

City of Fayetteville Item Review Form

2014-0197

Legistar File Number

5/6/14

City Council Meeting Date - Agenda Item Only  
N/A for Non-Agenda Item

Don Marr

Submitted By

Utilities

Department

Action Required:

Approval of Contract Amendment No. 5 with CH2MHILL Engineers, Inc. for \$80,632 to add utility engineering services for 2014.

Does this item have a cost?  Yes

\$80,632.00

Cost of this request

5400.4020.5314.02

Account Number

48048.4020

Project Number

\$7,441,518.00

Category or Project Budget

\$7,441,518.00

Funds Used to Date

-\$80,632.00

Remaining Balance

Wastewater Treatment

Program or Project Name

Wastewater Treatment

Program or Project Category

Water/Sewer

Fund Name

Budgeted Item?  Yes

Budget Adjustment Attached?  Yes

V20130812

Previous Ordinance or Resolution # 240-13

Original Contract Number: 2113



Comments:

*Kuffman* 4-22-14

*Paul a. Butler* 4-22-2014

*Don Marr* 4-22-14  
*Samuel Jordan*

*Received in Mayor's office*  
*4-22-14 BCP*  
*Pam*



## CITY COUNCIL AGENDA MEMO

MEETING OF MAY 6, 2014

TO: Mayor and City Council

THRU: Don Marr, Chief of Staff

FROM: Billy Ammons, Wastewater Treatment 

DATE: April 18, 2014

**SUBJECT:** Contract Amendment # 5 with CH2M HILL Engineers, Inc. to add Utility Engineering Services for June through December 2014 to their existing contract for operation, maintenance, management and engineering services, increasing the total contract value by \$80,632 for 2014 from \$7,441,428 to \$7,522,060.

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### RECOMMENDATION:

City Administration recommends approval of Contract Amendment # 5 with CH2M HILL Engineers, Inc. to add Utility Engineering Services for June through December 2014 to their existing contract for operation, maintenance, management and engineering services, increasing the total contract value by \$80,632 for 2014 from \$7,441,428 to \$7,522,060.

### BACKGROUND:

Amendment # 5 with CH2M HILL Engineers, Inc. for \$7,522,060 for 2014 for operation, maintenance, management and engineering services for the City's wastewater treatment facilities and systems is attached. When the original Noland WWTP upgrade was completed in 1987, the City contracted with OMI (now CH2M HILL) for wastewater treatment services. The scope of services provided by CH2M HILL include: (1) operate and maintain the Noland and West Side Wastewater Treatment Plants (WWTP); (2) operate and/or maintain 43 wastewater pump station sites; (3) administer the City's NPDES discharge, air, stormwater, and other permits; (4) manage the City's biosolids disposal program; (5) manage the City's industrial pretreatment program; (6) support the SCADA (supervisory control and data acquisition system) network that monitors water and wastewater facilities; (7) pursue operation economies, efficiencies, and permit compliance; and (8) participate in the construction and post-construction work of the Wastewater System Improvement Project (WSIP). In late 2009, the City underwent a rigorous selection process with three competitive proposals. The selection committee selected CH2M HILL for a five year contract, which expires December 31, 2014. Contract amendment # 5 updates the scope of services from the 2014 contract amendment, by increasing the overall scope of the contract to cover utility engineering services. To encourage cost saving operations, the contract contains an incentive provision whereby budget savings are distributed 87.5% to the City and 12.5% to CH2M HILL. Contract amendment # 5 reflects an \$80,632 cost increase from the previously approved 2014 amendment, primarily due to increased labor costs associated with the increase in engineering services. Highlights of changes are below:

- 1) Utility engineering services including design and development of specifications for the proposed new ozone disinfection system for the Noland WWTF.

