

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: June 25, 2015**

SUBJECT: Agreement – CH2MHill Utilities Operations, Maintenance and Management Services

SUBMITTING DEPARTMENT: Utilities Department

PREPARED BY: Mark Kieren - Utilities Operations Manager for
Neil Wadsworth, PE - Utilities Director

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

ATTACHMENTS: a) