

**RESOLUTION AUTHORIZING AN ANNUAL BASE FEE ADJUSTMENT
FOR JACOBS OMI**

MOTIONED BY: Gardiner

SECONDED BY: Friedrich

WHEREAS, the North Hudson Sewerage Authority (hereinafter "Authority") is a public body, duly formed under the Sewerage Authorities law, constituting Chapter 138 of the Laws of New Jersey of 1946, as amended (Chapter 14A of Title 40 of the New Jersey Statutes Annotated) and possesses the powers set forth therein; and

WHEREAS, the agreement between Jacobs OMI and the Authority allows for base fee increases on an annual basis; and

WHEREAS, Jacobs OMI proposes an annual increase of 3% for the Operations, Maintenance & Management Agreement with Commencement Date of February 1, 2022; and

WHEREAS, the Facility Review Board has considered this request and recommends the approval of the full Board.

NOW, THEREFORE, BE IT RESOLVED the proposed annual base fee adjustment of 3% for the operation and maintenance contract which includes the wastewater treatment plants located at 16th and Adams Streets in Hoboken, New Jersey and Anthony M. DeFino Way in West New York, New Jersey and the sewer collection and transmission systems, including pump stations, sewage regulators, outfalls and solids and floatables screening facilities in the municipalities of Hoboken, Union City, Weehawken and West New York, New Jersey.

DATED: MARCH 17, 2022

RECORD OF COMMISSIONERS' VOTE

	YES	NO	ABSTAIN
Commissioner Assadourian	x		
Commissioner Kappock	x		
Commissioner Marotta	x		
Commissioner Gardiner	x		
Commissioner Friedrich	x		
Commissioner Guzman	x		
Commissioner Velazquez	x		
Commissioner Barrera	x		
Commissioner Zucconi	x		

THIS IS TO CERTIFY THAT THIS RESOLUTION WAS DULY ADOPTED BY THE NORTH HUDSON BOARD OF COMMISSIONERS ON MARCH 17, 2022.



SECRETARY



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Richard J. Wolff
 Executive Director
 North Hudson Sewerage Authority
 1600 Adams Street
 Hoboken, New Jersey 07030

February 8, 2022

Subject: **2022 Base Fee Adjustment and Annual Contract Reconciliation
 CH2M HILL OMI Operations, Maintenance & Management
 Agreement with Commencement Date of February 1, 2013**

Dear Mr. Wolff:

In accordance with the Agreement for Operations, Maintenance and Management Services between Operations Management International, Inc. (CH2M HILL OMI) and the North Hudson Sewerage Authority (NHSA), Section E.1.3 includes a provision for an annual base fee increase.

The annual increase is set at 2%, unless the ECI/CPI approach as stated in Section E.1.3 is greater than 4%. The ECI/CPI approach can be found in Attachment A and result in a 4.55% fee increase. The Employment Cost Index Table (Attachment B) and the Consumer Price Index Table (Attachment C) have been attached for reference. For the 2022 period we are requesting a 3.0% increase to cover additional costs associated with increased chemical costs and increased wages due to inflation.

Total Base Fee Increase Costs

2022 BASE FEE INCREASE - SUMMARY TABLE	COST (\$)
2021 Base Fee	\$ 10,209,827.57
2022 Requested Escalation (3.0%)	\$ 306,294.83
TOTAL	\$ 10,516,133.39

The proposed annualized base fee for the period February 1, 2021, to January 31, 2022 will increase from Ten Million Two Hundred Nine Thousand Eight Hundred Twenty-Seven Dollars and Fifty-Seven cents (\$10,209,827.57) to Ten Million Five Hundred Sixteen Thousand One Hundred Thirty-Three Dollars and Thirty-Nine cents (\$10,516,133.39). This equates to a monthly payment of Eight Hundred Seventy-Six Thousand Three Hundred Forty-Three Dollars and Fifty-Three cents (\$876,343.53).

The monthly payment for the 2022 Project Year will be effective beginning February 1st, 2022.

If you are in agreement with this letter and the contract revisions, please sign the below acknowledgment and return a copy of the letter to my attention.

If you have any questions concerning the information presented, please feel free to contact me.