**DISCUSSION:**

The recent departure of the City's Utility Engineer, coupled with the departure of the City's Utility Director, has helped to bring into focus the breadth and depth of support that the engineering position has delivered to the overall Water and Wastewater Utility. It has become obvious that the Utility Engineer position is critical to successful utility operations and long term planning and maintaining qualified services from that position is clearly in the best interest of the citizens of Fayetteville. Staff has come to the conclusion that having these services supported by the resources available to CH2M HILL will stabilize the delivery of those services. The contract between the City and CH2M HILL has included the option for engineering services since 2009. The engineering services provided under that contract to date, however, have largely been incidental to the operation and maintenance of the facilities for which CH2M HILL has been responsible. With the elevated level of support anticipated by Amendment # 5, CH2M HILL will place an engineer here at this project location, and will also support that engineer with administrative services from within the existing project staff as well as provide supplemental support from other CH2M HILL locations on an as-needed basis. While the overall number of hours worked in providing these services is not expected to substantially exceed the equivalent of one full time person, which was the previous level of support provided to the overall Utility, it is expected that the combination of these resources will provide a more robust level of support than any one individual could. The Utility will of course still contract for the services of other local and national consulting firms to provide the detailed engineering required for many of the highly complex tasks faced by the Utility, as has been the practice for many years. The Utility Engineer provided by CH2M HILL will continue to facilitate the development and implementation of those contracts as well as interface with many other groups and individuals within the City organization on behalf of the Utility.

**BUDGET/STAFF IMPACT:**

Funds are available within the overall Utility budget.

**Attachments:**

Budget Adjustment Form  
Signed Contract Amendment

City of Fayetteville, Arkansas - Budget Adjustment Form (Legistar Version)

<b>Budget Year</b>  2014	<b>Division:</b> Wastewater Treatment Plant <b>Dept.:</b> Utilities <b>Requestor:</b> Cheryl Partain	<b>Adjustment Number</b>
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**BUDGET ADJUSTMENT DESCRIPTION / JUSTIFICATION:**

A BA is needed in the CH2MHILL Engineers, Inc. project for additional operations, maintenance, management, and engineering services for \$80,632.00. The increase is to add additional management costs and utility engineering services through December 2014 to their existing contract.

COUNCIL DATE: 5/6/2014  
 LEGISTAR FILE ID#: 2014-0197  
**BUDGET & INFORMATION MANAGEMENT USE**  
*Kevin Springer*  
4/23/2014 11:00 AM  
 Budget Director Date  
 TYPE: \_\_\_\_\_  
 DESCRIPTION: \_\_\_\_\_  
 GLDATE: \_\_\_\_\_  
 POSTED: /

RESOLUTION/ORDINANCE

v.20140331

Account Number	Increase / (Decrease)		Project.Sub#		AT	Account Name
	Expense	Revenue	Project	Sub		
5400.4020.5314.02	80,632		48048	4020	EX	Engineering Services
5400.4020.5314.02	(2,500)				EX	Engineering Services
5400.5120.5328.01	(6,566)				EX	Direct Purchases
5400.4020.5100.00	(52,243)				EX	Salaries & Wages
5400.4020.5105.00	(4,294)				EX	FICA Taxes
5400.4020.5108.00	(6,657)				EX	Health Insurance
5400.4020.5109.06	(8,372)				EX	Retirement Savings Plan
TOTAL						

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION TO APPROVE AMENDMENT NO. 5 TO THE AGREEMENT FOR OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES BETWEEN THE CITY OF FAYETTEVILLE, ARKANSAS AND CH2M HILL ENGINEERS, INC. TO INCREASE THE CONTRACT IN THE AMOUNT OF \$80,632.00 AND APPROVE A BUDGET ADJUSTMENT

**WHEREAS**, the City Administration desires to add Utility Engineering Services to the contract with CH2M Hill Engineers because of the departure of Shannon Jones who had previously provided such services for the City; and

**WHEREAS**, in order for CH2M Hill Engineers to provide these Utility Engineering Services from June through December 2014, the company and City Administration have agreed to a cost increase of \$80,632.00.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:**

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves Amendment No. 5 to the Agreement for Operations, Maintenance and Management Services between the City of Fayetteville, Arkansas and CH2M Hill Engineers, Inc. to increase the contract in the amount of \$80,632.00 and authorizes Mayor Jordan to sign this Agreement.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment, a copy of which is attached as Exhibit "A", in the total amount of \$80,632.00 for Utility Engineering Services from June through December 2014.

**PASSED and APPROVED** this 6<sup>th</sup> day of May, 2014.

APPROVED:

ATTEST:

By: \_\_\_\_\_  
**LIONELD JORDAN**, Mayor

By: \_\_\_\_\_  
**SONDRA E. SMITH**, City Clerk/Treasurer

**AMENDMENT NO. 5 TO AGREEMENT**  
**For**  
**OPERATIONS, MAINTENANCE, AND MANGEMENT SERVICES**  
**Between**  
**CITY OF FAYETTEVILLE, ARKANSAS**  
**AND CH2M HILL ENGINEERS, INC.**

THIS AMENDMENT NO. 5 to the Agreement for Operations, Maintenance and Management Services between the City of Fayetteville, Arkansas, and CH2M HILL Engineers, Inc. to operate the City's Wastewater Treatment Facilities and other related systems dated December 15, 2009, (the "Agreement"), is made effective on the 6<sup>th</sup> day of May, 2014, by and between City of Fayetteville, Arkansas, acting by and through its Mayor and CH2M HILL Engineers, Inc., (hereinafter "CH2M HILL")

**NOW THEREFORE**, the City of Fayetteville and CH2M HILL hereby amend the Agreement as follows:

1. The current Appendix C is deleted in its entirety and replaced with the amended Appendix C attached hereto.
2. The current Appendix D is deleted in its entirety and replaced with the amended Appendix D attached hereto.

This Amendment No. 5 (together with the current, as amended 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 otherwise, all other terms and condition of the Agreement and all earlier Amendments thereto shall remain in full force and effect. Neither this Amendment nor the Agreement may be further modified except in writing signed by an authorized representative of the Parties.

**IN FULL AGREEMENT WITH AMENDMENT NO. 5** stated above, authorized representatives or officers of the parties sign below to memorialize their consent and agreement.

**CH2M HILL ENGINEERS, INC.**

**CITY OF FAYETTEVILLE**

By: \_\_\_\_\_

APPROVED:

Title: \_\_\_\_\_

By: \_\_\_\_\_

**Lioneld Jordan, Mayor**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

**Sondra E. Smith, City Clerk/Treasurer**

## Appendix C

### SCOPE OF SERVICES

#### **C.1 SCOPE OF SERVICES – CH2M HILL**

- C.1.1 Perform professional services in connection with the Project as hereinafter stated.
- C.1.2 Operate and maintain all facilities over a 24-hour per day, 7-day per week period, under full service contract operations and maintenance. Operations may be performed with on site staff and/or remote monitoring/on-call services for all or portions of this time.
- C.1.3 Within the design capacity and capability of the Project, manage, operate, and maintain the Project so that effluent discharged from the Project meets the requirements specified in Appendix F.
- C.1.4 Operate and maintain the present Industrial Pretreatment Program including all monitoring, inspections, sampling, testing, reporting, and record keeping as described in Appendix G. Results of all industrial sampling and testing shall be made available to City of Fayetteville as requested.
- C.1.5 Provide all Maintenance for the Project. Document as required to continue existing maintenance program and to provide City of Fayetteville requested reporting, including but not limited to updated preventative maintenance schedules. City of Fayetteville shall have full access to preventative maintenance records.
- C.1.6 Pay all costs incurred within the scope of normal Project operations as defined in this Agreement.
- C.1.7 Staff the Project with a minimum of three (3) Arkansas Class IV Wastewater licensed operators.
- C.1.8 Prepare all NPDES permit reports, letters, or other correspondence, and submit these to City of Fayetteville for signature and approval. Transmittal to appropriate agencies shall be done by CH2M HILL, except for electronic reporting via NETDMR. Any fines levied because of late reports as a result of CH2M HILL's failure to complete and allow sufficient time for City of Fayetteville's signature and transmittal shall be paid by CH2M HILL. Submittal to the City of Fayetteville by the 15<sup>th</sup> of the month following the reporting period shall be considered timely.
- C.1.9 Provide for proper disposal of screening, scum, grit, and biosolids in compliance with permit and regulatory requirements, as long as a suitable location for such disposal is reasonably available. Should regulations and/or disposal/application options significantly change, projected costs will be revised by mutual agreement.
- C.1.10 Provide all manufacturers' warranties on new equipment purchased by the City of Fayetteville and assist the City of Fayetteville in enforcing existing equipment warranties and guarantees.
- C.1.11 Be responsible for all laboratory testing and sampling presently required by the NPDES permits, stormwater permits, "no discharge" permits, and other related requirements.
- C.1.12 Provide an inventory of vehicles and equipment (rolling stock) that are being used at the Project at the beginning of each contract year.
- C.1.13 Provide twenty four (24) hour per day access to Project for City of Fayetteville's personnel. Visits may be made at any time by any of City of Fayetteville's employees so designated by City of

Fayetteville's representative. Keys for Project shall be provided to City of Fayetteville by CH2M HILL. All visitors to the Project shall comply with CH2M HILL's operating and safety procedures.

