

# SULTAN CITY COUNCIL

## AGENDA ITEM COVER SHEET

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**ITEM NO:** A - 10

**DATE:** September 13, 2007

**SUBJECT:** Membrane BioReactor (MBR) Procurement  
Enviroquip Contract

**CONTACT PERSON:** Public Works Director Dunn

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**ISSUE:**

The issue before Sultan City Council tonight is execution of the selected MBR Supplier's (Enviroquip) contract. Enviroquip will provide services during design and MBR equipment to the City of Sultan for the Wastewater Treatment Plant (WWTP) Upgrade Project. Authorizing Mayor Tolson to sign the Enviroquip two phase contract. Phase 1 is the design of the MBR equipment infrastructure needs and Phase 2 is the MBR equipment delivery

**SUMMARY:**

At the May 24, 2007 Council meeting, selection of Enviroquip as the MBR Supplier for the WWTP Upgrade Project was approved and authorization was given to enter into discussion with Enviroquip to finalize the contract.

On August 7, 2007, City Staff, the City Attorney, and Brown and Caldwell had a telephone conference call with Enviroquip to discuss the contract. During this call, it was determined that only minor changes were required to finalize the contract. These changes were addressed and Enviroquip has delivered copies of the contract to the City ready for signature.

In order to advance the design of the WWTP Upgrade Project, the City needs to execute the Enviroquip contract. The contract is divided into three phases: services during design, services and equipment during construction, and optimization services after construction. The majority of the contract value is involved with the equipment during construction. No payment is required by the City until the services/equipment has been rendered and the City has reserved the right to terminate the design phase portion of the contract for convenience.

**BACKGROUND:**

February 8, 2007 City Council authorized City Staff and Brown and Caldwell to proceed with the Request for Proposal (RFP).

May 10<sup>th</sup> the City Council voted to reject all proposals received on March 15, 2007 due to the exceptions taken to the terms, conditions and specifications the City included in the MBR RFP's, which there is no uniform technologies to judge the submittals.

May 10, 2007 Council approved Resolution 07-10 declaring the MBR equipment as special facilities equipment, authorizing negotiations for special facility equipment with MBR Supplier's.

May 24, 2007 Council approved the selection of Enviroquip based on evaluation criteria and authorized staff to enter into discussions with Enviroquip to negotiate the contract between the City and Supplier for procurement of the MBR Equipment and Services.

These are the steps completed to this point bringing the City to this contract approval. Without this approval the WWTP upgrade will be stopped because the entire plant is built around the MBR treatment system.

**FISCAL IMPACT:**

The fiscal impact is related to the Enviroquip contract value. The MBR Equipment and Services Contract is divided into three Tasks and Enviroquip proposal prices for those tasks are as follows:

- Task 100 – services during design: \$150,000
- Task 200 – services and equipment during construction: \$1,620,269
- Task 300 – performance optimization services after construction: \$7,500

The total sales tax for the tasks listed above is \$151,110.

There are alternatives for managing this fiscal impact that are being developed as part of the City's financing strategy for the WWTP Upgrade Project. Alternatives such as grants and loans, developer upfront payments, and late comer's agreements are being considered.

The amount for Task 100 is expected to be expended over the course of approximately one year after the contract has been executed. As mentioned previously, no payments are required until the services have been rendered.

The City of Sultan expects to reassign Tasks 200 and 300 to the General Contractor that will construct the WWTP Upgrade project. As a result, the amounts for Tasks 200 and 300 would be paid during the construction of the WWTP Upgrade project, which at

this time is expected to begin around the third quarter of 2008 and continue through the first half of 2010.

**ALTERNATIVES:**

- 1) Authorize the mayor to sign:
  - The design of the WWTP upgrade continues on schedule,
  - Completion of the WWTP Upgrade Project is not delayed
  
- 2) Do not authorize the Mayor to sign:
  - The design of the WWTP upgrade stops therefore the upgrade stops
  - Delay of the upgrade project until a future date
  - The City closes the contract with Brown and Caldwell which means starting over at the time the project restarts.
  - Losing developer support

**RECOMMENDED MOTION:**

Authorize the Mayor to sign the Enviroquip contract to ensure that the design continues and completion of the WWTP Upgrade Project is not delayed.

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**COUNCIL ACTION:**

**DATE:** September 13, 2007

**ATTACHMENT(S):**