



Legislation Text

File #: 2732-2016, Version: 1

This legislation authorizes the Director of Public Utilities to execute Contract Modification No. 11 to the Organic Waste Processing Agreement between the City of Columbus (City), Kurtz Brothers Central Ohio, LLC (Kurtz) and the Solid Waste Authority of Central Ohio (SWACO).

This Modification No. 11 will fund the following provisions and services to this contract. Modification No. 11 will be in effect from December 1, 2016 to and including November 30, 2017.

A. Trucked Waste Disposal Facility:

Grant Kurtz Brothers Central Ohio, LLC the authority to design their facility to include the process of accepting trucked waste in addition to the fats, oils and grease (FOG) that they will be accepting under the terms of the original agreement. In so much as Kurtz was constructing a similar facility to the one operated by the Division of Sewerage and Drainage (DOSD) in the vicinity of Berliner Park, both parties agreed that it would be in their best interests to share a facility to accommodate both efforts, thereby reducing costs and a duplication of services. This facility will be operated and maintained by Kurtz under the terms of this agreement.

B. Incinerator Ash Beneficial Reuse Program:

Kurtz had developed a beneficial reuse program incorporating the City's incinerator ash generated from the Jackson Pike Wastewater Treatment Facility and from the Southerly Wastewater Treatment Facility. The City had agreed through this contract to make incinerator ash from these two facilities available to Kurtz for an initial 10-year term beginning in 2009 and ending in 2018, plus a 5-year extension at Kurtz's option. Both parties agree that, including the 5-year extension, there is a total of six years remaining on the incinerator ash portion of this contract between the parties (one year from the initial 10-year contract term and five years for Kurtz's optional extension).

In 2015, the City ceased incineration of sewage sludge, and incinerator ash is no longer generated at the Jackson Pike Wastewater Treatment Facility or the Southerly Wastewater Treatment Facility.

At the request of the City, Kurtz recovered approximately 20,000 tons of incinerator ash from the ash lagoons at the Southerly Wastewater Treatment Facility from October 5, 2015 through October 20, 2015 in a mobilization to empty the lagoons of all remaining ash. As of October 20, 2015 the City has proposed that the Incinerator Ash Recovery and Reuse program, designed to utilize 5,000 tons of incinerator ash each year, has ceased for the foreseeable future. Kurtz is aware of the City's determination in this regard.

Since Kurtz has received nine years of ash payments for the work completed, payments or performance for the remaining one year of the original contract and for the five years of the five year contract extension will be negotiated in good faith, so that by the end of the initial term on November 30, 2018, the City and Kurtz will have determined a settlement of the amount owed by the City to Kurtz. If the parties are unable to reach mutual agreement on the terms of a commercially reasonable settlement in regards to ash payments owed, and such settlement is not reached by the end of the initial term on November 30, 2018, the City and Kurtz agree to participate in a mediation process conducted by a mutually-acceptable third-party mediator. Each Party participating in mediation shall pay its own costs of mediation, including its proportionate share of the compensation and administrative expenses required by the mediator and by the mediation services provider selected by the Parties. The Parties agree that during the course of any mediation proceedings they will negotiate in good faith to reach a mutually agreeable settlement. In exchange for these terms and mediation to occur in the future if necessary, the City agrees not to claim any legal impossibility during any mediation proceedings. However, the City reserves and may assert all legal and equitable defenses should the Parties fail to reach a mutually agreeable

settlement during mediation.

C. Fixed Rate Sewerage Sludge Processing Term:

Continue a fixed rate fee of \$33.50 per wet ton of sewerage sludge processing for the duration of this contract (10 + 5 year extension). This contract authorizes the transfer to the Organic Waste Recovery and Reuse System of up to 25,000 wet tons of sewerage sludge per year at this rate. This contract will provide DOSD with an additional beneficial alternative use option for sewerage sludge.

