



City Council Staff Report

Date: June 16, 2010

CONSENT CALENDAR

Subject: APPROVAL OF AMENDMENT NO. 10 TO THE AMENDED AND RESTATED WASTEWATER SERVICES AGREEMENT (AGREEMENT NO. 4123) WITH VEOLIA WEST OPERATING SERVICES, INC. (FORMERLY VEOLIA WATER NORTH AMERICA-WEST, LLC)

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

SUMMARY

Agreement No. 4123 with Veolia West Operating Services, Inc., ("Veolia"), provides the City with turn-key operation and maintenance of the City's sanitary sewer system. An amendment to the current agreement is recommended to compensate Veolia for on-going operation and maintenance ("O&M") of the recently completed reclaimed water pump station.

RECOMMENDATION:

- 1) Approve Amendment No. 10 to the Amended and Restated Wastewater Services Agreement (Agreement No. 4123) with Veolia West Operating Services, Inc. (formerly Veolia Water North America-West, LLC); and
- 2) Authorize the City Manager to execute all necessary documents.

STAFF ANALYSIS:

On June 21, 2006, City Council approved the Amended and Restated Wastewater Services Agreement (Agreement No. 4123) with Veolia West Operating Services, Inc. (formerly Veolia Water North America-West, LLC) ("Veolia"). The Agreement provides the City with operation and maintenance of the City's sanitary sewer collection system and its wastewater treatment plant, as well as to provide the City with a variety of associated programs (such as the Fats, Oils and Grease [FOG] pollution control program, stormwater quality program, and sewer system management plan). The Agreement was a restatement of an original agreement with Veolia (at that time known as U.S. Filter) approved July 28, 1999.

Pursuant to Section 7.1 "Fees" of the agreement, the City pays a monthly O&M Fee comprised of an O&M Annual Capital Recovery fee and an O&M Fixed Component fee. The O&M Annual Capital Recovery fee was originally negotiated at an annual rate of \$41,502 and remains unchanged. For the 2010/2011 fiscal year, the O&M Fixed Component fee will be \$3,051,718.

Section 7.4 "Adjustment to Fees and Additional Compensation for Certain Items" of the agreement provides for an increase to the O&M Fixed Component fee for any additional operating and maintenance costs associated with the wastewater treatment plant ("WWTP"). Recently, Veolia completed construction of a new reclaimed water pump station for the WWTP. Previously the existing reclaimed water pump station was operated and maintained by the City's Department of Parks and Recreation and provided unreliable service to the WWTP. It was determined that a new reclaimed water pump station operated and maintained by Veolia would be in the best interests of the WWTP, to be certain that an uninterrupted supply of reclaimed water would be delivered to the WWTP for its use.

Section 7.4 (g) "Change of Scope" of the agreement allows for the O&M Fee to be increased for any substantial change in the scope of Veolia's services set forth in the agreement, and/or any substantial change in the costs of operation and maintenance of the WWTP. In this case, the entire operation and maintenance of the reclaimed water pump station has been transferred from the City to Veolia, by way of a new pump station that is now completed and in use. Veolia has estimated the cost for all maintenance and repair of the pump station for the remaining term of the agreement, which results in an annual cost of \$10,324. This increase to the O&M Fixed Component fee would provide the City with Full-Risk Repair and Maintenance (not just inspection and preventative maintenance). As with all other equipment at the WWTP, Veolia will not only maintain the equipment, but will also make all required repairs or, if necessary, replace any of the pump station equipment during the remaining term of the agreement. As the new pump station includes a Programmable Logic Controller, 3 adjustable frequency drives, a motorized valve actuator, and 2 flow meters, repair and replacement of any of this equipment would be costly, and will be guaranteed by Veolia pursuant to the terms of the agreement by officially including the pump station as an element of the WWTP that Veolia is to operate and maintain.

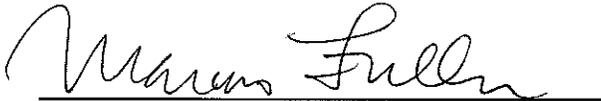
Staff has prepared a contract amendment that will adjust the O&M Fixed Component fee to reflect the O&M of the new reclaimed water pump station.

FISCAL IMPACT:

Sufficient funds are available in the Wastewater Fund, account 420-6800-43200 (contractual services). All services associated with the contract amendment are related to the sanitary sewer system, and therefore, no local General Funds will be used.

Prepared by:

Recommended by:



Marcus L. Fuller
Assistant Director of Public Works

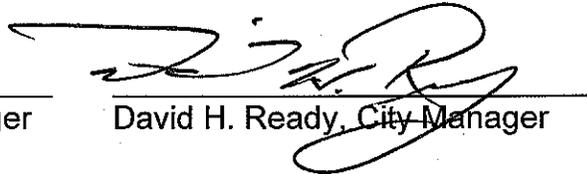


David J. Barakian
Director of Public Works/City Engineer

Approved by:



Thomas J. Wilson, Asst. City Manager



David H. Ready, City Manager

ATTACHMENTS:

1. Contract Amendment

AMENDMENT NO. 10 TO THE AMENDED AND RESTATED AGREEMENT NO. 4123
WITH VEOLIA WEST OPERATING SERVICES, INC.
(FORMERLY VEOLIA WATER NORTH AMERICA-WEST, LLC)
WASTEWATER SERVICES (OPERATIONS AND MAINTENANCE)

The following articles of Agreement No. 4123 are hereby amended as follows:

1. Section 7.1 **Fees**. – Sub-section (b)(ii) **O&M Fixed Component** shall be revised, as follows:

The following shall be added:

Effective July 1, 2010, the O&M Fixed Component fee shall be increased by \$10,324 for the period of July 1, 2010, until June 30, 2011, and shall thereafter be adjusted pursuant to Section 7.2. The component of said increase is identified as the Reclaimed Water Pump Station.

Purchase Order Number(s):	816110
Agreement Number:	4123
Original City Council Approval:	June 21, 2006
Original M.O. Number:	7883
Original Contract Amount:	\$ 3,099,980.00
Amount of Previous Increase(s)	\$ 129,228.00
Amount of This Increase	\$ 10,324.00
Amended Total:	\$ 3,239,532.00
Account Number:	420-6800-43200

SIGNATURES ON LAST PAGE

Except as specifically amended by this Amendment No. 10, all terms and provisions of Agreement No. 4123 shall remain in full force and effect.

ATTEST:

CITY OF PALM SPRINGS,
a California charter city

By: _____
City Clerk

By: _____
City Manager

APPROVED AS TO FORM:

By: _____
City Attorney

VEOLIA WEST OPERATING SERVICES, INC.

CONTRACTOR: Check one: Individual Partnership Corporation

Corporations require two notarized signatures: One signature must be from the Chairman of Board, President, or any Vice President. The second signature must be from the Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, or Chief Financial Officer).

By: _____
Notarized Signature of Chairman of Board,
President or any Vice President

By: _____
Notarized Signature Secretary, Asst Secretary,
Treasurer, Asst treasurer or Chief Financial Officer

Name: _____

Name: _____

Title: _____

Title: _____

State of _____ }

State of _____ }

County of _____ }ss

County of _____ }ss

On _____ before me, _____

On _____ before me, _____

personally appeared _____ who proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

personally appeared _____ who proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

WITNESS my hand and official seal.

Notary Signature: _____

Notary Signature: _____

Notary Seal:

Notary Seal:

