



# STAFF REPORT

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**Meeting Type:** City Council  
**Meeting Date:** December 16, 2024  
**From:** Jeff Aprati, Interim Public Works Director  
Jenny Coker, Former Public Works Director  
**Subject:** Contract Approval: Veolia Five-Year Extension; Operations, Maintenance, and Management Services for Drinking Water and Wastewater Treatment Plants

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## **DECISION TO BE MADE:**

Whether to authorize the City Manager to execute an Amended and Restated Agreement with Veolia Water North America – West, LLC (Veolia) for Operations, Maintenance and Management Services.

## **BACKGROUND / CONTEXT:**

In 2018, the City of Sandy was asked to explore options for the operations of the drinking water and wastewater treatment plants. The City conducted a qualifications based selection in 2018. In the December 17, 2018 Council Meeting, the Council voted to issue a 90-day notice of intention to terminate the agreement with Jacobs, and to authorize the City Manager to sign a new contract with Veolia North America (attached).

The City of Sandy entered into a five-year agreement with Veolia for operations, maintenance, and management services for the drinking water and wastewater treatment plants on December 18, 2018, and Veolia assumed operations in March of 2019 for a duration of five years with the option to renew.

On February 20<sup>th</sup>, 2024 the City Council authorized a four-month extension of services until July 1, 2024 to allow for the City and Veolia to finalize details for a subsequent five year extension of services. Additional extensions occurred in June of 2024 and again in September 2024 as the City and Veolia's legal teams negotiated various aspects of the contract, including prevailing wage. Given the number of recommended edits from both sides, both City and Veolia staff ultimately decided to amend and restate the contract, rather than executing a simple contract amendment. However, the amended and restated contract will still fulfill the originally intended scope and duration of both the 2018 request for proposals and original agreement.

## **KEY CONSIDERATIONS / ANALYSIS:**

As was discussed in recent months before the Water & Wastewater System Improvements Oversight Committee, this amendment is necessary to continue to maintain a contract for operations services for the Drinking Water and Wastewater Treatment plants past December 31, 2024.

Veolia has been an important partner to the City in stabilizing and improving treatment and operations the last five years, as well as conducting stress testing of the system. This amendment updates the contract requirements for a new five-year term.

Operations of wastewater treatment plants especially continue to see staffing shortages, and a five-year renewal term is attractive for higher-level plant manager candidates that are looking for long term stability. The agreement also contains provision for termination, should the City so desire, giving flexibility to the City.

At the end of the next five years, the City will have completed upgrades to both the Wastewater and Water Treatment Plants, making it an appropriate time to conduct a new RFP process for contract operations services. Until that time, staff's opinion is that remaining with Veolia is in the City's interest given the firm's substantial involvement with the improvement projects currently in process.

Changes in the contract increase operations staffing numbers required to maintain adequate service coverage for both Water and Sewer Treatment Plants, increases labor pricing for certified operators to adjust for market conditions (and the recent losses of two employees to neighboring utilities), removes chemicals from the contract (with the exception of dewatering polymer), accounts for prevailing wage impacts, and include prorated increases for services of 6.72% that would have occurred at the former March renewal deadline. The new agreement changes the contract renewal date to January 1 every year instead of March 1, which is easier to accommodate for budgeting purposes.

**BUDGET IMPACT:**

The current agreement has an escalation calculation that occurs annually on the renewal date based on a formula in the agreement. This extension price agreement is in line with these calculations, and proposes and adjusted annual base fee of \$942,081 for Wastewater Services and \$223,615 for Water Services, and is included in the current budget.

**RECOMMENDATION:**

Authorize the City Manager to execute the Amended and Restated Agreement with Veolia for a five-year extension.

**SUGGESTED MOTION LANGUAGE:**

"I move to approve the Amended and Restated Agreement with Veolia Water North America-West, LLC, as included in the meeting packet."

**LIST OF ATTACHMENTS / EXHIBITS:**

- Amended and Restated Agreement 2024 (labeled with 'new' watermark)
- Original Veolia Agreement (labeled with 'existing' watermark)