



## Legislation Text

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**File #:** 08-0842, **Version:** 1

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Resolution to Amend a Service Agreement with Synagro Central, LLC for Land Application of Municipal Wastewater Biosolids, RFP No. 657 (estimated first-year cost of \$49,350.00)

Your approval is requested to amend the service agreement with Synagro Central, LLC (Synagro) for hauling and land applying municipal wastewater biosolids from the City's Wastewater Treatment Plant (WWTP).

The WWTP utilizes contracted services for the application of wastewater biosolids to farm land during certain portions of the year, which coincide with typical farming practices, and disposes biosolids in a landfill during the balance of the year. Land application usually occurs during the months of April through December. The yearly amount of biosolids currently land applied is approximately 23,500,000.00 gallons.

Through RFP No. 657, the WWTP solicited proposals for providing biosolids land application services. On May 7, 2007, Council approved a service agreement with Synagro for three years with the option for two one-year renewals to land apply biosolids at a unit cost of \$0.0319 per gallon. This contract allows an annual adjustment to the unit cost based on 80% of the Consumer Price Index.

At the time Synagro submitted its proposal, it had included anticipated fuel cost adjustments in the proposed unit cost to land apply biosolids. However, it did not anticipate the level of increased costs for fuel that has occurred over the past year and requested the City to help defray these cost increases.

Your approval is requested to amend the service agreement with Synagro, retroactive to April 1, 2008, to delete the Consumer Price Index clause and include a Fuel Cost Adjustment (FCA) clause. The FCA will fluctuate with the cost of diesel fuel as published by the US Department of Energy website Midwest PADD2, for diesel fuel as published on the internet at <http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp>. Fuel cost adjustment reviews will be conducted on April 1 and August 1 of each contract year for the duration of the agreement. When the FCA exceeds a level of 30% higher or lower than the baseline fuel index level on April 1, 2007, then the FCA will be applied to 13.6% of the unit price, which is the portion of the unit price attributed to fuel cost at the time of Synagro's proposal. The adjustment will be applied to the unit price and become effective on April 1 and August 1 of each remaining contract year including contract renewals as allowed by the agreement.

Synagro received Human Rights approval on August 26, 2008 and complies with the City's living wage requirements. The standard agreement for services without modification will be used for this amendment between the City and Synagro.

You are requested to approve an amendment to the service agreement with Synagro. The estimated first year additional annual agreement cost is approximately \$49,350.00.

Funds to finance these services during FY 09 are available in the FY 09 WWTP Operations and Maintenance (O&M) budget for the Sewage Disposal System. Funds to finance these services for the remaining year of the contract and the renewal years, if any, will be included in the WWTP's future O&M budget requests.

Prepared by: Earl J. Kenzie, Wastewater Treatment Services Manager

Reviewed by: Sue F. McCormick, Public Services Administrator

Approved by: Roger W. Fraser, City Administrator

Whereas, The Public Services Area, Wastewater Treatment Services issued RFP No. 657 for the land application of biosolids from the City's Wastewater Treatment Plant to continue the beneficial reuse of biosolids;

Whereas, On May 7, 2007, Council approved a contract with Synagro Central, LLC for three years with the option for two one-year renewals to land apply biosolids at a unit cost of \$0.0319 per gallon;

Whereas, The contract with Synagro Central, LLC allows an annual adjustment to the unit cost based on 80% of the Consumer Price Index;

Whereas, Unexpected and substantial increases in fuel costs have created a hardship for Synagro Central, LLC; and

Whereas, On August 26, 2008, Synagro Central, LLC received Human Rights approval;

RESOLVED, That Council approve an amendment to the service agreement with Synagro Central, LLC, retroactive to April 1, 2008, to delete the Consumer Price Index adjustment clause and add a Fuel Cost Adjustment (FCA) clause that applies to 13.6% of the unit price when the FCA exceeds a level of 30% higher or lower than the baseline fuel index level on April 1, 2007;

RESOLVED, That the Mayor and the City Clerk be authorized to sign the service agreement amendment approved as to form by the City Attorney;

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution; and

RESOLVED, That the services be funded from the approved FY 09 WWTP Operations and Maintenance (O&M) budget for the Sewage Disposal System and that the costs for the remaining year of the contract and the renewal years, if any, will be funded by the WWTP's future O&M budget requests if so approved by Council.