

CITY OF WILMINGTON

Management, Operations, and Maintenance of the Wilmington Wastewater Treatment and Resource Recovery Facility and Associated Infrastructure

Fact Sheet

March 12, 2020

The City of Wilmington Department of Public Works has been operating with a public private partnership for the operation and maintenance of the Wastewater Treatment Plant and associated infrastructure since 1997. In 2012, the City contracted with Honeywell International to design, construct, and operate a new biosolids and energy facility. The current public-private partnership contract for the Wastewater Treatment Plant expired in 2017 and was required to be rebid.

The City intent was to have a qualified private operator continue in the management, operation, and maintenance of the city-owned major wastewater treatment and energy generation facilities under a single contract to simplify contract management, reduce City risk, and maximize the combined project benefits.

In February 2019, a Request for Qualifications (RFQ) was published for this project and five (5) responses were received on March 28, 2019. These 5 responses were narrowed down by City staff to three (3) qualified companies to provide a full proposal. These companies included Jacobs/OMI, Veolia, and Suez. Proposals were submitted on September 30, 2019 by Jacobs/OMI and Veolia. Suez notified the City it was declining to participate.

In October 2019, interviews were held between the City selection committee, City advisors, and the two bidders. The City selection committee included members from Public Works, Finance, and Law. After interviews and review of the written proposals, Jacobs/OMI was ranked number 1 by the selection committee in December 2019 and negotiations commenced. An agreement was reached between the City and Jacobs/OMI on February 7, 2020.

The contract is a 20-year contract with two extension options, that can be exercised, if mutually agreed upon, for two years each, for a total potential contract term of 24 years. The scope of the contract includes:

- Operation and Maintenance of the Wastewater Treatment Plant
- Operation and Maintenance of the Combined Sewer Overflow facilities and systems
- Various periodic studies to develop capital improvement plans and development of value-added projects for the City at the facilities
- Provision to transfer operation and maintenance of the Renewable Energy and Biosolids Facility (REBF), including contracts with landfill for gas supply

The first year (FY'21) O&M costs of \$19.96M are commensurate with FY'20 costs. The lump sum fee includes several components that are adjusted annually to reflect increases in costs of goods and services based on indices from the US Bureau of Labor Statistics. The annual adjustments are a minimum of 1.25% and a maximum of 3.75% in any given year. The lump sum contract includes responsibility to Jacobs/OMI of all repair and replacement of equipment and systems valued at less than \$250,000. Items above \$250,000 would be funded by the City through operating or capital funds.

Under this contract, Jacobs/OMI is providing performance guarantees for electrical production/usage and biosolids disposal based on a lump sum bid price for a contract that includes all the City's wastewater facilities and REBF. If guarantees are not met for electrical and biosolids, the costs for these items will increase and be at Jacobs/OMI risk. In addition, Jacobs/OMI is providing Guaranty and Performance Bonds as backing to its financial and performance commitments.

In addition to the guarantees, Jacobs/OMI will be completing several value-added projects or capital investments over the first three years of the project, including:

- PJM Electric Grid study to determine net metering feasibility
- Digester cleaning to improve gas production
- Additional monitoring of CSO outfalls to minimize overflow events
- New plant SCADA system to improve operability
- Interim FOG receiving station to reduce risk to collection system and increase gas production
- Innovation studies and workshops that will develop new projects to increase efficiency and drive new business opportunities.

Jacobs/OMI has provided a well thought out plan for the transition of the employees and systems at the WWTP that would begin in April and proceed through the Contract Operation start date of July 1, 2020 and beyond. This will ensure business and operational continuity and reduce risks to the City in compliance and financial areas during the transition period.

Jacobs/OMI is committed to being a long-term partner for not only the operation of the City assets but the community as a whole for the next 20 years or more.