

AGENDA ITEM
December 17, 2019

Subject: Alliance Water Resources Inc. Contract Amendment 5

Department: City Manager

The professional services agreement with Alliance Water Resources, Inc. was extended for a five-year term from 2016-2020. A provision of the current agreement requires the Base Fee and Chemical Limit be subject to renegotiation on an annual basis.

Amendment 5 proposes a three-year extension. Base Fees are established for years 2020-2021 and Chemical Limits are established for years 2020-2023. The extension will provide continuity during the water treatment plant project and allow new management time to review current operations.

Alliance Professional Services Summary							
	<u>Base Fee</u>	<u>Repairs</u>	<u>Chemical</u>	<u>Total Budget</u>	<u>(Refund)/ Addl Charge</u>	<u>Total Actual</u>	<u>% Change</u>
2011	1,354,194.00	79,000.00	68,850.00	1,502,044.00	2,249.00	1,504,293.00	
2012	1,347,544.00	79,000.00	75,500.00	1,502,044.00	4,447.00	1,506,491.00	0.15%
2013	1,354,123.00	79,000.00	82,200.00	1,515,323.00	(8,369.00)	1,506,954.00	0.03%
2014	1,381,600.00	79,000.00	82,200.00	1,542,800.00	(2,908.00)	1,539,892.00	2.19%
2015	1,419,748.04	79,000.00	88,200.00	1,586,948.04	(18,716.00)	1,568,232.04	1.81%
2016	1,465,706.00	73,000.00	93,000.00	1,631,706.00	(24,980.00)	1,606,726.00	2.45%
2017	1,387,100.00	-	93,700.00	1,480,800.00	(21,102.00)	1,459,698.00	-9.15%
2018	1,405,007.00	-	93,700.00	1,498,707.00	(16,900.00)	1,481,807.00	1.51%
*2019	1,437,324.00	-	82,200.00	1,519,524.00	(7,500.00)	1,512,024.00	2.04%
**2020	1,437,324.00	-	78,000.00	1,515,324.00	-	1,515,324.00	0.22%
2021	1,445,948.00	-	78,800.00	1,524,748.00	-	1,524,748.00	0.62%
2022	negotiated	-	79,600.00		-	-	
2023	negotiated	-	80,400.00		-	-	
	<u>15,435,618.04</u>	<u>468,000.00</u>	<u>1,076,350.00</u>	<u>16,819,968.04</u>	<u>(93,779.00)</u>	<u>16,726,189.04</u>	
*2019 Refund and Actual costs are estimated							
**2020 Current agreement expires							

BILL NO. 2019-056

ORDINANCE NO. 8302

A SPECIAL ORDINANCE OF THE CITY OF NEVADA, MISSOURI APPROVING AND AUTHORIZING THE EXECUTION OF AMENDMENT NO. 5 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. 7691, was approved on December 28, 2010. Annual Memoranda were approved by Ordinance No. 7780, Ordinance No. 7869, Ordinance No. 7939 and Ordinance No. 8020, Amendment No. 1, Ordinance No. 8081, was approved on December 15, 2015, Amendment No. 2, Ordinance No. 8130, was approved on December 20, 2016, Amendment No. 3, Ordinance No. 8197, was approved on December 19, 2017, Amendment No. 4, Ordinance No. 8248, was approved on December 18, 2018.

Section 2. Amendment No. 5 to the contract 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 8th day of January, 2019.

George Knox, Mayor

(seal)
ATTEST

Johnna Williams, Deputy City Clerk

EXHIBIT A

Amendment 5 to the Contract between the City of Nevada, Missouri and Alliance Water Resources, Inc.

This Amendment 5 has been entered into this _____ day of _____, 2020 by and between the City of Nevada, 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 5 has as its purpose to modify the initial Professional Services Agreement dated December 28, 2010, Amendment 1 dated December 15, 2015, Amendment 2 dated December 20, 2016, Amendment 3 dated December 19th, 2017 and Amendment 4 dated December 18, 2018 between the City of Nevada and Alliance Water Resources.

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

4.1 Alliance will employ a local manager under its division manager and sufficient staff with appropriate licenses under federal and state laws and regulations to lawfully and adequately operate, maintain and provide labor for the facilities. The staffing proposal will include:

- a. The City Wastewater Treatment Facility which will be staffed with one supervisor, and two operators.
- b. The City Water Treatment Facility which will be staffed with one supervisor and five operators.
- c. The City Water Distribution and Wastewater Collection which will be staffed with two supervisors, three service members, one inspection member, one utility worker and two meter readers.

Modifications, additions or deletions to the labor provided may be made at the discretion of Alliance in consultation with the City Manager.

