

SYSTEM MAINTENANCE AGREEMENT**BETWEEN**

VALMET AUTOMATION (CANADA) LTD.
10333 Southport Road S.W.
Calgary, Alberta
T2W 3X6

AND

CITY OF PORTLAND
Bureau of Water Works
2010 North Interstate
Portland, OR
97227

Valmet Automation (Canada) Ltd. Agreement File Number 91016

City of Portland, Bureau of Water Works hereinafter will be referred to as the Customer.

Valmet Automation (Canada) Ltd. hereinafter will be referred to as Valmet.

VALMET, by its acceptance of this Agreement, agrees to provide to the Customer the services fully described in this agreement subject to the terms and conditions of this agreement as hereinafter set forth.

1 SYSTEM TO BE SERVICED

The system covered by this agreement is the system supplied by Valmet and located at 2010 North Interstate and various locations within the City of Portland Water Supply and Distribution System.

2 CONTRACT TERM

This agreement shall be in effect from September 1, 1993 to August 31, 1995. On September 1, 1994 and each year thereafter, up to the term of contract limitation

provisions of paragraph, this agreement shall be automatically extended for 12 months. In no event shall this contract extend beyond five years after it's effective date plus a five year renewal term. After the original two year term, either party may terminate this agreement at any time by giving 60 days prior written notice to the other party of their intention to terminate the agreement. Upon termination of this agreement, services received by the customer up to that point will be reconciled against the payments made and the difference shall be billed or credited to the customer as is appropriate.

On or before July 1 of 1994 and of each year thereafter, Valmet may submit to the customer revised charges applicable to this agreement for the 12 months commencing on the following September 1.

Upon each renewal of this agreement a written addendum hereto setting forth all changes in the charges payable by the customer shall be signed by each party. The customer may reject all of any of the revised annual charges. In the event of such rejection the parties shall, in good faith, renegotiate the terms and conditions of this agreement. If the parties are unable to renegotiate acceptable terms and conditions, this agreement shall thereupon terminate.

3 TERMS OF PAYMENT

The charge for this agreement is \$2,120.00 per month. This shall be invoiced quarterly, in advance. Price for the 2-year term is \$50,880.00.

This invoicing is for the Agreement Services described in Section 4 and does not include any extra charges for services defined in this agreement as "Extra Services" in Section 9.

4 AGREEMENT SERVICES

4.1 GENERAL

Services will consist of engineering or technical assistance to maintain the Valmet-supplied SCADA System in operating condition. Specific areas of coverage are limited to the following:

Host software excluding the Digital Equipment Corporation operating system, includes fixes to bugs, enhancements, upgrades, etc.. All upgrades to the operating system would be contracted separately but integration could utilize contract allocated time.

Remote Terminal Unit software including RTU firmware, downloadable programs and files.

Remote Terminal Unit hardware supplied by Valmet and operating on this system excluding all radios and associated equipment. The contract will automatically cover all future Remote Terminal Units supplied by Valmet.

All other Valmet-manufactured hardware.

Documentation Updates for Valmet software as become available.

4.2 SUPPORT SERVICES

4.2.1 On-Site Support (at Customers Locations) and In-House Support (at Valmet Locations)

Valmet will provide 6 days (48 hours) of on-site support per year to be used for system tuning, upgrades, enhancements, training or consulting in addition to the time required in the performance of Section 4.2.2 to 4.2.5 inclusive.

This time will be used either on-site or at Valmet's office as directed by the customer. Expenses are included (2 trips - 3 days maximum per trip). Overtime labor and expenses for additional site time will be billed extra under Section 9.3.

4.2.2 Remote Support

Up to four (4) hours per month of remote support will be provided through the use of dial-up modem facilities and by telephone. It will be available as requested by the Customer.

4.2.3 Upgrades and Enhancements

All Valmet PDP upgrade and enhancement software will be available at no additional charge. Services to integrate the upgrades or enhancements will be provided through those services provided in Sections 4.2.1 and 4.2.2 or as described in Section 9.3. Updates to the Manuals will be available at no charge as they become available.

4.2.4 Hardware Repairs

Valmet will provide no-cost return-to-factory repair service for Valmet manufactured hardware. The customer will return the defective equipment to Valmet's designated repair depot - freight prepaid. Valmet will repair or replace the defective equipment at Valmet's discretion and return same to the customer - freight prepaid.

Damage due to negligence, improper use, misuse, or an act of God is void from coverage.