- C.1.14 Provide for the maintenance of existing City of Fayetteville rolling stock such as dump trucks, tractors, and trailers that are necessary for the operations and maintenance of the facilities.
- C.1.15 Provide training for personnel in areas of operation, maintenance, safety, supervisory skills, laboratory, and energy management. Continue the current project safety program with updates as necessary.
- C.1.16 Provide computerized maintenance, process control, and laboratory management systems.
- C.1.17 Comply with the requirements of City of Fayetteville regarding affirmative action provisions for minority hiring.
- C.1.18 Provide City of Fayetteville with a full accounting of all expenditures at intervals and in sufficient detail as may be determined by City of Fayetteville and assist City of Fayetteville in preparation of annual operating budgets. City of Fayetteville shall be allowed to conduct or have conducted audits of all accounting records related to the direct contract operations of this Agreement at times to be determined by City of Fayetteville.
- C.1.19 Provide City of Fayetteville with full documentation that preventative maintenance is being performed on all City of Fayetteville equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by City of Fayetteville. Maintenance program shall include documentation of corrective and preventive maintenance and a spare parts inventory.
- C.1.20 Provide for repairs as described in the Appendix B.11.
- C.1.21 Maintain the SCADA system as described in Appendix E, to include ongoing updates and upgrades of the software and hardware to ensure operational continuity and in accordance with initiatives as agreed upon by the City of Fayetteville and CH2M HILL.
- C.1.22 Verify the capacity and efficiency of each sewer lift station once a year.
- C.1.23 Provide recommendations for Capital Improvements Program (CIP) with a schedule for improvements and expenditures as requested by the City of Fayetteville. A five (5) year schedule will be presented for all capital improvements and ten (10) year projections will be made for major improvements. These recommendations will be based on requirements determined from facility operations and do not include detailed engineering studies. In addition, CH2M HILL will prepare the required forms and documentation required during budget and capital improvements budget preparation time each year. Except for the improvements requiring an engineering study, the following will be included for each project:
  - Improvement needed
  - Justification of improvements
  - Cost of improvements
  - Any projected increase or decrease in O&M costs created by the CIP
  - Proposed expenditure schedule
  - Proposed capital recovery schedule
  - Impact of early termination



- C.1.24 Perform other services that are related to but not part of the Scope of Services upon written notification by City of Fayetteville. Such services will be invoiced to City of Fayetteville at CH2M HILL's cost plus eighteen percent (18%).
- C.1.25 At the direction of the City of Fayetteville, CH2M HILL is authorized to act in emergency situations outside this Scope of Services, at CH2M HILL's discretion. The costs related to emergency services are not included in the compensation set forth in this Agreement. CH2M HILL will notify City of Fayetteville as soon as reasonably possible, and shall be compensated by City of Fayetteville for any such emergency work at CH2M HILL's costs for the emergency work plus twenty-two percent (22%).
- C.1.26 Provide City of Fayetteville with oral and written reports as requested.
- C.1.27 Operate and maintain all existing wastewater lift station facilities including buildings, grounds, backup power generators, and certain other appurtenances within the site fenced area. However, maintenance of inlet and outlet pipeworks shall terminate at the wall of lift station. Should the City of Fayetteville add in excess of three (3) additional lift stations, from the prior contract year's number of sites, a corresponding change of scope will be negotiated.
- C.1.28 Conduct annual electrical evaluations of electrical units of 25 horsepower or more which operate at supply voltages of 480V or less to ground.
- C.1.29 CH2M HILL will comply with present federal, state, and local laws in performing their obligations under the terms of this Agreement. CH2M HILL and City of Fayetteville will work cooperatively regarding the application and impact of potential changes in law, including the potential cost impact on the scope of work, and mutually revise this Agreement as applicable.
- C.1.30 Coordinate and schedule the use of training rooms at both wastewater treatment facilities.
- C.1.31 Conduct community outreach and education activities including cooperative efforts with the University of Arkansas as appropriate.
- C.1.32 Maintain compliance with other existing environmental permits as described in Appendix F.
- C.1.33 Maintain the industrial surcharge program and provide for monitoring and control of septage deliveries, as provided for in the City of Fayetteville's Code of Ordinances, Discharge and Pretreatment Regulations.
- C.1.34 The parties contemplate that minor design/engineering services may be provided by CH2M HILL from time to time. The scope and compensation for such services shall be mutually negotiated by the parties prior to the commencement of work.
- C.1.35 Operate and maintain the ongoing nutrient removal efforts at the City of Fayetteville's Biosolids Management Site, including managing harvesting and marketing the hay produced on the site. Biosolids Management Site maintenance shall also include compliance with the current "no discharge" permit.
- C.1.36 Operate and maintain existing onsite power generators at all existing sites, including maintaining compliance with off-peak power rate structure monitoring and generation requirements.
- C.1.37 Operate and maintain the biosolids drying operation, which includes 6 solar houses and a thermal biosolids dryer.

