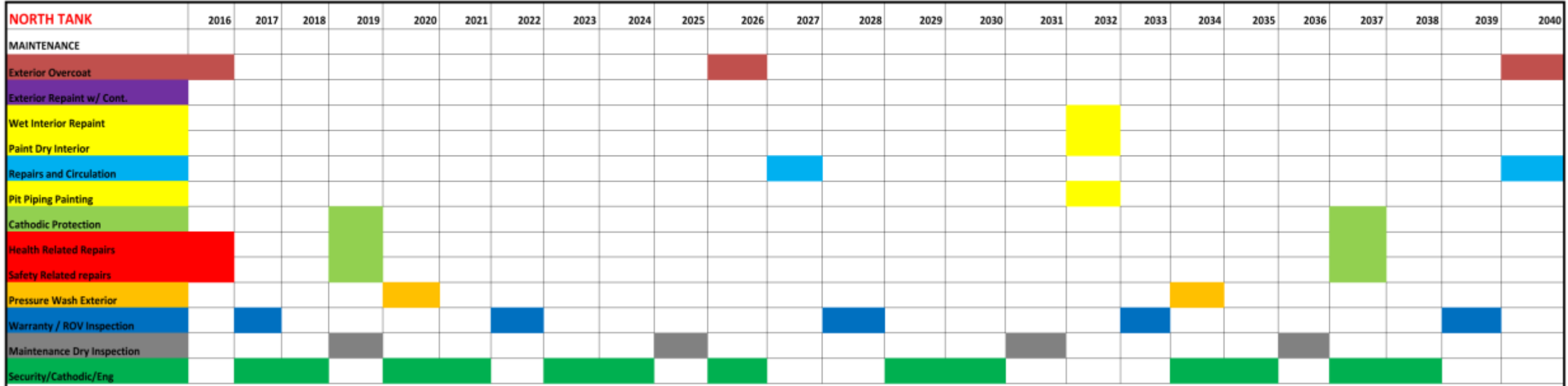
SCOPE of WORK / PROJECT



300,000 GALLON SPHEROID
OPEN AREA

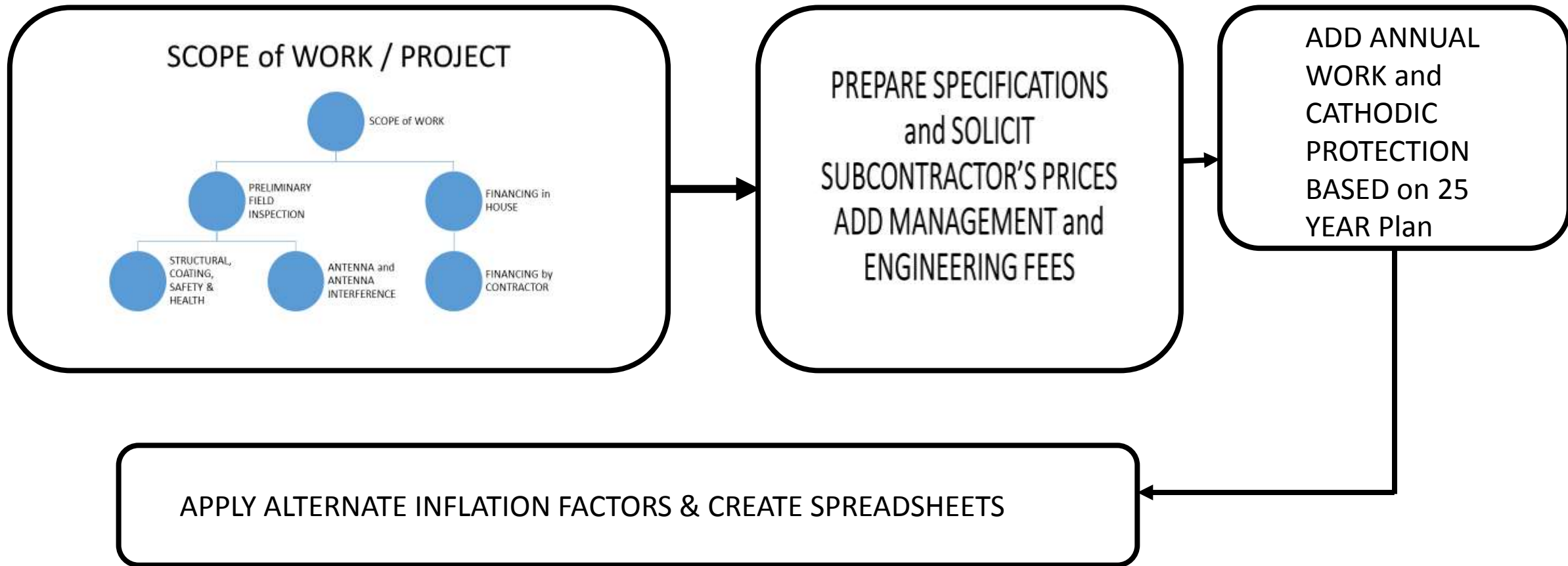
TANK MAINTENANCE CONTRACT FOR TWO TANKS

