



CH2M
818 Riverside Drive
Hood River, OR 97031
Tel 541.386.2432
Fax 541.386.6236

January 27, 2017

Nick Hogan
City Administrator
City of Stevenson
PO Box 371
Stevenson, WA 98648

Dear Mr. Hogan:

This letter is to advise you of the proposed fee for the contract period January 1, 2017 through December 31, 2017 for the operation and maintenance of the City of Stevenson Wastewater Treatment Plant and lift stations. The proposed fee is \$124,689 which is \$7,058 or 6.0% increase over the 2016 contract year. As you know there has been a significant increase in plant loadings over the last year or so which has had a considerable impact on operating costs.

Explanations for the increased costs:

- Annual inflationary adjustments for labor, benefits and workers compensation. Labor costs are adjusted annually to keep the company competitive and reduce associate turnover. As you know the cost of health insurance continues to rise rapidly and to help hold down costs to our clients, CH2M associates continue co-paying a 25–27.5% share of benefit costs.
- There has been a notable increase in the amount of aerobic digester sludge hauled to Hood River for further treatment. In turn, a 22% increase for diesel fuel and a 10% increase in sludge disposal costs have been budgeted for.
- 13% increase for electrical due to higher plant loadings and a rate increase of 2% by Public Utility District NO. 1 of Skamania County January 2016.
- Increase in costs for Bridge of the Gods toll charges for increased number of trips for sludge hauling to Hood River and a 16% increase in ticket costs that occurred early 2016.
- The current repair budget of \$4,546 was increased to \$5,000.

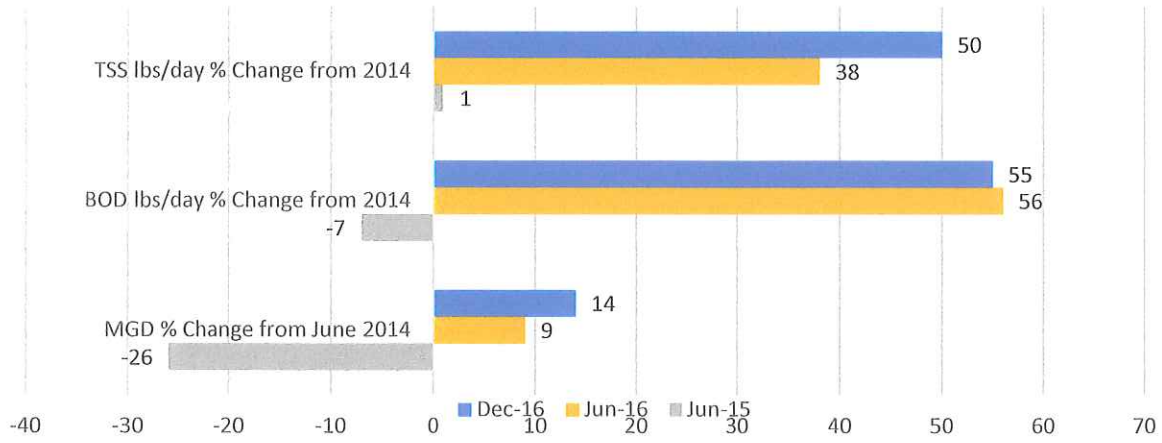
I would like to personally thank the City of Stevenson for allowing CH2M the opportunity of providing full contract services since 1984 and hope our partnership continues for many years to come.

Respectfully,

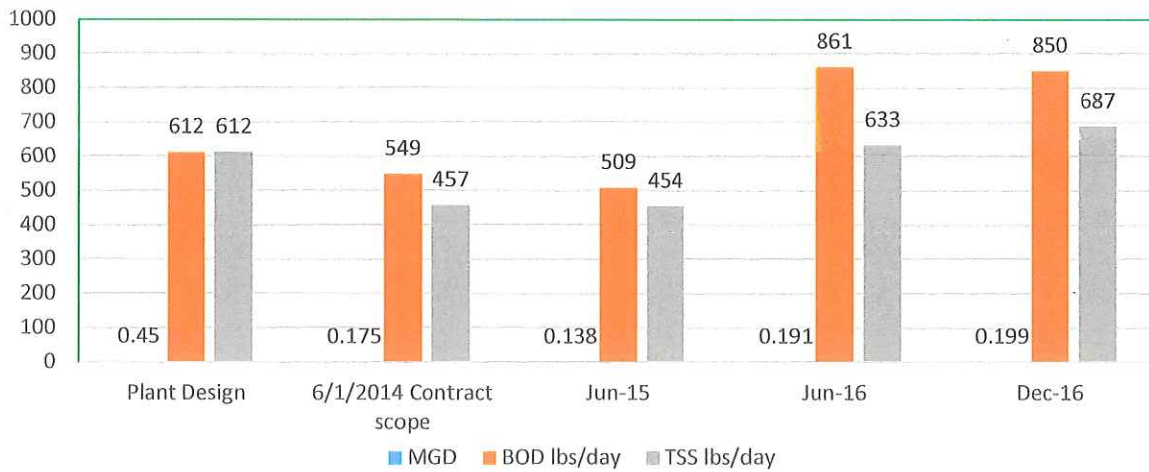
A handwritten signature in black ink that reads 'Louie Hooks'.