- C.1.38 Coordinate the marketing and/or disposal of the dried biosolids produced from the drying operations as appropriate.
- C.1.39 Coordinate the application of alum sludge from Beaver Water District and invoicing for the services as appropriate.
- C.1.40 Check the condition of and replace the odor canisters that are part of the air release valves in the collection system, as needed. The mechanical condition of these valves will be maintained by the Fayetteville Water and Sewer Division.
- C.1.41 Provide site monitoring activities as directed for Woolsey Wet Prairie to assure that the site continues to meet ecological performance standards.
- C.1.42 Provide maintenance to the White River streambank restoration site near the Biosolids Management Site, as contract budget allows.
- C.1.43 Provide civil engineering and other engineering and project coordination related services in support of the City's Utility Department equivalent to at least one full-time employee.

**C.2 SCOPE OF SERVICES – CITY OF FAYETTEVILLE**

- C.2.1 Provide for all Capital Expenditures except for the Projects that City of Fayetteville may authorize CH2M HILL to implement subject to mutually agreeable terms and conditions of repayment.
- C.2.2 Maintain all existing and necessary Project warranties, guarantees, easements, permits, and licenses that have been granted to City of Fayetteville with the provision that CH2M HILL remains primarily responsible to ensure that the wastewater plants are efficiently, properly and professionally operated so that they will not suffer a loss of permits or licenses.
- C.2.3 Pay all property or other taxes or franchise fees associated with the Project. This excludes taxes to be borne by CH2M HILL for equipment owned by CH2M HILL.
- C.2.4 May provide CH2M HILL within a reasonable time after request any piece of City of Fayetteville's heavy equipment, subject to availability, so that CH2M HILL may fulfill its obligations under this Agreement in the most cost-effective manner.
- C.2.5 Provide all licenses for vehicles used in connection with the Project.
- C.2.6 Provide for CH2M HILL's use all vehicles and equipment presently in use at the Project, including the vehicles described in Appendix H.
- C.2.7 Pay for all wastewater lift station utilities, with the exception of electricity.
- C.2.8 Pay for all gasoline, diesel, and propane for backup power generators and all rolling stock provided by City of Fayetteville, except for the biosolids semi-tractors.
- C.2.9 Pay for all regulatory fees.

## Appendix D

### COMPENSATION FOR SERVICES

- 4.1 CH2M HILL estimates that Base Fee for services, on an annual basis, under this Agreement for 2014 shall be Seven Million Five Hundred Twenty Two Thousand Sixty Dollars (**\$7,522,060**). Details of said costs are shown in D.4.5 below. Thereafter, the Base Fee shall be negotiated each year. Should City of Fayetteville and CH2M HILL fail to agree, the Base Fee will be determined by the application of the Base Fee adjustment formula shown in Appendix I. Upon each contract year renegotiation, CH2M HILL shall continue to invoice City of Fayetteville at the previous amount until the new contract year price is agreed upon. Upon written notice, agreement between the parties as to the new contract year Base Fee, CH2M HILL shall issue an invoice retroactively adjusting the previous Base Fee amount. Should the actual expenditures exceed the total estimated annual expenditures by more than Twenty Thousand Dollars (\$20,000), in any year of this Agreement, specific approval will be obtained from the City of Fayetteville prior to CH2M HILL incurring additional costs.
- 4.2 An administrative fee of fifteen percent (15%) will be added to personnel services and ten percent (10%) to all other direct costs excluding electricity. An annual fixed management fee of One Hundred Thirty Thousand Three Hundred Fifty Eight Dollars (**\$130,358**) shall be billed in equal monthly installments. Thereafter, this amount shall be adjusted annually in relation to the Base Fee.
- 4.3 In order to provide an incentive for CH2M HILL to operate in a manner that will result in actual costs below estimated cost, City of Fayetteville will pay CH2M HILL an additional fee when actual costs are below estimated cost. Said fee will be twelve and one half percent (12.5%) of the amount of actual cost are below estimated cost.
- 4.4 For occasions when the City equipment may be used for purposes outside the scope of this contract and not for the benefit of the City, CH2M HILL agrees to reimburse the City of Fayetteville for equipment usage. The rate of reimbursement is calculated as equipment capital cost per hour use plus five percent (5%). The City of Fayetteville agrees to provide certificates of insurance evidencing proof of insurance for any equipment or vehicles used by CH2M HILL.
- 4.5 **Cost Detail** - The annualized estimated costs for calendar year 2014 are listed in Table D-1.