1,000,000 RADIAL ARM TANK
TIGHT COMMERCIAL AREA

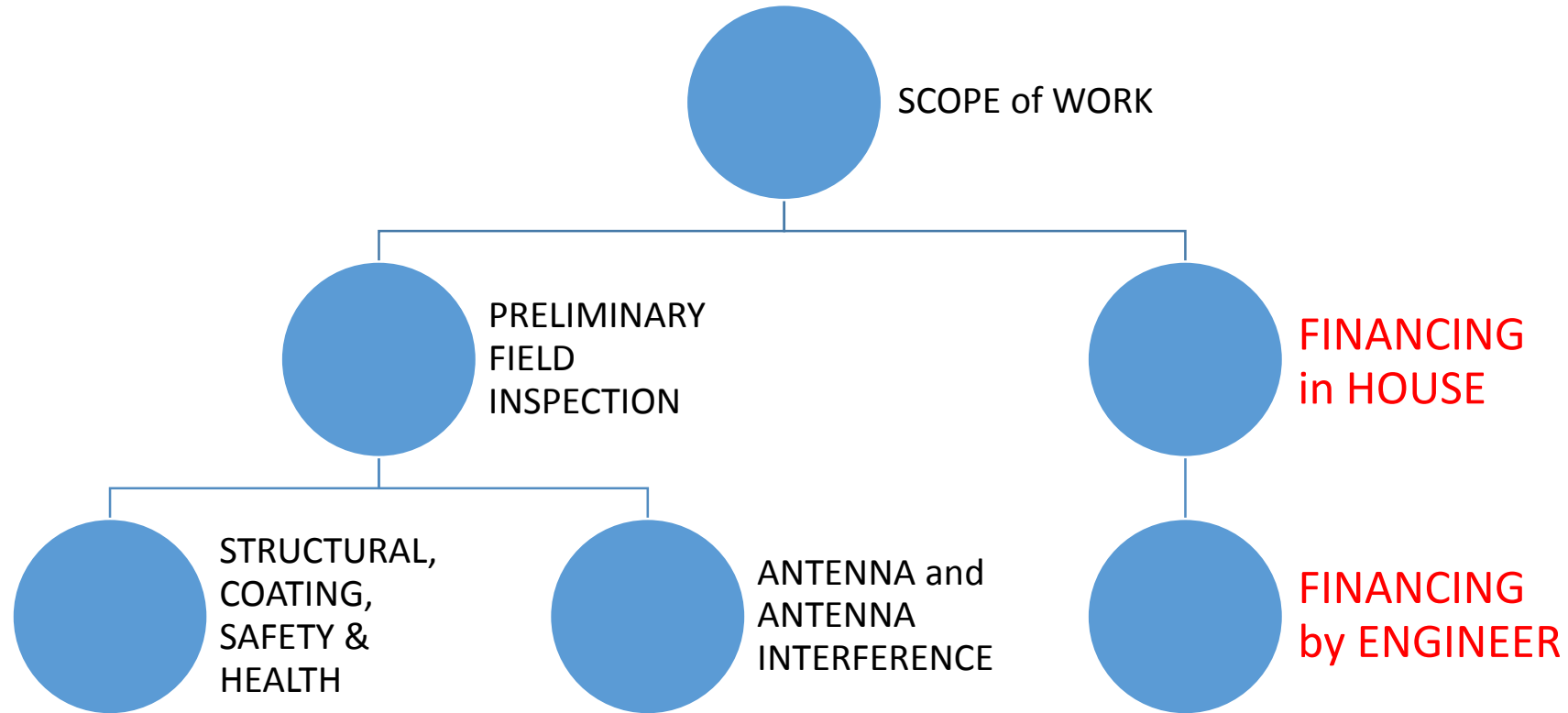


Maintenance, Warranty, and Security are all GASB 34 Compliant.