4.2.5 Information Services

At quarterly intervals, Valmet will provide the following;

- Summary of services used/balance remaining
- Upcoming training courses
- New product bulletins

4.3 CONDITIONS

The services to be performed on-site, are to be directed by an authorized Customer representative. Valmet will provide a qualified representative capable of meeting the requested services. If the representative is unable to perform the requested services then the situation will be referred to a more senior representative for completion.

Valmet's standard work day as referenced in this agreement, is referenced in this agreement is from 8:30 AM to 5:00 PM local Calgary time. A standard Valmet working day is 8 hours and excludes Valmet observed holidays, Saturdays and Sundays.

Carry over of unused time past contract renewal is not permitted. No credit will be given for unused services.

5 SCHEDULE

5.1 Scheduled Services

Four (4) weeks advance notice is required to schedule on-site software service.

5.2 Emergency Services

Emergency Service will be provided as follows:

During regular business hours - by contacting Valmet's office. Assistance will generally begin within 2 hours and continue until the problem is resolved. Overtime charges will apply to hours outside Valmet's standard day.

After normal business hours - This coverage is optional and can be provided by contacting the Manager of Customer Services.

A minimum of 2 hours of support time will be charged for each emergency service rendered. Overtime services will be charged to the agreement at time and one half, double time for Sundays and Valmet observed holidays.

The Customer will be entitled to Priority Response. Priority Response Service provides a contract customer with preferential access to services over a non-contract customer.

6 TRAVEL AND LIVING EXPENSES

Travel and living expenses, for all on-site services will be included as detailed in Section 4.2 or 9.3

7 SITE VISIT DUTIES

Site visits allow Valmet's representative to make modifications, additions, and provide maintenance to the system as directed by an authorized Customer representative.

8 WARRANTY

Valmet cannot fully warranty all site services beyond the actual site visit during which the requested service is provided. It is the responsibility of the Customer to ensure that services are properly completed and tested as specified, prior to Valmet leaving site.

A call back to service "failed" services shall be considered a new site visit unless the fault responsibility lies with Valmet's workmanship. In such a case the call back visit will not affect the agreement service days.

At the discretion of Valmet, such warranty services may be completed in the office of Valmet and the solution provided by telephone, letter, sending a revised software media or hardware module, or a site visit.

9 EXTRA SERVICES

9.1 At the discretion and option of the Customer, Valmet will perform assigned duties at its office that will apply to the contract as site visit days.

9.2 At the discretion and option of the Customer, Valmet will (if possible) continue the services being provided under a scheduled on-site visit beyond the defined Valmet working day and on weekends and holidays at the overtime rates specified in Section 9.3 or alternately, Valmet will prorate the contract support hours to time and one half for overtime and to double time for holidays.

- 9.3 Should the days of on-site services provided for by this agreement be used prior to the end of the term, or if maintenance services beyond those covered by this contract are required then services will continue to be provided at the rates shown below...(all prices are \$U.S.).

Labor (including travel time)	\$110.00 per hour. (2 hour minimum)
Expenses	Billed extra and chargeable at Valmet's cost plus 15 %
Overtime	\$135.00 per hour for labor in excess of 8 hours and on Saturdays
Holiday rate	\$155.00 per hour for labor on Sundays and Valmet's statutory holidays

10 GENERAL PROVISIONS

This agreement shall be governed by the laws of the State of Oregon. Any litigation or Arbitration arising out of this agreement shall occur in an appropriate forum in Portland, Oregon.

Pricing does not include taxes for all services defined as per this agreement. Valmet acknowledges the customer is a tax exempt entity and taxes should not be invoiced.

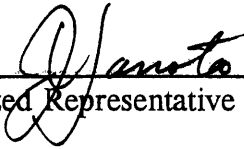
Valmet may make suggestions, for Customer consideration, relating to the operating system. Such suggestions will be based upon Valmet's best understanding of the process, but modifications or adjustment based upon such suggestions will be made at the sole risk of the Customer.

For 10 years after receipt the Customer will treat as confidential, and not disclose to any third party, any proprietary or confidential information received from Valmet under any circumstances. Valmet acknowledges that the confidentiality provisions of this paragraph are subject to ORS 142.410 to 142.505.

Valmet will exercise its best efforts in providing the services under this agreement, but is not responsible for delays or failure to perform, resulting from acts of God, government, labor difficulties, and other similar causes beyond the reasonable control of Valmet.

11 ACCEPTED BY THE FOLLOWING AUTHORIZED REPRESENTATIVES:

Valmet Automation (Canada) Ltd.