5.4 The Base Fee shall be subject to renegotiation beginning with fiscal year 2022. The Chemical Limit shall be subject to renegotiation on the anniversary date of this agreement. The agreement may be revised with written consent of both parties. 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 the City in its annual appropriation for the operation of facilities and support of the Alliance contract.

6.1 This Agreement shall be extended for a period of three (3) years beginning January 1, 2021 and ending December 31, 2023. Thereafter, the Agreement shall be renewed for an additional five (5) year term unless cancelled by either party in writing, with not less

than sixty (60) days' notice prior to expiration. Either party may terminate this Agreement at the end of any five (5) year term, at will – for a good reason, a bad reason or no reason at all.

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

5.1 Alliance Base Fee compensation under this Agreement shall be \$1,437,324.00 for fiscal 2020, \$1,445,948 for fiscal 2021 and negotiated for fiscal 2022 and 2023. The Chemical Limit shall be \$78,000 for fiscal 2020, \$78,800 for fiscal 2021, \$79,600 for fiscal 2022 and \$80,400 for fiscal 2023.

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.

George Knox, Mayor
City of Nevada, Missouri

Date

Date

ATTEST:

Secretary

Johnna Williams, Deputy City Clerk

Alliance Water Resources Inc. Comparative Cost Analysis
December 12, 2019

The attached cost analysis shows a comparison between Alliance Water Resources Inc. proposed fees for Fiscal Year 2020 and the estimated cost if the City of Nevada were to resume operation of the treatment plants and water/sewer maintenance programs.

Alliance staffing for Nevada is comprised of 19 employees. In order to provide an accurate comparison, these employees were assigned the same pay grades that were utilized in 2010 prior to the agreement.

Wages and benefits are calculated at the fiscal 2020 rates. Benefits include health, life, employee assistance, workers compensation, clothing allowance, retirement, social security and Medicare taxes.

The "Other Expenditures" section reflects the largest variance due to liability insurance and administrative fees.

Chemicals are purchased through the Alliance agreement. Requests for bids are done company wide and the result is better pricing for a lower cost. It should be noted that when City staff requested quotes, one company stated they would provide the same rates that were provided to Alliance. This is typically not done and so it is not guaranteed that the City would receive this type of pricing in future years.

Care should be taken when reviewing this analysis as it is difficult to assign a value to the amount of knowledge, experience and oversight provided by the company. Below is a list of Alliance accomplishments since 2010.

- Reduction in water loss
- Developed and implemented a water valve exercising program
- Eliminated odor discharged from the Water Treatment Plant
- Reduced Water Treatment Plant chemical usage and costs
- Implemented a Langlier index sampling program making adjustments at Water Treatment Plant to reduce corrosiveness of water in the system
- Secured SCEAP grant to implement an inflow and infiltration study for the sewer collection system
- Prepared engineering request for qualifications, interviewed candidates and prepared matrix of results with City staff.
- Point of contact for City with engineer during design of Water Treatment Plant improvement project
- Worked with consultants in the development of plans for the Water Treatment Plant improvements.
- Trained staff to enable them to test and receive water and wastewater certifications.
- Ongoing review and negotiations with Missouri Department of Natural Resources on wastewater permit renewal and implementation of an updated pretreatment program per Environmental Protection Agency requirements.
- Start-up of newly constructed Wastewater Treatment Plant
- Developed and implemented a safety program for Water and Wastewater Departments that won an award.

- Developed bid specifications for the purchase of a combination sewer cleaning machine
- Installed device at Water Treatment Plant for dispensing bulk water which eliminated the need for staff to log purchases and report to finance for billing.
- Installed variable frequency devices to operate high service pumps at Water Treatment Plant that reduced electrical costs.
- Developed and implemented a water meter replacement program to ensure that the City bills for the actual amount of water consumed.
- Developed and implemented geographic information system (GIS) locations for wastewater system manholes, water system hydrants and valves.
- Developed and implemented Wastewater Treatment Plant maintenance computerized record keeping
- Developed and implemented an Emergency Response Plan
- Developed and implemented a wastewater pretreatment program that was approved by the Missouri Department of Natural Resources.

