



REQUEST FOR COUNCIL ACTION

Title: Request for Proposal for Contract operator for Water/Wastewater Treatment Facilities

Preferred Agenda: May 26, 2020

Submitted By: T. Rice, Engineering Tech
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Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion X Roll Call ____ Other ____

Relevant Code/Policy: NA

Towards Council Goal: 2.5: Continue to implement best financial practices
2.6: Employ sound technology to maximize efficiency

Attachments: RFP for O&M of the Treatment Facilities,
RFP for O&M of the Treatment Facilities – contract
RFP for O&M of the Treatment Facilities – Attachment A scope of work

Purpose of this RCA:

Authorization from City Council to choose a future path from presented Treatment Services Options.

Background/Context:

In October 2006, the City of Sweet Home (City) and Jacobs entered into an agreement to provide complete operation, maintenance and management services of the City's municipal water and municipal wastewater treatment facilities. This initial agreement was for a period of ten years with an automatic five-year extension.

During a work session on August 11, 2015, City Council considered early renewal options and upon discussion with staff and representatives of Jacobs, Council indicated a desire to consider moving forward with a fifteen-year extension.

In September, 2015, the City and Jacobs entered into a new agreement to provide complete operation, maintenance and management services of the City's municipal water and municipal wastewater treatment facilities. This agreement was agreed upon for sixteen (16) years, commencing on July 1, 2015, and ending July 30, 2031, with an option to automatically renew for an additional term of five (5) years.

In July, 2017, the City Council approved and signed Amendment No. 2 continuing the contract with Jacobs to provide complete operation, maintenance and management services of the City's municipal water and municipal wastewater treatment facilities at a cost of \$1,030,359.

In June, 2018, the City Council approved and signed Amendment No. 3 continuing the contract with Jacobs to provide complete operation, maintenance and management services of the City's municipal water and municipal wastewater treatment facilities at a cost of \$1,061,270.

In March, 2019, the City conducted a condition assessment of the Water Treatment Plant and documented several deficiencies.

In May, 2019, Jacobs requested an additional 3% increase in operational compensation for the for the operations, maintenance, and management services for the City to perform all administration and operations functions of the City's water and wastewater treatment facilities, an increase to \$1,091,108 for the 19/20 FY Budget. Council rejected the proposed amendment.

In August 2019, City staff presented an Operations and Administration services evaluation, identifying different options for WTP/WWTP Treatment services. Staff evaluated different contract operation firms, and options for taking over operations internally with City Staff.

In September 2019, City staff gave a presentation outlining 3 different timelines, indicating a potential path moving forward, 1.) Doing nothing (Status Quo) 2.), New Contract Operator for city treatment facilities, 3.) Take over the facilities internally.

On May 12th, City staff presented a draft Request for Proposal for Operation and Maintenance of the Treatment Facilities for information purposes along with updated timeline for a New Contract Operator for city Treatment Facilities

The Challenge/Problem:

How do we support, fund, and maintain an effective wastewater/water treatment operation of our facilities, while ensuring our wastewater/water rates remain affordable for community members of Sweet Home?

Stakeholders:

- City of Sweet Home. The City of Sweet Home has the legal obligation to operate and maintain the water and wastewater treatment facilities in a responsible, reliable, and cost-effective manner.
- City of Sweet Home Public Works Department. The Public Works Department recently hired qualified staff with authorized certifications through the State of Oregon who can operate the water and wastewater treatment facilities. The operations, maintenance, and management agreement between the City and Jacobs provides staffing with professional water/wastewater certifications to operate the facilities as defined by the State of Oregon.
- City of Sweet Home Ratepayers. Ratepayers are the owners/customers of the municipal water and wastewater treatment facilities with the expectation they are to be operated in compliance and efficiently. It is the ratepayers who ultimately bear all costs of operation.
- Jacobs. Jacobs is contracted by the City to operate and maintain all administrative and operational functions for the water and wastewater treatment plants.
- Oregon Department of Environmental Quality (DEQ). The Oregon Department of Environmental Quality is the regulatory agency ensuring compliance with the City's Wastewater Treatment Plant.
- Oregon Health Authority. The Oregon Health Authority is the regulatory agency ensuring compliance with the City's Water Treatment Plant.

Issues and Financial Impacts:

Public Works Department. The Public Works Department is responsible to oversee all budgetary costs and operational coordination between the City and Jacobs to ensure the water/wastewater municipal treatment facilities are operated in compliance and efficiently. The proposed 19/20 FY Budget has earmarked the necessary funds (\$1,093,108) to support the annual contract amendment to Jacobs for operation, maintenance, and management services for the water and wastewater treatment facilities.

The City currently does not have enough qualified staff with authorized certifications through the State of Oregon to operate the water and wastewater treatment facilities and may have difficulty attracting enough certified applicants. There is a nationwide shortage of certified operators which has created a candidate-driven job market and Sweet Home may have difficulty competing with similar locally available job openings.

If Council determined that the City would take control of the administration and operations of treatment facilities, staff would develop a budget of \$1,086,293, and a one-time contract termination fee of \$53,063.50 to Jacobs. With that \$1,086,293 proposed budget, there would be an additional on-site staff member for maintenance repair and increase the Material and Services budget by an additional \$94,152.

Elements of a Stable Solution:

Provide efficient administration and operational oversight of the City's water and wastewater treatment facilities. A contracted service will provide staffing with professional water/wastewater certifications to continue to operate the facilities in compliance with state requirements.

Options:

1. Do Nothing. Not recommended. This will maintain the status quo. The Public Works Department has a single qualified staff member with authorized certifications through the State of Oregon who can operate the water and wastewater treatment facilities. Jacobs would continue to perform Administrative and Operations of the WTP/WWTP.
2. Authorize the solicitation of a new Contract Operator by the posting of this RFP. Posting the solicitation through the City website, local media, and the Daily Journal of Commerce will provide the broadest possible reach for potential proposers. Staff will rank the responses and conduct negotiations with the highest-ranked proposer, then return to Council to authorize the proposed contract.
3. Review the Contract Operations RFP and suggest revisions. Staff will revise the RFP to address council's area of concern and present a new draft to Council at a later date.
4. Approve and execute "re-submitted" Amendment No. 4 with Jacobs. Not recommended. This will approve Jacob's request to amend the contract terms, including removal of the Termination for Convenience provision.
5. Terminate the contract with Jacobs and initiate in-house administration and operations of the treatment facilities. Not recommended. This is a long-term goal that staff would like to work toward, but staff has concerns about being able to attract enough certified operators in the current candidate-driven job market. Staff would prefer to gradually hire/develop our certified staff over time and initiate the transition to in-house operations at a later date.

Recommendation:

Staff recommends Option 2, Authorize the solicitation of a new Contract Operator by the posting of this RFP.