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MANAGEMENT AND OPERATIONS AGREEMENT  
OF THE  
DEWATERING OF WATER TREATMENT PLANT SLUDGE  
FOR  
THE CITY OF SAPULPA, OKLAHOMA

THIS AGREEMENT is made on this 31 day of July 1990, between the Sapulpa Municipal Authority of Sapulpa, Oklahoma (hereinafter "OWNER"), whose address is 425 East Dewey, Sapulpa, Oklahoma 74066 and PROFESSIONAL SERVICES GROUP INC., (hereinafter "PSG"), whose address is 14950 Heathrow Forest Parkway, Suite 200, Houston, Texas 77032-3842.

WHEREAS, OWNER is desirous of PSG providing for the dewatering of new sludge produced by the City water purification process, as defined in "Project" in APPENDIX "B".

WHEREAS, OWNER is desirous of PSG services being available on an initial 2-year then month-to-month basis to dewater such water plant sludges and possibly other municipal sludges with OWNER removal and disposal.

NOW, THEREFORE, the parties agree as follows:

1. GENERAL

- 1.1 This Agreement will become effective on August 1, 1990 with site activities not beginning until September 1, 1990.
- 1.2 All definitions of words or phrases used in this Agreement are contained in Appendix "A".
- 1.3 All grounds, facilities, equipment and vehicles now owned by OWNER or acquired by OWNER shall remain the property of the OWNER.
- 1.4 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Oklahoma.

Sapulpa

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- 1.5 This Agreement shall be binding upon the successors and assigns of each of the parties, but neither party will assign this Agreement without the prior written consent of the other party. Consent shall not be unreasonably withheld.
- 1.6 All notices shall be in writing and transmitted by certified mail to the addresses noted above.
- 1.7 This Agreement, including Appendices, "A" through "D" is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "PSG" and "OWNER" shall include the respective officers, agents, directors, elected or appointed officials, and employees.
- 1.8 If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 1.9 It is understood that the relationship of PSG to OWNER is that of independent contractor.

## 2. SCOPE OF SERVICES - PSG

PSG shall:

- 2.1 Provide performance bond that the services provided the OWNER will meet regulatory and quality requirements in force at the time of contract execution. The performance bond shall be in the amount of the annual contract. (12 mo. x \$10,931/ mo. = \$ 131,172.00 annual)
- 2.2 Provide modified pricing and performance bond revisions should environmental requirements for sludge processing and disposal change sufficiently to impact the method, testing, or controls of the process.
- 2.3 Provide for collection of samples for the evaluation of process and its impact on produced filtrate and sludge.

- 2.4 Prepare reports for monthly and quarterly Discharge Monitoring Reports (DMR's) for sludge and filtrate water, as appropriate, and submit to OWNER.
- 2.5 Discharge filtrate water that will meet OWNER's current discharge permit for TSS, dissolved aluminum, iron, manganese, and pH, or return filtrate water, if OWNER specifically agrees, as raw water for reprocessing.
- 2.6 Provide all tankage and hookups required for flow equalization and equipment used in processing sludge.
- 2.7 Provide method of equalizing the flow from sediment basins and accelator, including tanks and pumps.
- 2.8 Provide temporary liquid sludge storage equipment.
- 2.9 Provide pumps and mixers to deliver sludge to belt press.
- 2.10 Provide portable belt press to produce sludge cake.
- 2.11 Provide polymers, chemicals and other consumable to operate the portable belt press.
- 2.12 Assist the OWNER in developing cost saving strategies in land application of sludges, if requested.
- 2.13 Maintain and repair PSG provided equipment.
- 2.14 Provide insurance as required by law and the City ordinances.
- 2.15 Have the right to temporarily modify or adjust the sludge dewatering process while making needed changes to comply with the requirements of the NDPES and Oklahoma Department of Health and any other relevant permitting and disposal requirements.

- 2.16 Provide a monthly executive summary of the activities (including PSG Daily Activity Logs) and communications for sludge dewatering processes. Copies of all incoming and outgoing correspondence regarding the facilities under contract to PSG will be distributed in a timely manner to both OWNER and their designated party.
- 2.17 Provide to OWNER, in writing, on the day services begin under this Agreement, the name of PSG's authorized representative.

### 3. SCOPE OF SERVICE - OWNER

OWNER shall:

- 3.1 Combine all accelator and sediment basin waste streams into PSG accessible manholes within the water treatment plant so that PSG can pump the sludge stream to PSG dewatering equipment.
- 3.2 Notify PSG when the change from an aluminum sulfate and lime process to other treatment processes will be made.
- 3.3 Provide necessary electrical power and service line connections for PSG access and hook-up.
- 3.4 Provide access to drains for filtrate.
- 3.5 Provide access to washwater connection and water.
- 3.6 Provide disposal container, Dumpster or equivalent, for receiving dewatered sludge.
- 3.7 Provide transportation and disposal of dewatered sludge.
- 3.8 Obtain, test and provide PSG with laboratory results of daily grab samples and monthly samples of sludge and filtrated water to determine permit compliance.
- 3.9 Provide small area for covered storage of operational support items for PSG temporary facilities.