1. Amount of additional funds: The amount of additional funds needed for this contract is \$837,500.00. The original contract was established without funding. The total City cost of the original contract and all modifications is \$6,370,910.00. This modification represents an extension of the contract period of December 1, 2016 through and including November 30, 2017.
2. Reason additional funds were not foreseen: The need for additional funds was foreseen, an extension is provided in the original contract. This legislation is to cover the funds budgeted for remainder of fiscal year 2016 through and including November 30, 2017 for the Division of Sewerage and Drainage.
3. Reason other procurement processes were not used: This contract is for 10 years with a 5-year extension provided in the original contract. No lower pricing/more attractive terms and conditions are anticipated at this time.
4. How cost was determined: The cost, terms and conditions are in accordance with the original agreement as modified.

FISCAL IMPACT: \$837,500.00 is needed and budgeted for this modification.

\$871,146.43 was spent in 2015

\$1,028,944.86 was spent in 2014

SUPPLIER: Kurtz Brothers Central Ohio, LLC (20-3524137), Expires 4/27/18

Kurtz Brothers Central Ohio, LLC does not hold MBE/FBE status.

The company is not debarred according to the Excluded Party Listing System of the Federal Government or prohibited from being awarded a contract according to the Auditor of State Unresolved Findings for Recovery Certified Search.

To authorize the Director of Public Utilities to modify and extend an agreement on behalf of the City of Columbus between Kurtz Brothers Central Ohio, LLC and the Solid Waste Authority of Central Ohio, for the design, construction and operation of the Organic Waste Recovery and Reuse System Project; and to authorize the expenditure of \$837,500.00 from the Sewerage System Operating Fund. (\$837,500.00)

WHEREAS, the City of Columbus is committed to providing environmentally friendly programs for the beneficial use of yard waste, sewerage sludge, fats, oils and greases and other waste streams from the community, and is continuously searching for alternatives to landfill disposal and to incineration; and

WHEREAS, the Division of Sewerage and Drainage, Department of Public Utilities, and the Solid Waste Authority of Central Ohio were desirous of establishing an Organic Waste Recovery and Reuse System (OWRRS) program to process municipal sewerage sludge, fats, oils, greases, food waste, animal waste, yard waste and other organic material; and

WHEREAS, the Solid Waste Authority of Central Ohio and the City of Columbus, utilized the Request for Statement of Qualification competitive procurement provisions of the relevant provisions of Chapter 329 of the Columbus City Codes for purposes of procuring a ten-year agreement for the design, construction and operation of the area's first Organic Waste Recovery and Reuse System; and had determined Kurtz Brothers Central Ohio, LLC, to be the highest ranking offeror; and

WHEREAS, Ordinance No. 1270-2005, as passed by Columbus City Council on July 25, 2005, authorized the Director of Public Utilities to enter into an agreement on behalf of the City between Kurtz Brothers Central Ohio, LLC, and the Solid Waste Authority of Central Ohio for the design, construction and operation of an Organic Waste Recovery and Reuse System project to process municipal sewerage sludge, food waste, animal waste, yard waste and other organic material; and

WHEREAS, Ordinance No. 1442-2006, as passed by Columbus City Council on September 18, 2006, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, to allow for the selection of an alternative site for the OWRRS facility, and to extend the deadline for the construction of said facility; and

WHEREAS, Ordinance No. 1268-2009, as passed by Columbus City Council on October 26, 2009, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, for purposes of incorporating additional public-private partnerships including the development of a beneficial reuse of wastewater treatment incinerator ash and provisions for moving the City's Trucked Waste Disposal Facility location to the OWRRS site for purposes of allowing a mutual benefit between the contracted parties and its customers; and

WHEREAS, Ordinance No. 1519-2010, as passed by Columbus City Council on November 22, 2010, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, for purposes of continuing the development of a beneficial reuse of wastewater treatment incinerator ash and provisions for moving the City's Trucked Waste Disposal Facility location to the OWRRS site, and for incorporating additional public-private partnerships including the development of a beneficial reuse of wastewater treatment sewerage sludge; and

WHEREAS, Ordinance No. 2010-2012, as passed by Columbus City Council on November 12, 2012, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, for purposes of continuing the development of a beneficial reuse of wastewater treatment incinerator ash and provisions for moving the City's Trucked Waste Disposal Facility location to the OWRRS site, and for incorporating additional public-private partnerships including the development of a beneficial reuse of wastewater treatment sewerage sludge; and

