

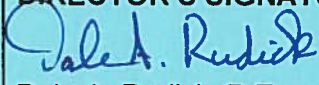
TO: Mayor via City Secretary

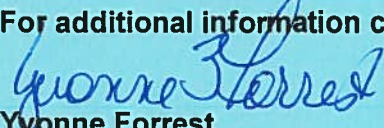
REQUEST FOR COUNCIL ACTION

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<b>SUBJECT:</b> Approve a First Amendment to the On-site Water Treatment, Sludge Dewatering and Disposal Services between the City of Houston and Synagro of Texas – CDR, Inc.	<b>Page</b> 1 of 2	<b>Agenda Item</b> #
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<b>FROM (Department or other point of origin):</b> Department of Public Works and Engineering	<b>Origination Date</b>	<b>Agenda Date</b>
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<b>DIRECTOR'S SIGNATURE</b>  Dale A. Rudick, P.E.	<b>Council District affected:</b> E
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<b>For additional information contact:</b>  Yvonne Forrest Senior Assistant Director Phone: (832) 395-2847	<b>Date and identification of prior authorizing Council action:</b> Ordinance #2013-0483 (May 29, 2013)
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**RECOMMENDATION: (Summary)**  
It is recommended that City Council pass an ordinance approving and authorizing a First Amendment to the On-site Water Treatment, Sludge Dewatering and Disposal Services Between the City of Houston and Synagro of Texas – CDR, Inc.

<b>Amount and Source of Funding: N/A</b> (Original contract allocation of \$3,111,280.00 from Water and Sewer System Operating Fund No. 8300 )	
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**SPECIFIC EXPLANATION:**

The Department of Public Works and Engineering is requesting an amendment to the On-site Water Treatment, Sludge Dewatering and Disposal Services Agreement (the "Original Agreement") between the City of Houston and Synagro of Texas-CDR, Inc. This first amendment includes a settlement agreement rectifying work performed and penalties applied under the Original Agreement. The Southeast Water Purification Facility is operated by the Public Utilities Division. The original contract was procured using a competitive sealed bidding process, in accordance with Texas Local Government Code Chapter 252 ("Purchasing and Contracting Authority of Municipalities"). After review of the bids received, a recommendation was made by the Department of Public Works and Engineering to issue a contract to Synagro of Texas-CDR Inc. for \$3,111,280.00. The contract was approved by City Council by Ordinance No. 2013-0483 dated May 29, 2013, with an effective Notice to Proceed date of July 11, 2013.

This request includes payments for completed corrective maintenance services to the thickeners at the facility, and includes a credit for liquidated damages upheld by COH. Since early 2015, the City and Synagro have been working to resolve disputes about each party's alleged failure to comply with the Original Agreement. This amendment would amend certain portions of the Original Agreement, clarifying the Original Agreement, and add settlement language to "true-up" each party's account.

In July of 2015, Synagro and the Director of the Department of Public Works and Engineering met to discuss technical and documentation issues, relating to performance under the contract for On-site Water Treatment, Sludge Dewatering and Disposal Services. The technical issues were resolved at that meeting without need for further action. However, the documentation issues were not resolved.

<b>LTS No. 15914</b>	<b>REQUIRED AUTHORIZATION</b>	<b>CUIC# 20PUD33R</b>
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Finance Department	<b>Other Authorization:</b>	<b>Other Authorization:</b>  Jun Chang P.E., D.WRE, Deputy Director Public Utilities Division
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<b>Date</b>	<b>Subject:</b> Approve First Amendment to the On-site Water Treatment, Sludge Dewatering and Disposal Services between the City of Houston and Synagro of Texas – CDR, Inc.	<b>Originator's Initials</b>	<b>Page</b> 2 of 2
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The documentation issues centered around several issues that were discussed in a September 2015 meeting with representatives of both parties. At that meeting, the City and Synagro negotiated positions that seemingly resolved the issues to the satisfaction of each party. The City believed the relevant issues to include: notice and cure provisions; deficiencies and penalties; reimbursement; repair responsibility; record production; external help on apportionment; repair costs; invoices; sludge level amounts; and past expenditures and cost splits. Synagro believed the relevant issues to include: notice and cure provisions; more deficiencies and penalties specificity; reimbursement procedures clarification; record production; apportionment; repair costs; past expenditures and cost responsibility; cost of third party involvement in repairs; sludge level amounts; and past payment negotiation. On November of 2015, attorneys from the City's Legal Department met with representatives of the affected PWE department, the Public Utilities Division. During this meeting, all the issues were again discussed openly, in order to lay out the City's positions and proposed next steps. In December of 2015, the City and Synagro met face to face to resolve open issues. Synagro and the City finally agreed to a resolution which resulted in the amendment and settlement before City Council.

The first draft of the amendment and settlement was drafted in January 2016, and discussion continued through February. The City and Synagro finally reached an agreement on the language in mid-April, and the language of the amendment and settlement was finalized in late April. This Request for Council Action (RCA) was created in early May, with input from the Public Utilities Division and the Materials Management Branch ("MMB").

The amendment amends language in the contract, and incorporates the proposed settlement terms as a new contract section. The amendment and the payment to Synagro for \$70,700.00 restore the City's and Synagro's working relationship in a manner suitable to both parties. Synagro is required by contract to submit a separate invoice for payment.

**PREVIOUS HISTORY AND SCOPE**

Synagro's Original Agreement includes the following services:

- Operation and maintenance of the City on-site dewatering system as well as contractor supplied belt presses, and the on-site landfill;
- Transportation and disposal of the dewatered sludge in the on-site landfill;
- Labor and equipment, and reporting for operations and maintenance of the items listed above; and
- Provision of watertight containers and transportation to enable continuous operation.

**HIRE HOUSTON FIRST:** The proposed contract requires compliance with the City's 'Hire Houston First' (HHF) ordinance that promotes economic opportunity for Houston businesses and supports job creation. In this case, the proposed contractor meets the requirements of Hire Houston First.

**M/WBE PARTICIPATION:** The M/WBE Goal for the contract was 20%. The original contract amount was \$3,111,280.00. The actual Goal has been exceeded by Synagro of Texas– CDR, Inc., and is currently achieving 79.82%.

It is recommended that City Council approve and authorize the First Amendment of the Original Agreement.

DAR:JC:ac