**2014 Fayetteville Cost Centers**

<b>Table D-1 Cost Detail</b>						
	<b>WWTP Administration &amp; SCADA Program &amp; Lake Sequoyah Dredging</b>	<b>WWTP East Side Operations Program</b>	<b>WWTP West Side Operations Program</b>	<b>WWTP Lab &amp; IPP Program</b>	<b>WWTP Lift Station Maintenance Program</b>	<b>Totals</b>
Direct Labor	684,347	1,265,329	332,083	288,027	132,075	2,701,861
Labor Markup, 15%	102,652	189,799	49,813	43,204	19,811	405,279
Direct Expense	714,848	1,509,437	310,876	132,442	254,357	2,921,960
Expense Markup, 10%	71,484	150,943	31,087	13,244	25,435	292,193
Electricity	-	465,041	334,316	-	271,052	1,070,409
Fixed Fee	130,358	-	-	-	-	130,358
<b>Totals</b>	<b>1,703,689</b>	<b>3,580,549</b>	<b>1,058,175</b>	<b>476,917</b>	<b>702,730</b>	<b>7,522,060</b>

**AMENDMENT NO. 5 TO AGREEMENT**  
**For**  
**OPERATIONS, MAINTENANCE, AND MANGEMENT SERVICES**  
**Between**  
**CITY OF FAYETTEVILLE, ARKANSAS**  
**AND CH2M HILL ENGINEERS, INC.**

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**IN FULL AGREEMENT WITH AMENDMENT NO. 5** stated above, authorized representatives or officers of the parties sign below to memorialize their consent and agreement.

**CH2M HILL ENGINEERS, INC.**

By:   
**Elliott Wheeler** wa 4/23/14  
Title: Senior Designated Manager.  
Date: 23 APRIL 2014

**CITY OF FAYETTEVILLE**

APPROVED:

By: \_\_\_\_\_  
**Lioneld Jordan, Mayor**

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
**Sondra E. Smith, City Clerk/Treasurer**

## Appendix C

### SCOPE OF SERVICES

#### **C.1 SCOPE OF SERVICES – CH2M HILL**

- C.1.1 Perform professional services in connection with the Project as hereinafter stated.
- C.1.2 Operate and maintain all facilities over a 24-hour per day, 7-day per week period, under full service contract operations and maintenance. Operations may be performed with on site staff and/or remote monitoring/on-call services for all or portions of this time.
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- C.1.19 Provide City of Fayetteville with full documentation that preventative maintenance is being performed on all City of Fayetteville equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by City of Fayetteville. Maintenance program shall include documentation of corrective and preventive maintenance and a spare parts inventory.
- C.1.20 Provide for repairs as described in the Appendix B.11.
- C.1.21 Maintain the SCADA system as described in Appendix E, to include ongoing updates and upgrades of the software and hardware to ensure operational continuity and in accordance with initiatives as agreed upon by the City of Fayetteville and CH2M HILL.
- C.1.22 Verify the capacity and efficiency of each sewer lift station once a year.
- C.1.23 Provide recommendations for Capital Improvements Program (CIP) with a schedule for improvements and expenditures as requested by the City of Fayetteville. A five (5) year schedule will be presented for all capital improvements and ten (10) year projections will be made for major improvements. These recommendations will be based on requirements determined from facility operations and do not include detailed engineering studies. In addition, CH2M HILL will prepare the required forms and documentation required during budget and capital improvements budget preparation time each year. Except for the improvements requiring an engineering study, the following will be included for each project:
  - Improvement needed
  - Justification of improvements
  - Cost of improvements
  - Any projected increase or decrease in O&M costs created by the CIP
  - Proposed expenditure schedule
  - Proposed capital recovery schedule
  - Impact of early termination