DEVELOP WORK / PROJECT ENGINEER MANAGED CONTRACT



SCOPE of WORK / PROJECT



RESERVE OR DEFICIT INFLATION FACTOR = 3%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ANNUAL COST Preinflation		\$322,000	\$3,500	\$1,500	\$1,500	\$3,500	\$632,000	\$3,500	\$1,500	\$1,500	\$208,500
						\$332,775					\$1,012,631
3% Annual Inflation		1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048
TOTAL Annual Cost		\$322,000	\$3,605	\$1,591	\$1,639	\$3,939	\$732,661	\$4,179	\$1,845	\$1,900	\$272,045
Annual Payment		\$66,554	\$66,554	\$66,554	\$66,554	\$66,554	\$202,526	\$202,526	\$202,526	\$202,526	\$202,526
INTEREST											
RESERVE or DEFICIT		\$255,446	\$192,497	\$127,534	\$62,619	\$5	\$530,140	\$331,793	\$131,112	\$69,514	\$5

DEFICIT = INTEREST

DEFICIT = INTEREST

IF OWNER HOLDS THE MONEY RESERVED THE INFLATION FACTOR CAN BE LARGER

4% Annual Inflation	1.0000	1.0400	1.0816	1.1249	1.1699	1.2167	1.2653
Total Annual Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Payment							
RESERVE (NO DEFICIT ON OWNER FINANCED)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CONTRACT PREPARATION

