

**RESOLUTION AUTHORIZING CONTRACT MODIFICATION 2022-02 TO OPERATIONS MANAGEMENT INTERNATIONAL/JACOBS**

**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 Authority has contracted with Operations Management International, Inc., Denver, CO. in the amount of \$10,516,133.39 for the operation, maintenance and management of the Authority's sewerage collection and treatment facilities pursuant to the provisions of the Wastewater Treatment Privatization Act, N.J.S.A. 58:27-1 et seq; and

**WHEREAS**, Operations Management International, Inc., has submitted a proposal (Exhibit "A") for additional compensation for the Corrective Maintenance Budget in the amount of \$100,000.00 related to the Adams Street Operations and Pump Stations; and

**WHEREAS**, the Facilities Review Board has reviewed the proposal and recommends the approval of the requested contract.

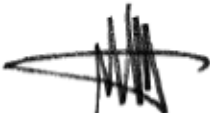
**NOW, THEREFORE, BE IT RESOLVED** that the Authority hereby authorizes the execution and implementation of said contract modification 2022-02 in the amount of \$100,000.00.

**DATED: MARCH 17, 2022**

**RECORD OF COMMISSIONERS' VOTE**

	<b>YES</b>	<b>NO</b>	<b>ABSTAIN</b>
Commissioner Kappock	x		
Commissioner Marotta	x		
Commissioner Gardiner	x		
Commissioner Friedrich	x		
Commissioner Guzman	x		
Commissioner Velazquez	x		
Commissioner Barrera	x		
Commissioner Zucconi	x		
Commissioner Assadourian	x		

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



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**SECRETARY**



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Mr. Fredric J. Pocci, P.E.  
Authority Engineer  
North Hudson Sewerage Authority  
1600 Adams Street  
Hoboken, New Jersey 07030

January 21, 2022

Subject: Proposed Contract Updates and Modifications 2022  
Base Fee Increase, Corrective Maintenance Budget, Pass Through Updates, and  
Updated Vehicle and Facility Lists

Dear Mr. Pocci,

Operations Management International, Inc. (“JACOBS OMI”) is pleased to provide the North Hudson Sewerage Authority (“Authority”) our proposal for the 2022 updates to the contract between NHSA and OMI. The contract is reviewed on an annual basis to ensure the vehicle and facilities lists are updated, and so that other efficiency improvements can be made. This update also includes language to modify the Annual Base Fee Increase to a flat 2%.

## 1. Corrective Maintenance Budget

The corrective maintenance budget was set in 2012 at \$400,000 for both plants and was increased to \$425,000 in 2019 to account for the H5 Wet Weather Pump Station and W1234 Solids Floatables facilities. Since that time, costs have increased for equipment, and no escalation is included in the contract. The facility and regional Maintenance Teams have also been able to accomplish more projects in house at a much-reduced cost that have removed the need for several projects that would otherwise have been Capital Improvements. We are requesting an additional \$100,000 (for a total of \$525,000) in the Corrective Maintenance Budget to account for the cost increases and escalation.

The proposed contract modifications are as follows:

- Revise Section A.12 – Increasing the Corrective Maintenance Budget for the River Road WW Plant (plus collection system) from \$175,000 to \$200,000, and the Adams Street WW Plant (plus collection system) from \$250,000 to \$325,000.
- Revise Section A.12 – Increasing the “public bidding threshold” from \$40,000 to \$44,000 to accurately reflect the current threshold.
- Revise Section A.23 – Increasing the “public bidding threshold” from \$40,000 to \$44,000 to accurately reflect the current threshold.
- Revise Section B.1.1 – Increasing the “public bidding threshold” from \$40,000 to \$44,000 to accurately reflect the current threshold.

## 2. Base Fee Annual Adjustment

The proposed modifications are being made to adjust how the annual base fee increase is performed. The new language will allow for an annual 2% increase instead of the Adjustment Formula previously used.

The proposed contract modifications are as follows:

- Delete Section E.1.3 language:
  - Changes in the Base Fee shall be negotiated annually. Owner and CH2M HILL OMI agree that good faith negotiations resulting in mutual agreement are the preferred methodology to be used to determine changes in the Base Fee. In the event that Owner and CH2M HILL OMI fail to agree, the Base Fee will be adjusted using the Base Fee Adjustment Formula shown in Section E.3. Upon each contract year renegotiation, CH2M HILL OMI shall continue to invoice Owner at the previous amount until the new contract year price is agreed upon. 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.
- Replace Section E.1.3 language with:
  - 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 to 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.
- Delete “Base Fee” from Section E.3 title
- Revise the ECI formula so it calculates the twelve month percent change (from the second quarter of the prior year to the second quarter in the current year).
- Revise the CPI formula so it calculates the twelve month percent change (from the month of July of the prior contract year to the month of July of the current contract year).
- Insert Section A.26 - Rev. Proc. 97-13 - means IRS Revenue Procedure 97-13, as supplemented, amended, revised or superseded, and any supplement, amendment or revision thereof to the extent applicable to this Agreement
- Insert Section E.4 – REVENUE PROCEDURE 97-13 to say:
  - The Owner and CH2M HILL OMI acknowledge and agree that this Agreement is intended to conform to the requirements of Rev. Proc. 97-13, and is to be interpreted consistently therewith. The Owner and CH2M