- C.1.24 Perform other services that are related to but not part of the Scope of Services upon written notification by City of Fayetteville. Such services will be invoiced to City of Fayetteville at CH2M HILL's cost plus eighteen percent (18%).
- C.1.25 At the direction of the City of Fayetteville, CH2M HILL is authorized to act in emergency situations outside this Scope of Services, at CH2M HILL's discretion. The costs related to emergency services are not included in the compensation set forth in this Agreement. CH2M HILL will notify City of Fayetteville as soon as reasonably possible, and shall be compensated by City of Fayetteville for any such emergency work at CH2M HILL's costs for the emergency work plus twenty-two percent (22%).
- C.1.26 Provide City of Fayetteville with oral and written reports as requested.
- C.1.27 Operate and maintain all existing wastewater lift station facilities including buildings, grounds, backup power generators, and certain other appurtenances within the site fenced area. However, maintenance of inlet and outlet pipeworks shall terminate at the wall of lift station. Should the City of Fayetteville add in excess of three (3) additional lift stations, from the prior contract year's number of sites, a corresponding change of scope will be negotiated.
- C.1.28 Conduct annual electrical evaluations of electrical units of 25 horsepower or more which operate at supply voltages of 480V or less to ground.
- C.1.29 CH2M HILL will comply with present federal, state, and local laws in performing their obligations under the terms of this Agreement. CH2M HILL and City of Fayetteville will work cooperatively regarding the application and impact of potential changes in law, including the potential cost impact on the scope of work, and mutually revise this Agreement as applicable.
- C.1.30 Coordinate and schedule the use of training rooms at both wastewater treatment facilities.
- C.1.31 Conduct community outreach and education activities including cooperative efforts with the University of Arkansas as appropriate.
- C.1.32 Maintain compliance with other existing environmental permits as described in Appendix F.
- C.1.33 Maintain the industrial surcharge program and provide for monitoring and control of septage deliveries, as provided for in the City of Fayetteville's Code of Ordinances, Discharge and Pretreatment Regulations.
- C.1.34 The parties contemplate that minor design/engineering services may be provided by CH2M HILL from time to time. The scope and compensation for such services shall be mutually negotiated by the parties prior to the commencement of work.
- C.1.35 Operate and maintain the ongoing nutrient removal efforts at the City of Fayetteville's Biosolids Management Site, including managing harvesting and marketing the hay produced on the site. Biosolids Management Site maintenance shall also include compliance with the current "no discharge" permit.
- C.1.36 Operate and maintain existing onsite power generators at all existing sites, including maintaining compliance with off-peak power rate structure monitoring and generation requirements.
- C.1.37 Operate and maintain the biosolids drying operation, which includes 6 solar houses and a thermal biosolids dryer.



- C.1.38 Coordinate the marketing and/or disposal of the dried biosolids produced from the drying operations as appropriate.
- C.1.39 Coordinate the application of alum sludge from Beaver Water District and invoicing for the services as appropriate.
- C.1.40 Check the condition of and replace the odor canisters that are part of the air release valves in the collection system, as needed. The mechanical condition of these valves will be maintained by the Fayetteville Water and Sewer Division.
- C.1.41 Provide site monitoring activities as directed for Woolsey Wet Prairie to assure that the site continues to meet ecological performance standards.
- C.1.42 Provide maintenance to the White River streambank restoration site near the Biosolids Management Site, as contract budget allows.
- C.1.43 Provide civil engineering and other engineering and project coordination related services in support of the City's Utility Department equivalent to at least one full-time employee.

