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NOV 20 2014

MEMORANDUM **Municipal Utilities - Memo No. MUA15-010**

DATE: NOVEMBER 20, 2014

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
 MARSHA REED, ASSISTANT CITY MANAGER *MR*
 DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR *DS*

FROM: KIM NEILL, UTILITY OPERATIONS MANAGER *KS For*

SUBJECT: RESOLUTION NO. 4806 AUTHORIZING THE CITY TO TERMINATE THE AGREEMENT FOR THE OPERATION AND MAINTENANCE OF THE CITY OF CHANDLER OCOTILLO WATER RECLAMATION FACILITY BY AND BETWEEN THE CITY OF CHANDLER AND SEVERN TRENT ENVIRONMENTAL SERVICES, INC.

RECOMMENDATION: Staff recommends City Council pass and adopt Resolution No. 4806, authorizing the City to terminate the Agreement for the Operation and Maintenance of the City of Chandler Ocotillo Water Reclamation Facility by and between the City of Chandler and Severn Trent Environmental Services, Inc., and authorizing the Utility Operations Manager to deliver a Notice of Termination and Termination Fee to Severn Trent Environmental Services, Inc., no later than December 31, 2014.

BACKGROUND: The City of Chandler is in the thirteenth year of a fifteen-year contract with Severn Trent Environmental Services, Inc., for the operation and maintenance of the Ocotillo Water Reclamation Facility. The contract ends June 30, 2017. The City has the option to terminate the contract for convenience with six months notice.

The Ocotillo Water Reclamation Facility is critical to the treatment and conveyance of reclaimed water. With Capital Improvement Projects beginning in 2015, it is critical that Staff coordinate all activities associated with the existing facility improvements, and the five million gallon per day (MGD) expansion currently being designed.

The City will provide a Notice to terminate the Agreement to Severn Trent Environmental Services, Inc. no later than December 31, 2014. Staff will commence operations on July 1, 2015. The cost to terminate the Agreement two years early is \$270,524.

Contractual funding is appropriated annually for operations and maintenance of this facility. No additional funding is required. Funding will include on-going salaries and benefits, and on-going operations and maintenance.

Current Contractual Funding w/Severn Trent Environmental Services, Inc.	FY 2014/15 Adopted O&M Budget
(\$4,118,170)	\$4,118,170

FINANCIAL IMPLICATIONS:

Cost: \$270,524
Savings: N/A
Long Term Costs: N/A

Fund Source:

<u>Account No.</u>	<u>Fund Name:</u>	<u>Program Name:</u>	<u>CIP Funded:</u>	<u>Amount:</u>
615.3970.5219.0000	Wastewater Operating	Other Professional Svcs/Contracts	N/A	\$270,524

PROPOSED MOTION: Move City Council pass and adopt Resolution No. 4806, authorizing the City to Terminate the Agreement for the Operation and Maintenance of the City of Chandler Ocotillo Water Reclamation Facility by and between the City of Chandler and Severn Trent Environmental Services, Inc., and authorizing the Utility Operations Manager to deliver a Notice of Termination and Termination Fee to Severn Trent Environmental Services, Inc., no later than December 31, 2014.

Attachments: Resolution No. 4806

RESOLUTION NO. 4806

A RESOLUTION OF THE CITY COUNCIL OF CHANDLER, ARIZONA, AUTHORIZING THE TERMINATION OF THE AGREEMENT FOR THE OPERATION AND MAINTENANCE OF THE CITY OF CHANDLER OCOTILLO WATER RECLAMATION FACILITY BY AND BETWEEN THE CITY OF CHANDLER AND SEVERN TRENT ENVIRONMENTAL SERVICES, INC.

WHEREAS, the City of Chandler and Severn Trent Environmental Services, Inc. entered into an Agreement for the Operation and Maintenance of the City of Chandler Ocotillo Water Reclamation Facility by and between the City of Chandler and Severn Trent Environmental Services, Inc. dated December 15, 2001 ("Agreement"); and

WHEREAS, the Agreement provides, upon no less than six (6) months written notice, for the early termination of the Agreement by the City for the City's Convenience; and

WHEREAS, the Agreement requires, simultaneously with the delivery of the notice of termination, the payment of a Termination Fee to Severn Trent Environmental Services, Inc., in the amount of Two Hundred Seventy Thousand Five Hundred Twenty-Four Dollars (\$270,524.00) ("Termination Fee"); and

WHEREAS, the City now desires to terminate the Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. That Kim Neill, Utility Operations Manager of the City of Chandler, is hereby authorized to execute a Notice of Termination terminating the Agreement for the Operation and Maintenance of the City of Chandler Ocotillo Water Reclamation Facility dated December 15, 2001, with an effective termination date of July 1, 2015, and deliver the Notice of Termination and Termination Fee to Severn Trent Environmental Services, Inc. no later than December 31, 2014.

Section 2. That the various City officers and employees be and they hereby are authorized and directed to perform all acts necessary to give effect to this Resolution.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this
_____ day of _____, 2014.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4806 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the _____ day of _____, 2014, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY KSm