
REQUESTED COUNCIL MEETING DATE: August 21, 2018
ITEM: Alliance Proposal

ORIGINATING DEPARTMENT: General Admin
ATTACHMENTS: Proposal

ROUTING ORDER

INTERIM CITY MANAGER:	Dana Daniel	DATE:
FINANCE DIRECTOR:	Daphne Pevahouse	DATE:
CITY CLERK:	Rachel Holcomb	DATE:
CITY ATTORNEY:	Steve Hays	DATE:

PURPOSE:

Seek Council input/feedback on proposal.

BACKGROUND:

Alliance Water Resources currently contracts with the City of Neosho in providing oversight and staffing for the Water Treatment and Waste Water Facilities and operations.

As noted in the attached letter they are proposing an Operating Budget of \$88,528 per month.

RECOMMENDATION:

Staff requests Council approval on the proposed Alliance Operating Budget.



July 20, 2018

Mayor Ben Baker
City of Neosho
203 E. Main Street
Neosho, MO 64850

RE: FYE2019 Proposed Operating Budget and Additional Scope of Services (Water Distribution)

Dear Mayor Baker:

On behalf of Alliance Water Resources, I would like to again take this opportunity to thank you and the City Council for the continued partnership between the City of Neosho and Alliance. We enjoy working with Mr. Daniel and all of the staff at City Hall. We are very appreciative of their assistance and open communication.

Earlier this year, Alliance's staff performed leak detection research on a small portion of the distribution system that included large transmission mains. Alliance then provided findings and recommendations which we believe will result in cost savings for the City. Also during our conversations at that time, we offered to assist the City further by operating and managing the water distribution system. Consequently, this letter serves two purposes:

1. To provide the City of Neosho with our Alliance Operating Budget for the fiscal year beginning October 1, 2018 per the current Professional Operating Services and Management Agreement of **\$88,528** per month. This price includes water treatment, wastewater treatment and wastewater collection.
2. To propose adding water distribution to the scope of the Agreement at an additional cost of **\$50,484** per month, which includes a repair limit in accordance with our current agreement.

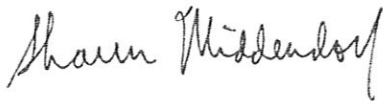
By all indications, the City is pleased with the services Alliance currently provides, and we would like the opportunity to build upon the accomplishments already achieved. This transition would be supported by allowing current Alliance staff members who perform operations and maintenance duties for both of the Wastewater Treatment Plants, the Water Treatment Plant, and the Wastewater Collection System to join together with Water Distribution System staff. The distribution staff would report directly to Alliance's Local Manager Ken Brady, just as current Alliance staff does. Our initial focus for the staff is more thorough technical and safety training along with a goal of reducing employee turnover. Our goals for the distribution system are better long-term planning, more thorough preventive maintenance, and higher system efficiency.

Our water distribution services proposal includes the transfer of City employees to Alliance. Because the City is in the process of upgrading the existing meter reading system, four current City employees comprise the City's Meter Change-out Crew. According to information provided by the Interim City Manager, when the meter change-out program is complete, three of these employees will be reassigned to other Public Works positions within the City and one will remain with the Distribution Crew for the purpose of reading meters. Our proposal for water distribution services includes this meter reading staff position. The other three Meter Change-out Crew members would remain City employees yet report to Alliance's Ken Brady only until completion of the change-out project when they could then be reassigned. All other current City Distribution Crew staff members would be eligible for hire by Alliance.

We would appreciate your consideration of adding water distribution operation and maintenance services to the scope of our current Agreement. If approved by council, we would plan for an October 1, 2018 effective date to match the City's fiscal year and our current Agreement's anniversary date. This would also provide adequate time for a transition.

We would be glad to discuss this proposal with you in detail at any time.

Sincerely,



Shawn Middendorf, Division Manager
Alliance Water Resources, Inc.
206 South Keene Street
Columbia, MO 65201
(573) 874-8080 x223

cc: Dana Daniel, Interim Neosho City Manager
Bart Downing, Alliance Water Resources Regional Operations Manager