Kristie Modlin
City Treasurer

Cost Analysis 2020

	City			Alliance		
	Wages	Benefits	Total	Wages	Benefits	Total
Public Works Director	60,099	27,196	87,295			
Sewer Collection						
Supervisor	37,033	17,515	54,548			
Inspections	32,452	16,287	48,739			
Service Worker	29,718	15,903	45,621			
Service Worker	29,718	18,521	48,239			
Overtime	5,117	1,373	6,489			
Wastewater Treatment Plant						
Supervisor	44,162	19,827	63,989			
Operator II	29,718	13,884	43,602			
Operator I	27,213	13,670	40,883			
Overtime	-	-	-			
Water Distribution						
Supervisor	37,033	17,923	54,956			
Service Worker	32,452	18,194	50,646			
Utility Worker	29,718	14,615	44,333			
Meter Reader	27,213	14,022	41,235			
Meter Reader	27,213	14,022	41,235			
Overtime	7,238	1,713	8,951			
Water Treatment Plant						
Supervisor	44,162	20,492	64,654			
Operator IV	35,438	15,589	51,027			
Operator III	32,452	16,492	48,944			
Operator III	29,718	17,229	46,947			
Operator I	27,213	13,731	40,944			
Operator I	27,213	14,080	41,293			
Overtime	3,791	857	4,648			
Total Positions: 19	656,084	323,137	979,221	762,169	280,540	1,042,709
Other Expenditures:						
Employee testing			10,552			
Training			4,900			4,900
Liability Insurance			26,939			51,483
Materials and Supplies			12,000			27,952
Management Fees & Administrative			57,566			310,280
Total Other Expenditures			111,957			394,615

Chemicals:	Vendors	Quantity	Rate 2020	City	Alliance
				Total	Total
Chlorine Gas	Brentag-Springfield, MO	27600 lbs	0.3250	8,970	8,970
Sodium Hypochlorite	Brentag-Springfield, MO	5700 gal.	1.1200	6,384	6,384
*Spectraguard 111-anti-scalant	Professional Water Technologies	20 pails	621	12,420	11,170
Muriatic Acid (hydrochloric)	Harcros	12764 lbs.	0.2500	3,191	4,659
Caustic Soda	Brentag-Springfield, MO	225214 lbs.	0.1395	31,417	31,417
Sulfuric Acid	Harcros	119730 lbs.	0.1000	11,973	11,434
Total Chemicals				74,355	74,034

*Estimated pending response from vendor

Note: Brentag quoted the City the same rate as Alliance, however there is no guarantee we would receive that rate in future years.

Grand Total	1,165,533	1,511,358
Variance	345,825	

Alliance Water Resources

Budget Summary for

Nevada, Mo.

2019 / 2020

	2019 AWR Budget	2020 AWR Budget
Salary & Wages	\$744,255	\$762,169
Employee Benefits	\$301,344	\$280,540
Office Expense	\$11,400	\$11,700
Training & Fuel	\$3,900	\$4,000
Repair Expense	\$1,200	\$2,000**
Chemical Expense	\$82,200	\$78,000
Materials & Supplies	\$19,625	\$17,035
Equipment & Insurance	\$46,802	\$48,200
Outside Services	\$0.0	\$0.0
Miscellaneous	\$1,500	\$1,400
Management Fees & Administrative	\$307,298	\$310,280
TOTAL NOT TO EXCEED BUDGET	\$1,519,524	\$1,515,324

** AWR provides two vehicles for the W/S departments, one is for Local Manager use and the other is used by the distribution crew for daily activities such as meter reading and service calls.



December 12, 2019

JD Kehrman
City Manager
110 South Ash
Nevada, Missouri 64772

**RE: Alliance Water Resources
2020 Nevada Water and Wastewater
Proposed Budget**

Dear Mr. Kehrman,

Alliance Water Resources (AWR) is pleased to present the proposed budget for 2020 as discussed with city staff on December 11, 2019. We are proposing an increase of 0% in 2020, 0.6% in 2021 and will negotiate budgets in 2022 and 2023 with a 3 years contract extension beginning January 1, 2021. The 0% increase to the current contract's annual base compensation amount will make the annual total \$1,515,324.00 (\$126,277.00 monthly) as outlined in the attached Memorandum of Agreement.

Per the request of the City, Alliance will continue to purchase water treatment chemicals on behalf of the City. The 2020 Chemical Limit is \$78,000.00. This amount is included in the Base Fee charged by Alliance for fiscal year 2020. Also, after several months of performing locates for the City owned fiber lines, we have determined no additional costs are needed at this time to continue the service.

It is our goal at Alliance to provide exceptional services to the City of Nevada by providing well trained certified employees and seasoned experienced management personnel. In 2020 we plan to continue concentrating on the water treatment plant upgrade project by working directly with City staff and contract engineers in the design stage of the project as well as ensuring MDNR issues NPDES WWTP Permit with workable and agreeable limits. We will also be concentrating on the water main valve exercising program along with the collection system in-flow and infiltration program.

It is our pleasure to serve the City of Nevada and we look forward to another productive year in 2020. If you have any questions or concerns, please feel free to contact me at 573-874-8080 extension 275.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Johnson", written over a white background.

Gary Johnson
Division Manager
Alliance Water Resource

Cc: Mayor George Knox, Tony Sneed