3.10 Provide to PSG, in writing, on the day service begins under this Agreement, the name of OWNER's authorized representative.

#### 4. SCOPE CHANGES

4.1 PSG and the OWNER shall be required to enter into negotiations when the treatment process or sludge disposal requirements of a facility are changed by any State or federal regulatory authorities.

4.2 PSG and the OWNER shall be allowed to process other water and wastewater sludges through dewatering at \$120 per dry ton, if both parties to this agreement concur. PSG would make its portable belt press available to the OWNER for wastewater sludge dewatering under similar terms and conditions to the water plant operations. The minimum monthly fee for the water plant sludge dewatering would serve as the base for both water and wastewater sludges. The charge of \$120 per dry ton would apply for total production over the water plant monthly sludge nominal production per Appendix "B"

#### 5. COMPENSATION

5.1 Compensation to PSG shall be \$10,931 per month for a minimum period of twenty-four (24) months of operation. This monthly rate will provide the capability to dewater one (1) dry ton per day for a total of 365 dry tons annually.

5.2 After the first twenty-four (24) months, the OWNER has the option of month-to-month extensions for an additional period of eighteen (18) months at the \$10,931 per month minimum rate. After this extension period, the \$10,931 per month minimum rate is subject to renegotiations at the request of either party.

5.3 The monthly rate is based on the processing of one (1) dry ton per day of water plant sludge for an annual total of 365 dry tons. Dry tons, based on water quantity laboratory calculations, in excess of the total annual production of 365 dry tons will be charged at \$120 per dry ton. Monthly nominal dry tons of sludge are projected to be per Appendix "B". Dry tons over the monthly nominals will be invoiced for the month of production, underages will be credited to the next months invoice.

5.4 At the end of one year from the commencement date, and annually thereafter, the minimum monthly rates for fixed fee and the per dry ton of sludge produced will be revised according to the formula for Consumer Price Index (CPI) adjustment defined in Appendix "C".

## 6. PAYMENT OF COMPENSATION

6.1 The compensation for services shall be for a base of \$10,931.00 per month and shall be due and payable on the first of the month for each month that services are provided.

6.2 All other compensation to PSG is due upon receipt of PSG's invoice and payable upon receipt. Other compensation is at \$120 per dry ton for sludge produced in excess of nominal dry tons projected in Exhibit "B" per month.

6.4 OWNER shall pay interest at an annual rate equal to the NCNB Bank's prime rate plus one and one half percent (1-1/2%), said amount of interest is not to exceed any limitation provided by law, on payments not paid and received within forty-five (45) calendar days, such interest being calculated from the due date of the payment.

7. INDEMNITY, LIABILITY AND INSURANCE

- 7.1 PSG hereby agrees to and shall hold OWNER harmless from any liability or damages for bodily injury or property, including death, which may arise from PSG's negligence under this Agreement, whether such negligence be by PSG or by a subcontractor of PSG, PROVIDED, HOWEVER, such indemnification of PSG shall not extend to and OWNER shall itself be responsible for and shall hold PSG harmless in the event that such liability or damage shall result from the negligence of OWNER or its employees or agents.
- 7.2 Each party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix "D". Each party shall name the other party as an additional insured on all insurance policies covering the facilities and project and shall provide the other party with satisfactory proof of insurance.

8. TERM, TERMINATION; AND DEFAULT

- 8.1 The initial term of this Agreement shall be twenty-four (24 ) months commencing on the 1st of September, 1990. Thereafter, this Agreement may be renewed on a month-to-month basis for a maximum of 42 total months if agreed to by both parties no less than five (5) days prior to expiration. The monthly term shall not exceed eighteen (18) monthly extensions, at which time this Agreement shall be subject to renegotiation.
- 8.2 A party may terminate this Agreement only for a material breach of the Agreement by the other party; only after giving written notice of breach; and, except in case of a breach by OWNER for non-payment of PSG's invoices, in which case termination may be immediate by PSG, only after allowing the other party ten (10) days to cure or commence taking reasonable steps to cure the breach.

8.3 Upon notice of termination by OWNER, PSG shall assist OWNER in assuming operation of the Project facilities. If additional Cost is incurred by PSG at request of OWNER, OWNER shall pay PSG such Cost in accordance with Article 5.1 and 5.3.

8.4 Upon termination of this Agreement and all renewals and extensions of it, PSG will return the Project to the OWNER in the same condition as it was upon the Effective Date of this Agreement, ordinary wear and tear excepted.

9. DISPUTES AND FORCE MAJEURE

9.1 In the event activities by OWNER's employee groups or unions cause a disruption in PSG's ability to perform at the Project, OWNER, with PSG's assistance or PSG at its own option, may seek appropriate injunctive court orders. During any such disruption, PSG shall operate the facilities on a best-efforts basis until any such disruptions cease.

9.2 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees which are directly attributed to such litigation in addition to any other relief to which it may be entitled.

9.3 Neither party shall be liable for its failure to perform its obligations under this Agreement if performance is made impractical, abnormally difficult, or abnormally costly, due to any unforeseen occurrence beyond its reasonable control. However, this Article 9.3 may not be used by either party to avoid, delay or otherwise affect any payments due to other party.



