



Department of Energy

Oak Ridge Office
P.O. Box 2001
Oak Ridge, Tennessee 37831

March 24, 2016

Via Email: mwatson@oakridgetn.gov

Mr. Mark Watson
City Manager
City of Oak Ridge
200 South Tulane Ave
Oak Ridge, Tennessee 37830

Dear Mr. Watson:

TWELVE MONTH EXTENSION TO CONTRACT WITH CITY OF OAK RIDGE FOR POTABLE WATER SERVICES (DE-AC05-00OR22777)

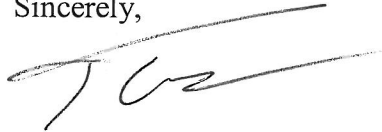
The Department of Energy (DOE) is in receipt of the City of Oak Ridge's (City) counterproposal submitted by letter to Mr. Don Thress, dated March 17, 2016. DOE respectfully offers a counterproposal with the following terms: Contract No. DE-AC05-00OR22777 will be extended by 12 months beginning April 1, 2016. The cost of water services provided to the DOE by the City for the period of April 1, 2016 – March 31, 2017, will be **\$2,103,876**, to be paid in 12 equal monthly installments. This figure represents 50 percent of the projected costs of operating and maintaining the Water Treatment Plant (WTP) during the contract period, and includes costs associated with the maintenance line item identified in your letter, which DOE understands to be for items above the threshold for routine maintenance and considered minor capital improvements. The minor differences between this figure and that offered by the City are the result of the application of a more fitting escalation factor, as well as the removal of the pension cost factor from the City's original proposal which, according to the City, will not be incurred. Additional detail on the proposed rates can be found in the enclosed spreadsheet entitled "Comparison of Cost Proposals." A modification to the contract to execute these changes is also enclosed.

An integral part of the City's proposal is the commitment to perform an in-depth evaluation of the WTP infrastructure in order to develop a clear path forward to meet the long-term needs of its customers. This evaluation will include a cost-benefit analysis of performing the necessary repairs at the existing WTP versus constructing a new WTP facility. DOE is appreciative of the City's decision and commitment to perform these analyses. To that point the March 17, 2016 letter also specifies that the City will evaluate costs related to constructing a new WTP of equivalent size/capacity to the existing WTP, i.e. 28 million gallons per day (mgd), unless DOE provides documentation on the anticipated 20 year water consumption usage of DOE's facilities. DOE anticipates that its water usage will remain consistent with usage over the previous ten years with a goal to decrease usage. We encourage the City to identify the appropriate capacity based on the current and projected needs of the entire customer base.

**TWELVE MONTH EXTENSION TO CONTRACT WITH CITY OF OAK RIDGE FOR
POTABLE WATER SERVICES (DE-AC05-00OR22777)**

If you have any questions or if I can be of any further assistance, please contact me at
(865) 576-4102, or trae.crowder@science.doe.gov.

Sincerely,



Trae Crowder
Contracting Officer

Enclosures (2)

cc w/enclosures:

Seth Kirshenberg, Kutak Rock

Gary Cinder, SSC

Shira McWaters, City of Oak Ridge

Ken Krushenski, City of Oak Ridge

Donna Bibee, PC-913, SC-OR

Jeff Burgan, PC-90, SC-OR

Kristopher Muse, CC-10, SC-OR

John Shewairy, AD-40, SC-OR