



MEMORANDUM

Date: August 8, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton
Interim City Manager

From: Matt Willman
Interim Utilities Director

Subject: **Approve a five-year term extension to the “Agreement for Operations, Maintenance, and Management Services for the City of Key West, Florida, Wastewater Facilities” between the City of Key West and Operations Management International, Inc. (File ID 24-6112)**

Introduction

Staff recommends the Mayor and City Commission approve the request for a final five-year term extension to the agreement with Operations Management International, Inc., (OMI) for operation, maintenance, and management of the wastewater treatment facility and collection / transmission system, in accordance with the Section 4.1 of the Agreement for Operations, Maintenance, and Management Services for the City of Key West, Florida, Wastewater Facilities.

Background

Resolution 13-304 approved by the City Commission awarded a contract to OMI, in response to Request for Proposal No. 09-13 for services to operate, maintain, and manage the Richard A. Heyman Environmental Protection Facility, and wastewater and stormwater collection and transmission systems. The Agreement between the City of Key West and OMI was entered into on March 24, 2014, and specified a contract term of five years with options for two additional five-year terms.

Resolution 18-366 authorized the first five-year term extension for OMI to continue operation, maintenance, and management of the Richard A. Heyman Environmental Protection Facility, and amended the contract to reduce direct costs by allowing the city to pay electrical power charges directly to Keys Energy Services.

Resolution 21-159 adjusted contract procurement levels from \$5,000.00 to \$10,000.00 for corrective maintenance and repair, and capital expenditures and replacements, and added operation, maintenance, and management of two additional stormwater pump stations to Exhibit B Facilities.

Resolution 23-247 modified the end date of the first five-year term extension to coincide with the city's fiscal year end date, September 30. The first renewal term began on March 1, 2019, and will end on September 30, 2024. The second renewal term will begin on October 1, 2024, and end on September 30, 2029.

Procurement

OMI operates, maintains, and manages the Richard A. Heyman Environmental Protection Facility, and wastewater and stormwater collection and transmission systems on a cost-plus basis with an incentive to return surplus budgeted funds to the city. Under the contract and current five-year term, OMI has operated under budget and returned surplus funds up to \$200,000 to the city through the reconciliation process in past years.

Resolution 23-259 approved the Fiscal Year 23/24 budgets for operation, maintenance, and management of the Richard A. Heyman Environmental Protection Facility, and wastewater and stormwater collection and transmission systems, in the amounts of \$5,683,009.00 for wastewater services and \$798,823.00 for stormwater services.

The city commission will approve the Fiscal Year 24/25 budgets for operation, maintenance, and management of the Richard A. Heyman Environmental Protection Facility, and wastewater and stormwater collection and transmission systems. The preliminary FY25 budget is \$6,197,322.00 for the Treatment Plant Operation and Collection System Ops. And \$762,261.00 for Stormwater Maintenance and Operations.

Recommendation

The City Manager's Office recommends the Mayor and City Commission approve the second five-year term extension to the agreement with OMI for operation, maintenance, and management of the wastewater treatment facility and collection/transmission system, in accordance with the Section 4.1 of the Agreement for Operations, Maintenance, and Management Services for the City of Key West, Florida, Wastewater Facilities; and authorize the city manager to execute necessary paperwork upon consent of the city attorney.