HILL OMI agree that, for so long as tax exempt obligations are outstanding with respect to the Project, this Agreement shall not be amended or revised without an opinion of nationally recognized bond counsel that any such amendments or revisions shall not affect the tax exempt status of any obligations outstanding with respect to the Project.

### **3. Pass Through Costs Update**

Section E.1.6 of the contract includes Pass Through Costs for project consumables that the Authority pays for each month with no markup by Jacobs. The item was updated in 2019 to include the cost of the nets for the W1234 S/F Facility. Jacobs is proposing adjustments to the costs in the various categories to more accurately reflect the actual costs seen for each line item over the past several years. In addition, a new category for SCADA software and hardware is being proposed. The SCADA software is owned by the Authority, and new pricing models require annual subscription fees to keep the software updated. Also, the Mission Monitoring units used in the collection system require annual subscriptions to maintain the online software and cellular data link. This new SCADA category will include subscription costs for all SCADA license (such as Kepware, Win911, Bitdefender, Backup Software, and Mission Monitoring), as well as periodic hardware upgrades that may be required. The total cost for the Pass Through Budget remains the same at \$442,000. Changes are also proposed to the payment language to accurately reflect the current payment system.

The proposed contract modifications are as follows:

- Revise Appendix E.1.6 – Costs to:
  - Grit & Debris Removal - \$170,000
  - Fuel Oil - \$60,000
  - Certifications & Inspections - \$16,000
  - Collection Vehicles Service & Repairs - \$95,000
  - W1234 Nets - \$40,000
  - Other - \$25,000
- Revise Appendix E.1.6 – Add Category for SCADA to include SCADA Software Licenses, Mission Control Monthly Costs, Software and Hardware Upgrades for \$36,000
- Revise Appendix E.1.6 Payment Language so actual costs are billed on a monthly basis with a detailed report of the pass-through costs.

### **4. Project Vehicles List**

Over the last two years, two new project vehicles have been added to the fleet. Both the new vactor truck and new TV truck need to be added to the contract project vehicle list, and the old vactor truck removed.

The proposed contract modifications are as follows:

- Revise Appendix H – Remove the 1998 Volvo Vactor Truck and replace it with the vehicle information for 2021 Kenworth Vactor Truck.
- Revise Appendix H – Insert vehicle information for the new 2020 Ford TV Truck.
- Revise Appendix H – Update vehicle information for other vehicles.

## 5. Appendix D – Equipment and Facilities Update

Appendix D includes information about NHSA facilities. The following updates are needed to accurately reflect recent changes in the facilities list.

The proposed contract modifications are as follows:

- Revise Appendix D.1 – Decrease Solids and Floatables (S/F) Control Facilities from 10 to 9 to account for the removal of the H2 SF Facility.
- Revise Appendix D.1 – Decrease CSO Outfalls from 11 to 10 to account for the to account for the removal of the H2 Outfall.
- Revise Appendix D.1 – Update the Collection System Components Table to remove the H2 S/F Facility and Outfall.
- Revise Appendix D.1 – Update the Collection System Components Table to include a list of the CSO Outfalls.

### Costs:

The only costs modification being made in this proposal is an increase to the Annual Corrective Maintenance Budget. The request is to increase the budget from \$425,000 per year to \$525,000 per year.

**Total Annual Corrective Maintenance Budget Increase: \$ 100,000 per year**

Attached for your review is copy of the agreement update (with changes indicated) as well as a clean version of the proposed final contract. If you are in agreement with these changes, please provide NHSA Board approval in the form of a signed resolution, as well as a signature on the revised contract.

JACOBS OMI appreciates the opportunity to provide these services. If you need additional information or have any questions regarding this letter, please feel free to contact me by phone at 201.795.1411 or by e-mail at [Mark.Berube@jacobs.com](mailto:Mark.Berube@jacobs.com).

Thank you for your consideration regarding this proposed out of scope project.

Regards,



Mark Berube  
Project Director

Cc: Richard J. Wolff, NHSA Executive Director  
Kevin Dahl, Jacobs OM  
Philip G. Reeve, Jacobs OM

Attachments: OMI and NHSA Agreement 2022 Update with Tracked Changes  
OMI and NSHA Agreement 2022 Final Version