

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: June 26, 2014**

SUBJECT: Contract Amendment No. 7 – 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

ATTACHMENTS: a) Contract Amendment No. 7

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 14-15 contains a 3 percent price adjustment and the following Table summarizes the changes to be included in our FY 14–15 contract.

The resulting overall base fee increase is 3.0 percent from \$3,291,290.15 to 3,390,031.00. A breakdown of the base fee costs among the Town’s Utility Enterprise Funds is shown below:

Utility	Current Contract FY13/14	Proposed Amendment FY14/15	Increase
Wastewater	\$962,371.28	\$991,243.00	\$28,871.72
Water	\$2,105,155.12	\$2,168,310.00	\$63,154.88
Reclaimed Water	\$135,235.97	\$139,294.00	\$4,058.03
Recharge	\$88,527.78	\$91,184.00	\$2,656.22
TOTALS:	\$3,291,290.15	\$3,390,031.00	\$98,740.85

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.

	Wastewater Treatment Plant & Wastewater Collection System	Reclaimed Water System	Recharge System	Town of Prescott Valley Water System	TOTALS
Base Fee	\$ 991,243.00	\$ 139,294.00	\$ 91,184.00	\$2,168,310.00	\$3,390,031.00
Electricity	Paid by Town	Paid by Town	Paid by Town	Paid by Town	
Small Sewer Projects (reimbursable)	50,000.00				50,000.00
Well Rehabilitation Program (reimbursable)	150,000.00				150,000.00
Repairs (reimbursable)	275,000.00	46,000.00	25,000.00	275,000.00	621,000.00
Water Meters (reimbursable)				500,300.00	500,300.00
Biosolids (reimbursable)	230,000.00				230,000.00
Magnesium Hydroxide (reimbursable)	40,000.00				40,000.00
TOTALS	\$1,736,243.00	\$ 185,294.00	\$ 116,184.00	\$ 2,943,610.00	\$4,981,331.00

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:

Wastewater		Water	
Budget 501-7010-642-3206	\$991,243.00	Budget 511-7020-641-3206	\$2,168,310.00
Contract Amount	\$991,243.00	Contract Amount	\$2,168,310.00
Balance	\$0	Balance	\$0
Reclaimed Water		Recharge	
Budget 531-7030-641-3206	\$139,294.00	Budget 541-7040-641-3206	\$88,528.00

Contract Amount	\$139,294.00		Contract Amount	\$88,527.78
Balance	\$0		Balance	\$0

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____