Louie Hooks
Operations Supervisor, CH2M

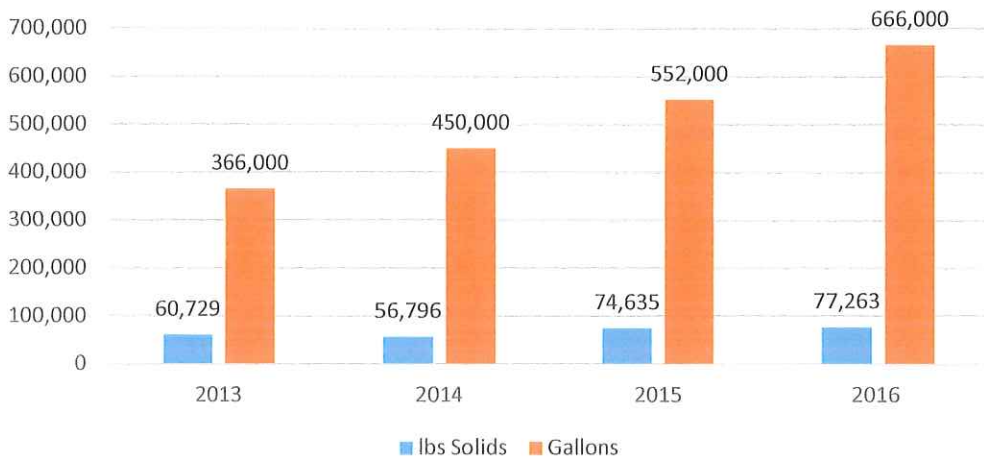
Stevenson Influent Loadings % Change (based on contract scope)



Stevenson Influent Loadings 12 month averages



Stevenson Haul to Hood River



AMENDMENT NO. 2
to the
AGREEMENT FOR OPERATIONS,
MAINTENANCE AND MANAGEMENT SERVICES
for the
CITY OF STEVENSON, WASHINGTON

This Amendment No. 2 (the "Amendment") to the Agreement for Operations, Maintenance and Management Services for the City of Stevenson, Washington effective as of December 23, 2014 (the "Agreement") is made and entered into this ____ day of January 2017 by and between the City of Stevenson, Washington (hereinafter "Owner") and Operations Management International, Inc. (hereinafter "CH2M HILL").

NOW THEREFORE, Owner and CH2M HILL agree to amend the Agreement as follows:

1. Article D.1.1 is hereby deleted in its entirety and replaced with the following:

D.1.1 Owner shall pay to CH2M HILL as compensation for services performed under this Agreement a Base Fee of One Hundred Twenty Four Thousand Six Hundred Eighty Nine Dollars (\$124,689) for the period January 1, 2017 through December 31, 2017. Subsequent years' Base Fees shall be determined as hereinafter specified in Appendix D.4 below.

2. Article D.1.2.01 is hereby deleted in its entirety and replaced with the following:


D.1.2.01 The total amount CH2M HILL shall be required to pay for Repairs shall not exceed the annual Repairs Limit of Five Thousand Dollars (\$5,000) during the period referenced in Appendix D.1.1 of this Agreement. CH2M HILL shall provide Owner with a detailed invoice of Repairs over the annual Repairs Limit, and Owner shall pay CH2M HILL for all repairs in excess of such limit. CH2M HILL will rebate to Owner the entire amount that the cost of Repairs is less than the annual Repairs Limit.

This Amendment together with the Agreement constitutes the entire agreement between the Parties and supersedes all prior oral and written understandings with respect to the subject matter set forth herein. Unless specifically stated all other terms and conditions of the Agreement shall remain in full force and effect. Neither this Amendment nor the Agreement may be modified except in writing signed by an authorized representative of the Parties.

The Parties, intending to be legally bound, indicate their approval of the Amendment by their signatures below.

OPERATIONS MANAGEMENT
INTERNATIONAL, INC.

CITY OF STEVENSON, WA



Name: Elliott Wheeler
Title: Vice President
Date: 23 JAN 2017

Name: Frank Cox
Title: Mayor
Date: _____