Sincerely,
CH2M HILL OMI



Mark Berube
Project Director

Enclosures

Cc: Fredric J. Pocci, Authority Engineer NHSA
Kevin Dahl, Jacobs OM
Philip G. Reeve, Jacobs OM

Acknowledgement:

Authorized Signature: _____

Richard J. Wolff, Executive Director

North Hudson Sewerage Authority

Attachment A

**NORTH HUDSON SEWERAGE AUTHORITY
Base Fee Adjustment Formula
For the Contract Year Beginning
February 1, 2016
Adams Street & River Road Facilities**

Changes in the Base Fee shall be set at a 2% annual increase, which will automatically apply on the anniversary of the Commencement Date. However, if in any Contract year the actual adjustment calculated by the adjustment formula set forth below in Section E.3 is equal to or greater than 4%, the parties shall negotiate an adjustment to the Base Fee address the inflationary conditions. Similarly, if in any Contract year the actual adjustment calculated by the adjustment formula set forth below in Section E.3 is equal to or less than 0%, the parties shall negotiate an adjustment to the Base Fee to address the deflationary conditions. In such case, CH2M HILL OMI shall submit an increase request letter for approval by the Authority. Upon renegotiation, CH2M HILL OMI shall continue to invoice Owner at the previous amount until the new contract year price is approved. Upon written agreement between the parties as to the new contract year Base Fee, CH2M HILL OMI shall issue an invoice retroactively adjusting the previous base fee amount.

$$ABF = BF \times AF$$

Where:

BF = Base fee specified in Section E.1.1

ABF = Adjusted Base Fee

AF = $[(\text{ECI}.50) + (\text{CPI}.50)] + 1$

ECI = 0.037

CPI = 0.054

BF 2021 = \$ 10,209,827.57

AF = $[(0.037).5] + [(0.054).5] + 1$

AF = 1.0455

Requested AF = 1.03

ABF = \$ 10,209,827.57 x 1.03

ABF = \$ 10,516,122.39

ATTACHMENT B

Employment Cost Index

ECI = The twelve month percent change (from the third quarter of the prior year to the third quarter in the current year) in the Employment Cost Index for Total Compensation for Civilian Workers, Not Seasonally Adjusted as published by U. S. Department of Labor, Bureau of Labor Statistics in the Detailed Report Series ID: CIU1010000000000A.

ECI = 0.037

Employment Cost Index (NAICS)			
Original Data Value			
Series Id:	CIU1010000000000A		
Not seasonally adjusted			
Series Title:	Total compensation for All Civilian workers in All industries and occupations, 12-month percent change		
Ownership:	Civilian workers		
Component:	Total compensation		
Occupation:	All workers		
Industry:	All workers		
Subcategory:	All workers		
Area:	United States (National)		
Periodicity:	12-month percent change		
Years:	2011 to 2021		
Year	Period	Estimate Val	Standard Err
2011	Qtr3	2.0	0.1
2012	Qtr3	1.9	0.1
2013	Qtr3	1.9	0.1
2014	Qtr3	2.2	0.1
2015	Qtr3	2.0	0.1
2016	Qtr3	2.3	0.1
2017	Qtr3	2.5	0.1
2018	Qtr3	2.8	0.1
2019	Qtr3	2.8	0.1
2020	Qtr3	2.4	0.1
2021	Qtr3	3.7	0.2

ATTACHMENT C

Consumer Price Index - All Urban Consumers

CPI = The twelve month percent change (from the month of September of the prior contract year to the month of September of the current contract year) in the Consumer Price Index for All Urban Consumers (U.S. City Average) Not Seasonally Adjusted as published by U.S. Department of Labor Statistics in the CPI Detailed Report Series ID: CUUR0000SA0.

CPI = 0.054

CPI for All Urban Consumers (CPI-U)														
12-Month Percent Change														
Series Id:	CUUR0000SA0													
Not Seasonally Adjusted														
Series Title:	All items in U.S. city average, all urban consumers, not seasonally adjusted													
Area:	U.S. city average													
Item:	All items													
Base Period:	1982-84=100													
Years:	2011 to 2021													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0	2.8	3.5
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7	2.3	1.8
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5	1.5	1.4
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8	1.7	1.5
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7	-0.1	0.3
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1	1.1	1.5
2017	2.5	2.7	2.4	2.2	1.9	1.6	1.7	1.9	2.2	2.0	2.2	2.1	2.2	2.0
2018	2.1	2.2	2.4	2.5	2.8	2.9	2.9	2.7	2.3	2.5	2.2	1.9	2.5	2.4
2019	1.6	1.5	1.9	2.0	1.8	1.6	1.8	1.7	1.7	1.8	2.1	2.3	1.7	1.9
2020	2.5	2.3	1.5	0.3	0.1	0.6	1.0	1.3	1.4	1.2	1.2	1.4	1.2	1.2
2021	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8		3.4	