CONTRACT CLAUSES

TERMINATION for CONVENIENCE

TERMINATION for CAUSE

RESERVE DISTRIBUTION upon TERMINATION

DISTRIBUTION of EARNINGS of RESERVE

DELAY CLAUSE

SUBSTITUTION CLAUSE

DEFINITIONS

PAYMENT vs. FEE

WORK vs. PROJECT

FINANCING if INCLUDED

INFLATION ADJUSTMENT ANNUALLY

INFLATION CORRECTION EVERY FIVE YEARS

INSURANCES

BONDS

PERFORMANCE

PAYMENT

FIDUCIARY

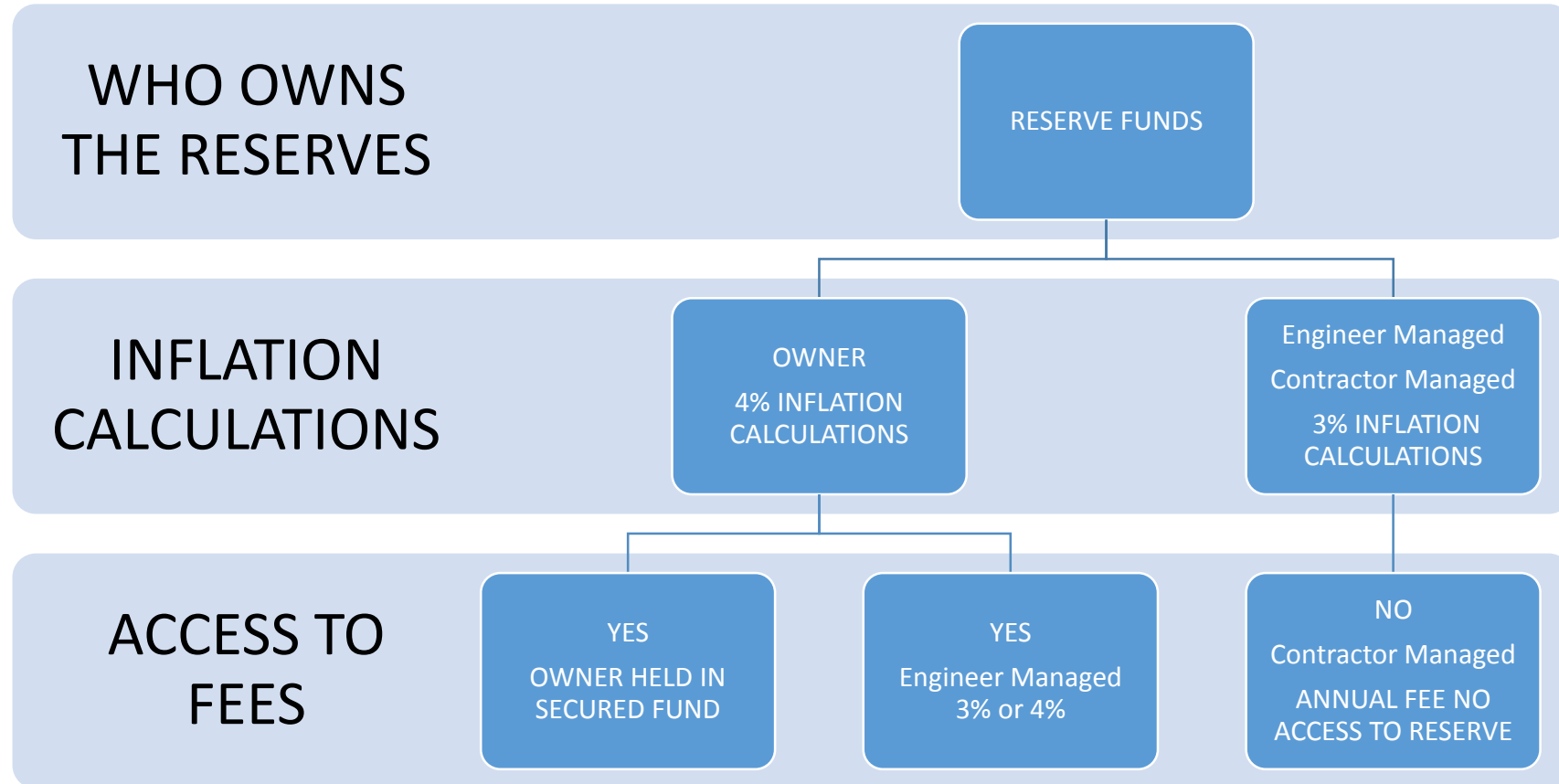
PROJECT DELIVERY CONTRACT FORMAT DECISIONS

TANK MAINTENANCE CONTRACTS

ASSET MANAGEMENT

TASK ORDER

FINANCIAL DECISIONS



CONTRACT CLAUSES

TERMINATION for CONVENIENCE

TERMINATION for CAUSE

RESERVE DISTRIBUTION upon

TERMINATION

DISTRIBUTION of EARNINGS FROM

RESERVE

DELAY CLAUSE

SUBSTITUTION CLAUSE

FLEXIBILITY CLAUSES

DELAY CLAUSE :WHAT HAPPENS if THE TANK DOES NOT NEED PAINTING WHEN SCHEDULED

SUBSTITUTION CLAUSES: WHAT HAPPENS if the COATING SPECIFIED is NOT MANUFACTURED in 10 YEARS WHEN YOU RECOAT

WHAT if ADDITIONAL ANTENNA CARRIERS ARE ADDED TO THE TANK and WHAT IF THEY DAMAGED the COATINGS

CONTRACT CLAUSES

DEFINITIONS

PAYMENT vs. FEE

WORK vs. PROJECT

FINANCING if INCLUDED

INFLATION ADJUSTMENT ANNUALLY

INFLATION CORRECTION EVERY FIVE YEARS

INSURANCES

BONDS

PERFORMANCE

PAYMENT

FIDUCIARY

PAYMENT SCHEDULE

CONTRACT CLAUSES for GENERAL, SUPPLEMENTAL, and FLEXIBLE CONDITIONS

PREVAILING WAGES

WORKING HOURS

SOUND RESTRICTIONS

ACCESS RESTRICTIONS

WORK TIME FRAME and OUT of SERVICE TIME

TYPICAL CONTRACTS

DO NOT SETTLE FOR A TYPICAL CONTRACT
NEGOTIATE TO FIT YOUR NEEDS/WANTS

SAMPLE CONTRACTS TASK

- 2016 Blast and Paint realign antennas
- 2017 Warranty
- 2018 Security Inspection
- 2019 Security Inspection
- 2020 Cathodic and Maintenance Inspection

FLEXIBLE

- ❖ **SELF INSURED** – The Owner saves into a dedicated fund held by Owner usually at a slightly higher inflation rate. If task order comes in low Owner keeps difference.
- ❖ **INSURED by CONTRACT** – Prices are fixed and if the Manager of the Plan gets a lower bid, it is their profit, if bid prices come in higher than contracted; the managing firm pays the extras.
- ❖ **PROJECT AFTER CARE** – Similar to an extended Maintenance Contract, your tank is rehabilitated and then you look ahead
- ❖ **5 YEAR PAY PLAN** – Project costs are annualized over 5 years or other period of time. Eligible to start PAC in year 6