# CITY OF COOS BAY CITY COUNCIL
## Agenda Staff Report

| MEETING DATE<br>June 6, 2017 | AGENDA ITEM NUMBER |
|---|---|

TO:        Mayor Benetti and City Councilors

FROM:    Jim Hossley, Public Works and Community Development Director

THROUGH:   Rodger Craddock, City Manager

ISSUE:    Approve an Addendum to Existing Contract with CH2M for the Operations, Maintenance, and Management of the Wastewater System

## SUMMARY:

An amendment to the July 1, 2011 contract with CH2M for operations, maintenance and management services for the wastewater system should be executed for the period of July 1, 2016 to June 30th, 2017. An amendment has been created (see attached). There are no changes or cost increases from the last amendment. Staff is finalizing the negotiations of a new 10-year contract and plans to present this contract to Council at the June 13, 2017 Work Session.

## ACTION REQUESTED:

If pleases the Council, approve contract amendment number 5 for operations, maintenance, and management of the wastewater system with CH2M for fiscal year ending June 30, 2017.

For additional information, see the attached May 23, 2017 Joint Council / URA Work Session report.

# CITY OF COOS BAY
## JOINT CITY COUNCIL / URA WORK SESSION
### Agenda Staff Report

| MEETING DATE<br>May 23, 2017 | AGENDA ITEM NUMBER |
| --- | --- |

TO:        Mayor Benetti and City Councilors

FROM:    Jim Hossley, Public Works and Community Development Director 

THROUGH:   Rodger Craddock, City Manager 

ISSUE:    Approve an Addendum to Existing Contract with CH2M for the Operations, Maintenance, and Management of the Wastewater System

## SUMMARY:

An amendment to the July 1, 2011 contract with CH2M for operations, maintenance and management services for the wastewater system should be executed for the period of July 1, 2016 to June 30th, 2017. An amendment has been created (see attached). There are no changes or cost increases from the last amendment. Staff is finalizing the negotiations of a new 10-year contract and will present this contract to Council at the June 3, 2017 Work Session.

## ACTION REQUESTED:

Approve Amendment Number 5 for operations, maintenance, and management of the wastewater system for fiscal year ending 2017.

## BACKGROUND:

In the latter part of 2015 the City advertised a request for qualifications for operations, maintenance, and management of the wastewater system. Two qualifications were received (CH2M and Veolia). On March 1, 2016, City Council directed staff to negotiate a 10-year contract with CH2M. The original contract was set to expire June 30, 2016.

Prior to the contract expiring, the Council wanted to explore privatizing the wastewater system, as a result, the negotiations were put on hold. The privatization investigation continued for the reminder of the calendar year. In early 2017, Council decided to not pursue privatizing the wastewater system.

In early 2017, Staff resumed negotiations. Due to the large scope, fee, and duration of this contract there are many complex issues that had to be negotiated, reviewed by both the City's and CH2M's attorneys, and reviewed by risk managers. This negotiation and review took longer than expected. Additionally, during this time, the City performed their annual audit. The audit revealed areas in the contract that needed further attention. At this time, it is anticipated that Staff will present the final negotiated contract to Council at the June 3rd Work Session. However, for this current fiscal year ending 2017, an addendum to the old contract should be executed.

## BUDGET IMPLICATIONS:

Total cost for the operations, maintenance, and management of the wastewater system for the period of July 1, 2016 to June 30, 2017 is $2,063,740. Funds for this addendum will come from the Wastewater Expenditures Fund 3: Plant 1 (Department 351), Plant 2 (Department 352), Collections/Sanitary (Department 353), and Collections/Stormwater (Department 355.

## Attachments:

Amendment No. 5 to the Agreement for Management, Operations, and Maintenance Services.

**ch2m**

AMENDMENT NO. 5
to the
AGREEMENT FOR MANAGEMENT, OPERATIONS, AND MAINTENANCE SERVICES
for the
CITY OF COOS BAY, OREGON

This Amendment No. 5 to the Agreement for Operations, Maintenance and Management Services dated July 1, 2011 (the "Agreement") is made effective this ____ day of May, 2017 by and between the City of Coos Bay (hereinafter "Coos Bay") and Operations Management International, Inc. (hereinafter "CH2M HILL OMI").

1. Article 6.1 is deleted in its entirety and replaced with the following:

   Estimated Total Direct Costs. The Estimated Total Direct Cost shall be the estimated direct cost for CH2M HILL OMI to manage, operate, repair, and maintain the project during a contract year. The estimated direct costs for the contract year beginning July 1, 2016 and ending June 30, 2017 of this Agreement (inclusive of the amount set forth in Appendix A.4.1) are One Million Seven Hundred Thirty Four Thousand Two Hundred Thirty Five Dollars ($1,734,235).

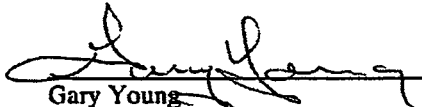2. Article 6.3 is deleted in its entirety and replaced with the following:

   Base Fee. The Base Fee shall be the sum of the Estimated Total Direct Cost plus the Management Fee. The Base Fee for the contract year beginning July 1, 2016 and ending June 30, 2017 of this Agreement shall not exceed Two Million Sixty Three Thousand Seven Hundred Forty Dollars ($2,063,740).

This Amendment together with the previous amendments and the Agreement constitutes the entire agreement between the Parties and supersedes all prior oral and written understandings with respect to the subject matter set forth herein. Unless specifically stated, all other terms and conditions of the Agreement shall remain in full force and effect. Neither this Amendment nor the Agreement may be modified except in writing signed by an authorized representative of the Parties.

The Parties, intending to be legally bound, indicate their approval of the Amendment by their signatures below.

**OPERATIONS MANAGEMENT INTERNATIONAL, INC.**

Gary Young
Title: Designated Manager
Date: _5 - 10 - 2017_

**CITY OF COOS BAY**

Rodger Craddock
Title: City Manager

Joe Benetti
Mayor, City of Coos Bay

REVIEWED AS TO FORM:

_Nathan McClintock
City Attorney
City of Coos Bay

Date: _____