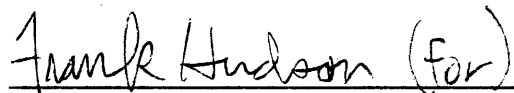
BY: 
Authorized Representative (Signature)

John Yanota
Authorized Representative (Printed)

TITLE: Manager, Customer Services

DATE: Sept. 21/93

APPROVED AS TO FORM


Jeffrey Rogers
City Attorney

CUSTOMER: CITY OF PORTLAND - Bureau of Water Works

BY: _____
Commissioner, Mike Lindberg

DATE: _____

BY: _____
Barbara Clark, Auditor

DATE: _____

Appendix "A"**Valmet Automation Customer Services****Valmet recognized Statutory Holidays**

1993

Friday January 1	New Years Day
Monday February 15	Family Day
Friday April 9	Good Friday
Monday May 24	Victoria Day
Thursday July 1	Canada Day
Friday July 2	In lieu of Remembrance Day 11 Nov 93.
Monday August 2	Civic Holiday
Monday September 6	Labour Day
Monday October 11	Thanksgiving Day
Friday December 24	In lieu of Christmas Day 25 Dec 93
Monday December 27	In lieu of Boxing Day 26 Dec 93
Monday January 3, 1994	In lieu of New Years Day 1 Jan 94

ORDINANCE No. 167306

*Authorize an agreement with Valmet Automation Ltd. for system maintenance services for a two year period at a cost not to exceed \$50,880 for the Water Control Center Control System and provide for payment. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. That Contract No. 24638 with Valmet Automation (Canada) Ltd. provided a control system equipment package (hardware and software) to monitor and control the water supply and distribution system .
2. That system maintenance services are necessary to effectively and efficiently maintain the Water Control Center Control System.
3. That Valmet Automation (Canada) Ltd. is the only firm that can provide the necessary system maintenance services for the Water Control Center Control System.
4. That it is necessary to enter into an agreement with Valmet Automation (Canada) Ltd. to provide the necessary system maintenance services for the Water Control Center Control System.
5. That there are sufficient funds in the Bureau of Water Works budget.

NOW, THEREFORE, The Council directs:

- a. That the Commissioner of Public Utilities and Auditor are authorized to execute on behalf of the City an agreement with Valmet Automation (Canada) Ltd. for system maintenance services at a cost not to exceed \$50,880, said agreement is to be substantially in accordance with Exhibit "A" attached to the original only of this Ordinance and, by reference, made a part thereof.

- b. That the Mayor and Auditor are authorized to draw and deliver warrants upon receipt of invoices, approved by the Bureau of Water Works, for services performed, said warrants not to exceed \$50,880 to be charged to the Bureau of Water Works' Budget, Center No. 18061296, Account Number 524000 (Repair / Maintenance), said warrants to be delivered to Valmet Automation (Canada) Ltd., 10333 Southport Road SW, Calgary, Alberta, Canada T2W 3X6.

Section 2. The Council declares that an emergency exists because a delay in authorizing this agreement would unduly delay benefits to the City; therefore, this Ordinance shall be in force and effect from and after its passage by Council.

Passed by the Council, JAN 26 1994

Commissioner Lindberg
RPH:rph
CENTER 18061296

BARBARA CLARK
Auditor of the City of Portland

By *Britta Olson*
Deputy

ORDINANCE NO. 167306

Title

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INTRODUCED BY	DATE FILED: JAN 20 1994
Commissioner Lindberg	Barbara Clark Auditor of the City of Portland By: <u>Cay Kerohner</u> Deputy For Meeting of: _____ ACTION TAKEN: _____
NOTED BY COMMISSIONER	
Affairs	
Finance and Administration	
Safety	
Utilities Commissioner Lindberg MDL	
Works	
BUREAU APPROVAL	
Bureau: Water Works	
Prepared by Date Randy P. Hawley January 3, 1994	
Budget Impact Review: <input checked="" type="checkbox"/> Completed <input type="checkbox"/> Not Required	
Bureau Head: <u>Michael F. Rosenberg</u> Michael F. Rosenberger, Administrator	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
				YEAS	NAYS
Consent <input checked="" type="checkbox"/>	Regular	Blumenauer	Blumenauer	<input checked="" type="checkbox"/>	
NOTED BY		Hales	Hales	<input checked="" type="checkbox"/>	
City Attorney		Kafoury	Kafoury	<input checked="" type="checkbox"/>	
City Auditor		Lindberg	Lindberg	<input checked="" type="checkbox"/>	
City Engineer		Katz	Katz	<input type="checkbox"/>	