

STAFF REPORT



SUBJECT: Stephenville Wastewater Treatment Plant
Amendment to Agreement for Operations, Maintenance and Management Services
Jacobs/CH2M OMI Proposed Agreement Amendment for FY 2023-2024

MEETING: Public Works Committee Meeting - 14 NOV 2023

DEPARTMENT: Public Works

STAFF CONTACT: Nick Williams

RECOMMENDATION:

Staff recommends approval of the proposed contract amendment with a 3.50% base rate increase. The proposed increase of \$24,266.13 yields an annual wastewater treatment operational cost of \$986,902.13 in accordance with the existing agreement.

BACKGROUND:

Provisions of the existing operations and maintenance agreement with CH2MHILL/OMI are reviewed annually. The city originally entered into an agreement with OMI in 1996 for the daily operations and maintenance of the wastewater treatment plant (WWTP). The city renewed the contract with CH2MHILL/OMI on October 7, 2014. The term of the agreement was extended to match the finance period for two backup electrical generators, which CH2MHILL/OMI agreed to finance at no cost to the city. The agreement was renewed in FY20-21 with a five-year renewal setting the existing agreement expiration at September 30, 2026.

The base fee for last fiscal year (FY22-23) was \$934,635.52 and included \$98,000 and \$134,000 for the respective rebateable items of sludge hauling and chemical usage. The base fee also included \$9,318.00 for the continued management of the city's state-mandated Fats, Oils, and Greases (FOG) program.

FISCAL IMPACT SUMMARY:

The FY23-24 proposal negotiates a 3.50% operational base rate increase of \$24,266.13 for a total annual operational cost of \$986,902.13.

The requested base rate percentage increase is a negotiated, proposed increase.

Using the contractually calculated, default adjustment, verified using the contract Base Fee Adjustment Formula in Appendix E of the executed agreement, would result in an 6.89% increase. The overall 3.39% cost savings, achieved between the contractually calculated 6.89% increase and the proposed 3.50% increase, yields \$23,503.48 in negotiated cost savings.

The amendment proposes to maintain the rebateable sludge hauling costs at \$98,000 and increase the rebateable bulk chemical costs by \$28,000 (20.9%), from \$134,000 to \$162,000. Rebateable items are pass-through costs and chemicals have increased significantly since last year. The requested 20.9% increase in chemicals accounts for 53.6% of the total operational increase this fiscal year.

The proposal maintains the provision for the Fats, Oils, and Greases (FOG) tracking program at the rate of \$9,318.00.

The total proposed contract amount, including base fee operations, sludge hauling, chemicals, and FOG program management is \$986,902.13; a \$52,266.61 or 5.6% overall increase from FY22-23.

The FY23-24 budget included \$934,635.52 for operations. The increased amount of \$52,266.61 would need to be offset by a reduction in capital expenditures to make up the difference in the budgeted amount and the proposed amount.

ALTERNATIVES TO PROPOSAL:

The following alternatives are offered for consideration:

1. Do not recommend approval of the contract amendment with the proposed 3.50% operational base rate increase;
2. Postpone amendment approval and renegotiate the terms of the amendment.

ADVANTAGES:

Approval of the proposed agreement amendment provides for a \$23,503.48 (3.39%) cost savings. Approval also provides access to global, industry expertise and allows the city to take advantage of bulk pricing discounts for chemical usage.

DISADVANTAGES:

Approval of the proposed agreement amendment provides is a 5.6% overall increase to the contract and is \$52,266.61 over the allocated budget for the cost of daily operations and maintenance of the Stephenville WWTP.

ATTACHMENTS:

Attached is a copy of the proposed annual agreement amendment from Jacobs/CH2M OMI for FY2022-2023 for the continued daily operations and maintenance of the Stephenville Wastewater Treatment Plant. Also attached are supporting calculations.

1. [WWTP Operations Amendment – Proposed](#)
2. [WWTP Operations Amendment – Supporting Calculations](#)