

AGENDA ITEM
December 6, 2016

Subject: Alliance Water Resources Contract Amendment 2

Department: City Manager

The original contract includes a fee for services and the purchase of chemicals, materials and supplies necessary to maintain the water / sewer system. If the City purchases materials and supplies directly (chemicals excluded) an estimated cost savings of \$12,000 is projected.

Amendment 2 removes the Repair Limit budget for materials and supplies. The City will purchase materials and supplies directly and Alliance will continue to purchase plant chemicals on behalf of the City.

The proposed contract amount of \$1,480,800 is a 9% decrease from the prior year due to omission of the Repair Limit.

A SPECIAL ORDINANCE OF THE CITY OF NEVADA, MISSOURI APPROVING AND AUTHORIZING THE EXECUTION OF AMENDMENT NO. 2 TO THE CONTRACT BETWEEN THE CITY OF NEVADA, MISSOURI AND ALLIANCE WATER RESOURCES, INC.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEVADA, MISSOURI THAT:

Section 1. A contract between the City of Nevada, Missouri and Alliance Water Resources, Inc., Ordinance No. 7692, was approved on December 28th, 2010. Annual Memoranda were approved by Ordinance No. 7780, Ordinance No. 7869, Ordinance No. 7939, and Ordinance No. 8020 and Amendment No. 1, Ordinance No. 8081, was approved on December 15, 2015.

Section 2. Amendment No. 2 to the contract attached hereto as Exhibit "A" and incorporated herein by reference is hereby approved.

Section 3. The Mayor and the Deputy City Clerk are hereby authorized and directed to execute said agreement on behalf of the City of Nevada, Missouri, and to affix the municipal seal thereto and attest the same.

Section 4. This ordinance shall be in full force and effect from and after its final passage.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Nevada, Missouri this 20th day of December, 2016.

Brian L. Leonard, Mayor

(seal)
ATTEST

Johnna Williams, Deputy City Clerk

Amendment 2 to the Contract between the City of Nevada, Missouri and
Alliance Water Resources, Inc.

Amendment 2 has been entered into this _____ day of _____, 2016, by and between the City of Nevada, Missouri, a municipal corporation of the state of Missouri (hereinafter referred to as "City"), and Alliance Water Resources, Inc., (hereinafter referred to as "Alliance").

This Amendment 2 has as its purpose to modify the initial Professional Service Agreement dated December 28, 2010 ("Agreement") and Amendment 1 to the Contract between the City of Nevada, Missouri and Alliance Water Resources dated December 15, 2015 ("Amendment 1") and annual Memoranda of Agreement between City and Alliance.

Pursuant to Section 3.6, the Agreement is modified under the following Sections:

2.7 "Chemical Limit" means the total dollar budget requirement of Alliance during a 12-month period for all chemicals.

4.2 r. [Alliance shall] Provide all necessary chemicals at cost, plus transportation. If City concludes that the prices are not reasonably competitive, City may require Alliance to purchase such goods from competitive suppliers or permit City to do so.

Conflict of Interest: If purchases of chemicals, consumable materials and supplies are made by Alliance from affiliates in which officers, employees or directors of Alliance Water Resources, Inc. are members of the governing body or stand to profit through dividends or earnings distribution, a full disclosure must be made to the City of Nevada, Missouri, of the relationship, the compensation paid, and the profit over costs and delivery expense and Alliance must provide evidence that the price to City is competitive in the marketplace and prior approval must be obtained from City. Such purchases may be addressed as an annual purchasing program, all to the end that Alliance will extend good faith and fair dealing to City in all portions of the business relationship.

4.3 b. [City shall] Pay all chemical expense in excess of the Chemical Limit subject to City's prior review and approval.

4.3 g. [City shall] Provide all consumable materials and supplies for use by Alliance in connection with this Agreement excluding employee uniforms, safety equipment and hand tools which are not Capital Expenditures as defined in the Agreement.

4.3 h. [City shall] Provide fuel for City-owned vehicles used by Alliance in connection with the Agreement.

4.4 i. [City shall] Pay for outside lab analysis and other outside services in connection with the Agreement.

Pursuant to Section 5.4, the Service Agreement is modified under the following Section:

5.1 Alliance Base Fee compensation under this Agreement shall be \$1,387,100.00 and the Chemical Limit shall be \$93,700.00 for a total amount of \$1,480,800.00 for the period beginning January 1, 2017 and ending December 31, 2017.

5.2 Payment shall be due and payable on the first day of each month for which services are rendered. Compensation to Alliance other than the Base Fee and Chemical Limit contributions is due upon receipt of Alliance's invoice and payable within thirty (30) days. All sums due Alliance other than the Base Fee and Chemical Limit which are not contested will bear interest at the rate of 9% beginning 45 days after the date of initial billing.

5.3 If chemical costs are less than the annual budget, Alliance will rebate to City the difference. If chemical costs are more than the annual budget City will reimburse Alliance for such expenditures. Expenditures over budget are subject to approval of the City Council.

5.4 The Base Fee and Chemical Limit shall be subject to renegotiation on an annual basis and may be revised with the written consent of both parties on the anniversary date of this agreement or at any other reasonable time. Alliance agrees to submit a summary of previous year's work performance with a budget outlining proposed costs and anticipated work projected for the upcoming year in addition to any other documentation necessary to aid City in its annual appropriation for the operation of facilities and support of the Alliance contract.

All other terms and conditions of the Agreement and Amendment 1, not expressly amended by this Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the first date written above.

Authorized Signature

Authorized Signature

President
Alliance Water Resources, Inc.

Brian L. Leonard, Mayor
City of Nevada, Missouri

Date

Date

ATTEST:

Secretary

Johnna, Williams
Deputy City Clerk