



City of Grand Island

Tuesday, December 16, 2008

Council Session

Item G15

#2008-359 - Approving Amendment to Agreement for the Design of Anaerobic Digestion System at the Waste Water Treatment Plant

Staff Contact: Steve Riehle, City Engineer/Public Works Director

Council Agenda Memo

From: Steven P. Riehle, Public Works Director

Meeting: December 16, 2008

Subject: Approving Amendment Number 1 to the Professional Services Agreement for the Design of an Anaerobic Digestion System at the Waste Water Treatment Plant

Item #'s: G-15

Presenter(s): Steven P. Riehle, Public Works Director

Background

The JBS (Formerly JBS Swift & Company) packing plant in Grand Island is operating under an emergency order from the Nebraska Department of Environmental Quality (NDEQ) for discharge limits to the Grand Island Waste Water Treatment Plant. A capacity analysis of WWTP was completed on November 18th. Negotiations for a pre-treatment permit with JBS are underway. A comprehensive waste water facilities plan for the collection system and WWTP is being conducted by the consulting engineering firm CH2MHill.

On August 26, 2008, by Resolution No. 2008-228, the City Council approved an agreement with the consulting engineering firm, Black & Veatch of Kansas City, Missouri with Olsson Associates of Grand Island as a sub-consultant. The agreement is for the professional services associated with the design of an anaerobic digestion system, including public awareness and a cost of services study.

A full cost of service study is vital at this time to ensure that the different sanitary sewer customers are paying their proportionate share of the expenses to own, operate, maintain and expand the sanitary sewer collection system and the WWTP. The capacity analysis, comprehensive waste water

facilities plan, and a full cost of service study will be a critical requirement and will provide the City with necessary credibility in the negotiations with JBS.

1. The cost of service study in the original agreement was limited to costs associated with the digester project. A complete cost of service study will reflect the costs for the entire treatment plant as well as the collection system.

Discussions were held with 3 possible firms (Black & Veatch, CH2MHill and Kirkham Michael) to conduct the cost of service study. The Black & Veatch quote of \$19,700 for the cost of service study was the low quote. Since Black & Veatch is already performing cost of service work as part of the scope of the services for the anaerobic digestion system, it is desirable to have the work be performed as an amendment to the agreement, rather than a separate purchase order.

2. The schedule in the original agreement provided for a council presentation in November 2008 to select a digester alternative. The council presentation in the schedule is being postponed to March of 2009.

The original schedule called for the engineer to make a presentation to the city council in November 2008 and receive direction on a digester sizing alternative. Since the capacity analysis was just recently completed, the comprehensive waste water facilities plan is still pending, and negotiations with JBS are still underway, the presentation is being postponed to March 2009. Postponing the presentation will push the completion of the consultants design work on the digester project into 2010, thereby increasing the consultant's cost to complete the work by \$16,000. The increase is under 1.8% of the original contract agreement cost.

Discussion

City staff has negotiated Amendment Number 1 with Black & Veatch modifying the scope of the original contract tasks with appropriation of additional funds.

The engineering firm Black & Veatch of Kansas City, Missouri is in the business of providing such professional consulting engineering services, and is willing to perform the outlined services in Amendment Number 1. The fee for such professional consulting engineering services is considered fair and reasonable with work to be performed on an actual costs basis with a maximum dollar amount. If any of the work such as changes to chapter 30 of the city code is performed by city staff, the city will not be billed for the work.

Amendment number 1 provides the following services:

1. The scope shall include basic elements covering revenue requirements development, financial planning, cost of service analysis, and rate design for the entire plant and collection system.
2. The scope shall add extended days to the contract to move the evaluate digester sizing criteria options presentation to the council from November 2008 to March of 2009.

The cost of the amendment to the agreement is \$19,700 for the full cost of service study plus \$16,000 for extending the schedule for a total amendment cost of \$35,700.

Alternative Motions

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve Amendment Number 1 and authorize the mayor to sign the amendment to the agreement.
2. Refer the issue to a Committee.
3. Postpone the issue to future date.
4. Take no action on the issue.

Recommendation

Public Works Administration recommends that the Council approve the amendment to the agreement with Black & Veatch of Kansas City, Missouri

to include a full cost of service study as well as modifications to the project schedule.

Cost of Services Study

The Public Works Administration does not recommend referring, postponing or taking no action on the cost of services study. Proceeding through negotiations with only the existing rate structure to base negotiations upon is not recommended. A full cost of services study will be an integral component of negotiations with JBS.

Extension to the Contract Schedule

The Public Works Administration does not recommend referring, postponing or taking no action on the contract schedule change and resulting increase in costs for the digester design. The design project is delayed by the capacity analysis, cost of service study and negotiations with JBS.

Sample Motion

Move to approve the amendment with Black & Veatch of Kansas City, Missouri.

RESOLUTION 2008-359

WHEREAS, on August 26, 2008, by Resolution Number 2008-228, the City Council of the City of Grand Island approved and agreement with the consulting engineering firm, Black & Veatch of Kansas City, Missouri for the professional services associated to the design of an anaerobic digestion system, public awareness and cost of services; and

WHEREAS, city staff has negotiated Amendment Number 1 with the consulting engineering firm, Black & Veatch of Kansas City, Missouri modifying the scope of the original contract with appropriation of additional funds; and

WHEREAS, consulting engineering firm Black & Veatch of Kansas City, Missouri is in the business of providing such professional consulting engineering services, and is willing to perform the outlined services in Amendment Number 1; and

WHEREAS, it has been determined that it is in the best interest of the City of Grand Island to enter into Amendment Number 1 with the consulting engineering firm Black & Veatch of Kansas City, Missouri; and

WHEREAS, the negotiated Amendment Number 1, and the fee for such professional consulting engineering services is considered fair and reasonable; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the amendment with the consulting engineering firm, Black & Veatch of Kansas City, Missouri, is hereby approved; and

BE IT FURTHER RESOLVED, that such fee to professional service for Amendment No. 1, shall add to the original fee in the amount of \$35,700.00; and

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute such amendment to the contract agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, December 16, 2008.

Margaret Hornady, Mayor

Attest:

Approved as to Form	☐ _____
December 12, 2008	☐ City Attorney

RaNae Edwards, City Clerk