Both parties indicate their approval of this Agreement by their signatures below and each party certifies that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been taken.

PROFESSIONAL SERVICES  
GROUP, INC.

  
Michael M. Stump

DATE: July 25, 1990

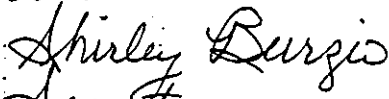
SAPULPA MUNICIPAL AUTHORITY

  
~~Mayor~~ Chairman

DATE: July 31, 1990

Approved: C.M. Gibson  
CITY ATTY.

Attest:

  
Secretary

## APPENDIX A

### DEFINITIONS

- A.1 The "Project" means all equipment, vehicles, grounds, water plant sludges and facilities described in Appendix B and where appropriate, the management, operations and maintenance of such.
- A.2 "Designated Engineer" is the OWNERS engineer selected to serve as the design representative for process and major/emergency operations matters.
- A.3 "Normal Preventive Maintenance" means those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or PSG to maximize the service life of the OWNER facility equipment specifically used to support the sludge dewatering process.
- A.4 "Agreement Date" is the date the last party to this Agreement signs this document.
- A.5 "Commencement Date" is the date PSG begins providing operating services to dewater sludge. The earliest date of commencement is September 1, 1990.
- A.6 "Dry Ton" is two thousand pounds (2,000#) of total solids without moisture as if totally oven dried and calculated from the dewatered water plant sludge.

APPENDIX B  
DESCRIPTION OF PROJECT

PSG agrees to provide the services necessary for the management, operation and maintenance of the following:

FACILITIES IDENTIFICATION

Equipment for dewatering water treatment plant sludges to be transported and disposed of by the OWNER. PSG will furnish equipment to dewater water plant sludges produced by the OWNER's plant operations. PSG will dewater approximately 365 dry tons of sludge annually. Any additional sludges dewatered for OWNER will be billed at \$120 per dry ton for tonnage over the nominal monthly projections listed in the Table below.

PSG will furnish the following:

- o Portable Belt Press
- o Temporary Tankage
- o Hookups
- o Method of Sludge Flow Equalization
- o Pumps and Mixers to Deliver Liquid to Belt Press
- o Polymers and Other Consumable Chemicals
- o Hoses and Piping, as appropriate
- o Labor to Operate and Maintain the Dewatering Process

OWNER will furnish the following:

- o Discharge of Liquid Sludges to Accessible Manhole
- o Electrical Power and Connections for Hookups
- o Drains for Filtrate
- o Washwater Connection and Potable Water
- o Container for Sludge Cake Produced By PSG
- o Transportation and Disposal of Sludge Cake
- o Laboratory Tests and Results to PSG
- o Small Area for Covered Storage of Operating Equipment

TABLE

MONTHLY DRY TONS OF SLUDGE PRODUCTION - PROJECTIONS

The monthly projections of nominal 365 dry tons of water plant annual sludge production are as follows:

January	27	July	34
February	24	August	38
March	27	September	38
April	29	October	31
May	30	November	28
June	30	December	29
TOTAL ANNUAL			<hr/> 365 Dry Tons

## APPENDIX C

### MONTHLY FEE ADJUSTMENT FORMULA

$$AMF = MFO \frac{C}{Co}$$

Where

MFO = Monthly Fee specified in Article 5.1

AMF = Adjusted Monthly Fee.

Co = Consumer Price Index (CPI) for All Urban Consumers (U.S. City Average as published by U.S. Department of Labor, Bureau of Labor Statistics in the CPI Detailed Report for the month three (3) months prior to PSG beginning service under this Agreement.

C = Consumer Price Index (CPI) for All Urban Consumers (U.S. City Average as published by U.S. Department of Labor, Bureau of Labor Statistics in the CPI Detailed Report for the month three (3) months prior to the beginning of the period for which an adjusted base fee is being calculated.

PSG monthly fee and fee per dry ton will be adjusted annually on the anniversary date of the execution of this Agreement using the composite of the Adjusted Monthly Fee by applying the same percentage factor to the monthly fee and the fee per dry ton. Adjustments will be up or down depending on the annual CPI for All Urban Consumers.

## APPENDIX D

### INSURANCE COVERAGE

#### PSG SHALL MAINTAIN:

1. Statutory workmen's compensation for all of PSG's employees at the Project as required by the State of Oklahoma.
2. Comprehensive general liability insurance in an amount not less than \$1,000,000 combined single limits for bodily injury and/or property damage.

#### OWNER SHALL MAINTAIN:

1. Property damage insurance for all property including vehicles owned by OWNER and operated by PSG under this Agreement. Any property, including vehicles, not properly or fully insured shall be the financial responsibility of the OWNER.

Each party will provide at least thirty (30) days notice of the cancellation of any policy it is required to maintain under this Agreement. PSG and the OWNER may self-insure reasonable deductible amounts under the policies they are required to maintain. To the extent permitted by law and only if such action does not invalidate the property insurance of either party, PSG and the OWNER, on behalf of themselves and their insurers, waive their rights of subrogation with respect to losses occurring to property of the parties.