**C.2 SCOPE OF SERVICES – CITY OF FAYETTEVILLE**

- C.2.1 Provide for all Capital Expenditures except for the Projects that City of Fayetteville may authorize CH2M HILL to implement subject to mutually agreeable terms and conditions of repayment.
- C.2.2 Maintain all existing and necessary Project warranties, guarantees, easements, permits, and licenses that have been granted to City of Fayetteville with the provision that CH2M HILL remains primarily responsible to ensure that the wastewater plants are efficiently, properly and professionally operated so that they will not suffer a loss of permits or licenses.
- C.2.3 Pay all property or other taxes or franchise fees associated with the Project. This excludes taxes to be borne by CH2M HILL for equipment owned by CH2M HILL.
- C.2.4 May provide CH2M HILL within a reasonable time after request any piece of City of Fayetteville's heavy equipment, subject to availability, so that CH2M HILL may fulfill its obligations under this Agreement in the most cost-effective manner.
- C.2.5 Provide all licenses for vehicles used in connection with the Project.
- C.2.6 Provide for CH2M HILL's use all vehicles and equipment presently in use at the Project, including the vehicles described in Appendix H.
- C.2.7 Pay for all wastewater lift station utilities, with the exception of electricity.
- C.2.8 Pay for all gasoline, diesel, and propane for backup power generators and all rolling stock provided by City of Fayetteville, except for the biosolids semi-tractors.
- C.2.9 Pay for all regulatory fees.

## Appendix D

### COMPENSATION FOR SERVICES

- 4.1 CH2M HILL estimates that Base Fee for services, on an annual basis, under this Agreement for 2014 shall be Seven Million Five Hundred Twenty Two Thousand Sixty Dollars (**\$7,522,060**). Details of said costs are shown in D.4.5 below. Thereafter, the Base Fee shall be negotiated each year. Should City of Fayetteville and CH2M HILL fail to agree, the Base Fee will be determined by the application of the Base Fee adjustment formula shown in Appendix I. Upon each contract year renegotiation, CH2M HILL shall continue to invoice City of Fayetteville at the previous amount until the new contract year price is agreed upon. Upon written notice, agreement between the parties as to the new contract year Base Fee, CH2M HILL shall issue an invoice retroactively adjusting the previous Base Fee amount. Should the actual expenditures exceed the total estimated annual expenditures by more than Twenty Thousand Dollars (\$20,000), in any year of this Agreement, specific approval will be obtained from the City of Fayetteville prior to CH2M HILL incurring additional costs.
- 4.2 An administrative fee of fifteen percent (15%) will be added to personnel services and ten percent (10%) to all other direct costs excluding electricity. An annual fixed management fee of One Hundred Thirty Thousand Three Hundred Fifty Eight Dollars (**\$130,358**) shall be billed in equal monthly installments. Thereafter, this amount shall be adjusted annually in relation to the Base Fee.
- 4.3 In order to provide an incentive for CH2M HILL to operate in a manner that will result in actual costs below estimated cost, City of Fayetteville will pay CH2M HILL an additional fee when actual costs are below estimated cost. Said fee will be twelve and one half percent (12.5%) of the amount of actual cost are below estimated cost.
- 4.4 For occasions when the City equipment may be used for purposes outside the scope of this contract and not for the benefit of the City, CH2M HILL agrees to reimburse the City of Fayetteville for equipment usage. The rate of reimbursement is calculated as equipment capital cost per hour use plus five percent (5%). The City of Fayetteville agrees to provide certificates of insurance evidencing proof of insurance for any equipment or vehicles used by CH2M HILL.
- 4.5 **Cost Detail** - The annualized estimated costs for calendar year 2014 are listed in Table D-1.

**2014 Fayetteville Cost Centers**

**Table D-1 Cost Detail**

	WWTP Administration & SCADA Program & Lake Sequoyah Dredging	WWTP East Side Operations Program	WWTP West Side Operations Program	WWTP Lab & IPP Program	WWTP Lift Station Maintenance Program	<b>Totals</b>
Direct Labor	684,347	1,265,329	332,083	288,027	132,075	2,701,861
Labor Markup, 15%	102,652	189,799	49,813	43,204	19,811	405,279
Direct Expense	714,848	1,509,437	310,876	132,442	254,357	2,921,960
Expense Markup, 10%	71,484	150,943	31,087	13,244	25,435	292,193
Electricity	-	465,041	334,316	-	271,052	1,070,409
Fixed Fee	130,358	-	-	-	-	130,358
<b>Totals</b>	<b>1,703,689</b>	<b>3,580,549</b>	<b>1,058,175</b>	<b>476,917</b>	<b>702,730</b>	<b>7,522,060</b>

