



STAFF REPORT

Meeting Type: City Council
Meeting Date: February 20, 2024
From: Jenny Coker, Public Works Director
Subject: Contract Amendment: Operations, Maintenance and Management Services for the Drinking Water and Wastewater Treatment Plants

DECISION TO BE MADE:

Whether to authorize the City Manager to execute Amendment No. 1 to the agreement with Veolia Water North America – West, LLC (Veolia) for Operations, Maintenance and Management Services.

BACKGROUND / CONTEXT:

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. The agreement expires on March 1, 2024. The contract includes a provision for the City to extend the agreement for an additional five years.

The City has been working to clarify points in the existing agreement to better define terms for the upgraded treatment plants, and both parties have proposed a four month extension of the current agreement through June 30, 2024 to continue the effort to modify the existing agreement.

KEY CONSIDERATIONS / ANALYSIS:

As was discussed at the February 1st meeting of 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 plant past March 1, 2024.

Veolia has been an excellent 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 will allow the City and Veolia to finalize the updated agreement for a new five year term, which staff will bring back to the Council by the end of this fiscal year for consideration.

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.

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 \$735,395 for Wastewater Services and \$242,650 for Water Services, which is an annual increase of 6.37% and is included in the current budget.

RECOMMENDATION:

Authorize the City Manager to execute Amendment 1 with Veolia for a four-month extension.

SUGGESTED MOTION LANGUAGE:

"I move to approve Amendment 1 to the City's agreement with Veolia Water North America-West, LLC, as included in the agenda packet."

LIST OF ATTACHMENTS / EXHIBITS:

- Veolia Amendment 1
- Original Veolia Agreement