



# CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII 96813-3065

**ANN H. KOBAYASHI**  
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March 20, 2012

TO: MAYOR PETER CARLISLE  
FROM: COUNCILMEMBER ANN H. KOBAYASHI *AK*  
RE: NOTICE OF TERMINATION OF THE SYNAGRO CONTRACT

As noted in Mayor's Message 10 (2012), Section 6.10 of the CONTRACT FOR THE OPERATION AND MAINTENANCE OF AN IN-VESSEL BIOCONVERSION FACILITY FOR THE CITY AND COUNTY OF HONOLULU ("Synagro Contract") provides the City with the option to terminate the Synagro Contract "for convenience."

Section 6.10 of the Synagro Contract further provides that if this option is exercised, the City shall provide Synagro with written notice at least 180 days prior to the last day of the end of the fifth full year of the Contract term and shall pay Synagro a \$2 million early termination fee on the date of termination.

Because of ongoing concerns with the present operation of the Sand Island Wastewater Treatment Plant, the Synagro Contract once again may not be funded by the Council in the upcoming fiscal year. In anticipation, the administration may wish to provide Synagro with the above-referenced advance written notice that the termination provision in the Synagro Contract may be exercised. The deadline for the advance written notice is approximately April 4, 2012.

With respect to the second digester, Sections 9.3 and 9.3.3 of AMENDMENT NO. 2 TO THE CONTRACT FOR THE OPERATION AND MAINTANENCE OF AN IN-VESSEL BIOCONVERSION FACILITY FOR THE CITY AND COUNTY OF HONOLULU dated July 20, 2011, states that the City can terminate the contract, subject to termination claims, at any time by the Director of Budget and Fiscal Services giving written notice to Synagro that the second digester contract will also be cancelled. Therefore, as a prudent precaution in the interest of protecting taxpayers of the City and County of Honolulu, I urge you to provide Synagro with the proper notice of termination.

Please contact me at 768-5005 if you should have any questions.

Cc: Doug Chin, Managing Director  
Michael Hansen, Director of Budget and Fiscal Services  
Timothy Steinberger, Director of Environmental Services