WHEREAS, Ordinance No. 0323-2013, as passed by Columbus City Council on March 4, 2013, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, for purposes of continuing the development of a beneficial reuse of wastewater treatment incinerator ash and provisions for moving the City's Trucked Waste Disposal Facility location to the OWRRS site, and for incorporating additional public-private partnerships including the development of a beneficial reuse of wastewater treatment sewerage sludge; and

WHEREAS, Ordinance No. 2098-2013, as passed by Columbus City Council on November 27, 2013, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, for purposes of continuing the development of a beneficial reuse of wastewater treatment incinerator ash and provisions for moving the City's Trucked Waste Disposal Facility location to the OWRRS site, and for incorporating additional public-private partnerships including the development of a beneficial reuse of wastewater treatment sewerage sludge; and

WHEREAS, Ordinance No. 2521-2014, passed by Columbus City Council on November 24, 2014, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, for purposes of providing the contract funding and extension necessary for the beneficial reuse program for wastewater treatment incinerator ash that is generated by the City's two wastewater treatment plants and for the additional beneficial alternative use option for sewerage sludge, and

WHEREAS, Ordinance No. 2719-2015, passed by Columbus City Council on November 23, 2015, authorized the Director of Public Utilities to execute a contract modification on behalf of the City and the Solid Waste Authority of Central Ohio and Kurtz Brothers Central Ohio, LLC, for purposes of providing the contract funding and extension necessary for the additional beneficial alternative use option for sewerage sludge that is generated by the City's two wastewater treatment plants, and

WHEREAS, the parties to this agreement have determined it advantageous to enter into a contract modification; for purposes of providing the contract funding and extension necessary for the additional beneficial alternative use option for sewerage sludge that is generated by the City's two wastewater treatment plants and for finalizing the beneficial reuse program for wastewater treatment incinerator ash, and

WHEREAS, the Division of Sewerage and Drainage wishes to extend and increase the current contract for one (1) additional year from December 1, 2016 through November 30, 2017, and

WHEREAS, this modification No. 11 will allow for the continuation of a fixed rate fee of \$33.50 per wet ton of sewerage sludge processing, for the duration of this contract (10 + 5 year extension). This contract authorizes the transfer to the Organic Waste Recovery and Reuse System of up to 25,000 wet tons of sewerage sludge per year at this rate. This contract modification will provide DOSD with an additional beneficial alternative use option for sewerage sludge and provide for finalizing the beneficial reuse program for wastewater treatment incinerator ash, and

WHEREAS, it has become necessary in the usual daily operation of the Department of Public Utilities, Division of Sewerage and Drainage, to authorize the Director of Public Utilities to modify, increase and extend the current contract for Organic Waste Recovery and Reuse System project on behalf of the City and the Solid Waste Authority of Central Ohio with Kurtz Brothers Central Ohio, LLC; now, therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of Public Utilities is hereby authorized and directed to modify, extend and increase a contract with the Solid Waste Authority of Central Ohio (SWACO), 4239 London Groveport Road, Grove City, OH 43123, and Kurtz Brothers Central Ohio, LLC, 6279 Houchard Road, Dublin, OH 43016, for the design, construction and operation of an Organic Waste Recovery and Reuse System, to and including November 30, 2017, and to provide for payment in connection with the sewerage sludge processing of up to 25,000 wet tons at \$33.50 per wet ton of sewerage sludge, and for the finalization of the beneficial reuse program for wastewater treatment incinerator ash. Total amount of Modification No. 11 is ADD \$837,500.00. Total contract amount including this modification is \$6,370,910.00.

SECTION 2. That this modification is in accordance with the relevant provisions of Chapter 329 of the City Code relating to contract modifications.

SECTION 3. That the expenditure of \$837,500.00, or so much thereof as may be needed, is hereby authorized in Fund 6100 Sewerage System Operating Fund in object class 03 Services per the accounting codes in the attachment to this ordinance.

SECTION 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

