

City of Crossville, TN Wastewater Operations

The City asked MTAS to recommend an approach for review/renewal of the wastewater operations contract between the City and PSG and PSG's affiliate, Veolia. The current contract expires in October 2014.

Background

The City of Crossville and Professional Services Group, Inc. entered into agreement on October 21, 1999 for PSG to manage, operate and maintain wastewater treatment facilities, including the Industrial User Pretreatment Program and collection system services. The original contract was for a period of five years with renewals for a 5 year period.

Amendment One effective November 1, 2004 renewed the original contract. Amendment Two dated July 2009 extended the termination date to October 31, 2014. The original contract and the two amendments detailed compensation considerations.

Now the City is considering its approach to future operations. The current contract and amendments were reviewed by MTAS staff: Josh Jones, Legal Consultant, Brett Ward, Utility Management Consultant and Sharon Rollins, Public Works Consultant. We have several suggestions on contract language, but first MTAS recommends the City consider several questions.

Considerations for Future Operations

1. What are the City's goals regarding its wastewater operations?
2. What does the City like about the current arrangement of using a contract operator?
3. How have contract operations benefitted the City?
4. What doesn't the City like about contract operations?
5. What areas of wastewater operations cause the most problems?
6. What do citizens say?
7. What questions do elected officials have about wastewater operations?
8. What are the future plans for expansion if any, and how will they be funded?
9. Has the City made a decision that it wants to continue contracting, or is it considering taking back operations as a city function?
10. If the City wants to continue contract operations, does it want to continue contracting with PSG/Veolia? Or does it want to consider other contractors?

MTAS urges the City's administrators and elected officials to consider the above questions. If the City has made no firm decisions on whether to continue contracting or with whom, then there are some steps it could take six to eight months before the current contract expires.

Next Steps

1. Decide to use a Qualification Based Selection (QBS) Process.
2. Select at least five and not more than seven or eight persons to serve on the QBS team. These persons must be willing to devote time and effort over several weeks (perhaps months) to this process. They may want to take field trips to see other contract operations and talk to other cities.
3. Follow the QBS steps as detailed in the attached MTAS guide.
4. Plan on some overlap time if the City selects a different firm.
5. Plan on the City submitting its own statement of qualifications (only if the City is open to assuming operational control)
6. Expect some initial transitional turmoil if a change is made.

MTAS Comments on Current Contract

Per Josh Jones – the current contract is legally complete, but he agrees that some items could be improved.

Per Brett Ward - the following improvements are needed if current contract is used as a basis: (see attachments)

1. Markups in title and first whereas on page 1
2. Question and suggestions on 2.3 – page 2
3. Suggest language improvement on 2.6 – page 3
4. Suggest language improvements on 2.14 and 2.15 – page 4
5. Suggest delete 2.16 – page 4
6. 3.3 needs stronger language – page 5
7. 3.5 – page 5 seems to exclude I/I and sewer rehab from the scope of services, but article 4, page 5 describes PSG's responsibilities on Rehab. Is this intended to be one-time or on going?
8. Suggest improvements to language on Scope of Services – 3.6
9. Suggested terminology change on 8.1.4 – page 8
10. Is 9.3 worded correctly? Does this need to be changed?
11. Appendix A – A.7 – does limit for Capital Expenditures need to be raised?
12. Appendix C – C.4(b) - suggestion language change from 'Waste' to 'Biosolids'
13. Appendix D – Update list of Industrial Waste Dischargers
14. Appendix D – add the industrial pretreatment duties (as described in the Crossville NPDES Permit) here
15. Typo on 6.1 page 2 of Amendment Two

Sharon Rollins' Comments (additions to Brett Ward's):

1. Page 5 - 3.5 and 4 – are these contradictions?
2. Who pays utility bills – city or contractor? See 8.5 page 9

3. Are Annual Fees negotiated annually?
4. 7.4 – page 8 – why BOA prime rate and not something more general?
5. Cost – do you want to reissue RFQ to check for cost competitiveness? Any other reasons?
6. See *'How-to-Guide No. 8 on Contracting Water and Wastewater Utility Operations'* (attached)
 - a. Advantages of contracting
 - b. 5 leading contractors
 - c. How contractors make it work
 - d. Elements of the O&M Contract – see page 14 for Summary
 - i. Term
 - ii. Definitions
 - iii. Scope of Services
 - iv. Compensation
 - v. Employee Transition (if new contract)
 - vi. Liability and Insurance
 - vii. Termination
 - viii. Maintenance – levels of
 - ix. Incentives
7. Example contract from another vendor (attached) – main features
 - a. Table of Contents
 - b. Definitions – expanded
 - c. Purpose
 - d. Representations of each party
 - e. Scope of Services – expanded
 - f. Capital Projects
 - g. Environmental Compliance
 - h. Owner's Responsibilities – separate section
 - i. Compensation
 - j. Term and Termination
 - k. Risk Management
 - l. Dispute Resolution
 - m. Miscellaneous
 - n. Exhibits