

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: June 13, 2013**

**SUBJECT:** Contract Amendment – CH2MHill Utilities Operations & Maintenance

**SUBMITTING DEPARTMENT:** Utilities Department

**PREPARED BY:** Mark Kieren, Utilities Operations Manager for  
Neil Wadsworth, P.E., Utilities Director

**AGENDA LOCATION:** Comments/Communications , Consent , Work/Study ,  
New Business , Public Hearing , Second Reading

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**ATTACHMENTS:** a) Contract Amendment

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**SUMMARY BACKGROUND:** In July of 2008, the Town signed a 5-year contract (subsequently extended by 2 years in June 2010) with CH2MHill OMI to operate and maintain the Town’s utilities which consist of the water system, the wastewater system, the reclaimed water system, and the recharge facility. Annually, the scope of services and the compensation amounts are adjusted and negotiated to reflect any requested changes in services provided, inflation, or other changes in the cost of performing the needed services.

The proposed contract amendment for FY 2013-14 contains a 1 percent price adjustment in addition to a cost increase for workload based on existing and new tasks as follows:

1. North Plains Recharge Facility – The North Plains Recharge Facility was constructed and is now operational. Additional funding is required to perform normal daily operational duties.
2. Sewer Cleaning – The quantity of sewer lines cleaned is being increased from 60 miles per year to 140 miles per year to provide for an aggressive 2-year cleaning cycle, as part of the ADEQ Consent Judgment.

The resulting overall base fee increase is 6.95 percent from \$3,077,514.00 to \$3,291,290.15. A breakdown of the base fee costs among the Town’s Utility Enterprise Funds is shown below:

Utility	Current Contract FY 2012/13	Proposed Amendment FY 2013/14	Increase
Wastewater	\$804,328.14	\$962,371.28	\$158,043.14
Water	\$2,084,311.44	\$2,105,155.12	\$20,843.68
Reclaimed Water	\$133,896.42	\$135,235.97	\$1,339.55
Recharge	\$54,978.00	\$88,527.78	\$33,279.78
<b>Totals</b>	<b>\$3,077,514.00</b>	<b>\$3,291,290.15</b>	<b>\$213,506.15</b>

In addition to base fees, the contract provides direction for handling other related costs. Power costs (electricity) are paid directly by the Town. Other costs such as repairs, biosolids disposal, water meter purchases and odor control chemicals are reimbursed to OMI without markup. These costs may vary but typical amounts are shown in the table below which are reflected in individual Town Budget Line Items.

	<b>Wastewater Treatment Plant and Wastewater Collection System</b>	<b>Reclaimed Water System</b>	<b>Recharge System</b>	<b>Water System</b>	<b>TOTALS</b>
<b>Base Fee</b>	<b>\$ 962,371.28</b>	<b>\$ 135,235.97</b>	<b>\$ 88,527.78</b>	<b>\$2,105,155.12</b>	<b>\$3,291,290.15</b>
Other Expenses and Costs					
Electricity	Paid by Town	Paid by Town	Paid by Town	Paid by Town	
Repairs (reimbursable)	\$ 225,000.00	\$ 21,000.00	\$ 25,000.00	\$ 225,000.00	\$496,000.00
Water Meters (reimbursable)				\$ 500,000.00	\$500,000.00
Biosolids (reimbursable)	\$ 230,000.00				\$230,000.00
Magnesium Hydroxide (reimbursable)	\$ 40,000.00				\$40,000.00

**OPTION ANALYSIS:** The Council may vote to:

- 1.) Approve the contract amendment, **OR**
- 2.) Not approve the contract amendment, **AND/OR**
- 3.) Direct staff to re-negotiate the terms of the Amendment

**ACTION OPTION:** Motion to approve the Contract Amendment, **OR** motion to not approve. **VOTE**

**RECOMMENDATION:** Staff recommends approval of the Contract Amendment as written.

**FISCAL ANALYSIS:** The specific budget line items are as follows:

<b>Wastewater</b>		<b>Water</b>	
Budget 501-7010-642-3206	\$962,372.00	Budget 511-7020-641-3206	\$2,105,155.00
Contract Amount	\$962,371.28	Contract Amount	\$2,105,155.12
Balance	\$0	Balance	\$0
<b>Reclaimed Water</b>		<b>Recharge</b>	
Budget 531-7030-641-3206	\$133,897.00	Budget 541-7040-641-3206	\$88,528.00
Contract Amount	\$135,235.97	Contract Amount	\$88,527.78
Additional Req'd	(\$1,338.97)	Balance	\$0
Transfer In from: 531-7030-641- 4390 (Other Repairs and Maintenance)	\$1,338.97		
Balance	\$0		

Transfers Out

	Reclaimed Water Other Repairs and Maintenance 531-7030-641-4390
Budget FY 13/14	\$21,000.00
Transfer out	\$1,338.97
Remaining Balance	\$19,661.03

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned to \_\_\_\_\_