



Town of Discovery Bay

"A Community Services District"

AGENDA REPORT

Meeting Date

March 16, 2016

Prepared By: Catherine Kutsuris, Interim General Manager
Submitted By: Same

Agenda Title:

Contract with Veolia Water West Operating Services Inc.

Recommended Action:

Authorize the Board President and the Interim General Manager to sign, on behalf of the District, the First Amendment and Renewal of the Contract for the operation and maintenance of water and wastewater facilities.

Executive Summary:

The Town of Discovery Bay and Veolia Water West Operating Services entered into an agreement that was effective on May 1, 2011, for the operation and maintenance of wastewater and water facilities. The initial term of the agreement ends on April 30, 2016, with the provision that the parties may extend or renew the agreement for one or two successive terms of sixty (60) months each. Veolia provided a Notice of their Intent to initiate discussion and negotiations with the District on July 31, 2015.

Negotiations with Veolia commenced with the January 27th, 2016 letter from Veolia (a copy of which is attached). The key issue was the desire to add an Instrumentation and Controls Technician as well as an additional Utility worker to manage not only the existing processes that have recently been added but the planned new processes. Since the contract was signed in 2011, the District has been active constructing needed improvements to the wastewater and water facilities, including two new green houses for bio-solids, a new oxidation ditch, a new clarifier, an additional well and new SCADA and radio communications system.

District staff has met with Veolia and recommends that the Board authorize the Board President and the Interim General Manager to sign a contract amendment on behalf of the Town that incorporates the following:

1. Term:

The term of the contract would not change. The Contract Amendment would provide that this is the First Amendment and Renewal of the Contract. The existing Contract allows for one or two 60-month extensions subject to the Board's approval. This extension would be the first of two possible extensions.

2. Compensation:

The compensation of the contract is proposed to increase to \$1,553,034, which is \$298,962.00 over the 2015/16 rate. It should be noted that this amount includes the annual inflationary adjustment of 2.5% which was calculated consistent with the provisions of Section 2.4 of the contract. The key changes driving the increase are the addition of the Instrumentation and Controls Technician and the Utility worker, increasing the staffing from eight to ten. Veolia currently provides an I/C Technician one day per week. It is our District Engineer's position that this level must be increased to full time in order to adequately manage the District's resources.

3. Recruitment Period Coverage:

The existing contract provides that Veolia will pay the District at an established rate when positions have become vacant in excess of 90 days. The concern with this provision is that during the 90-day period, the management of District resources can get backlogged, ultimately increasing our costs. This contract amendment provides that Veolia will bring in temporary staff to ensure consistent coverage between the period of when vacancy occurs and the replacement of the staff member.

4. I/C Technician Assigned to Other Relevant District Projects:

The District proposed, and Veolia agreed, that the Instrumentation and Controls Technician may be assigned to other relevant work in the District. The addition of this Technician presents the opportunity for measurable cost savings if this individual can be assigned to other projects that might otherwise require outside contracts (e.g. sewer lift station rehabilitation).

5. Additional Services:

Veolia proposed, and the Town did not agree, to include an 8% increase in all out of scope work. The contract however does not include a provision for Veolia to perform out of scope work when requested. The Town has, in the past contract term, requested some out-of-scope services. As such, both parties have agreed that the contract should be amended to provide that out of scope may be requested and performed and that the cost can be negotiated at that time.

6. Consultation for the I/C Technician Hiring:

The District proposed, and Veolia has agreed, that the District will be consulted on the hiring of the Instrumentation and Controls Technician to provide feedback on the competency prior to the hiring.

7. Amendment of the Certifications and Experience for the Plant Manager:

The District proposed, and Veolia agreed, to increase the requirements of the Plant Manager to a Grade 4 Wastewater or higher upon the reclassification of the Plant to a Class 4 facility. In addition, the level of experience has increased from three years to five years at the grade 3 or grade 4 level. The intent is to ensure that the classification/certification of the Plant management keeps pace with the increase in complexity of the Plant.

8. Amendment for the Certifications and Experience for the Chief Plant Operator:

The District proposed, and Veolia agreed, to include within the contract the requirement for a Chief Plant Operator who is responsible for the process operations and who is designated to sign and certify all state and Regional Water Quality Control Board reports. The Chief Plant Operator shall have a minimum Grade 4 or higher license and shall have a minimum of 5 years' experience. It should be noted that Veolia currently provides this classification of employee at the Plants but it is not included within the existing contract.

9. Appendix B Amendments:

The District proposed, and Veolia agreed to update Appendix B to include all existing water and wastewater facilities as of April 1, 2016 and planned future facilities:

A. Wastewater:

1. Effluent Title 22 Filtration Facilities at Plant 2;
2. Upgraded U.V. Facilities at Plant 2;
3. New Denitrification Facilities at Plant 1 and Plant 2;
4. Rehabilitation of existing facilities at Plant 1; and
5. Collection system improvements and planned expansions consistent with the Wastewater Treatment Master Plan of February 2013.

B. Water:

1. Well #7;
2. Well #8;
3. Upgraded filter capacity at both water treatment plants; and
4. Distribution system improvements and planned expansion consistent with the Water Master Plan of January 2012.

10. Appendix C Amendments:

The District proposed, and Veolia agreed to amend Appendix C to reflect the updated NPDES permit effective June 6, 2012 as well as the following project design upgrades:

- A. Average Annual Flow = 2.35 MGD (from 2.1);
- B. Average Annual BOD5 = 4,000 lbs./day (from 3,500);
- C. Average Annual Total Suspended Solids = 4,000 lbs./day (from 3,678); and
- D. Daily Peaking factor: reflecting the following: Peak hour flows and maximum month loadings shall be as described in the current Town of Discovery Bay Wastewater Treatment Plant Master Plan Dated February 2013, and all subsequent addendums.

District staff believes that the changes identified herein are fair and are in the best interest of the Town. Accordingly, we recommend the Board authorize a contract amendment be signed consistent with the above ten items.

Fiscal Impact:

Amount Requested \$

Sufficient Budgeted Funds Available?: (If no, see attached fiscal analysis)

Prog/Fund # Category: Pers. Optg. Cap. -or- CIP# Fund#

Previous Relevant Board Actions for This Item

Attachments

Veolia Water letter dated January 27, 2016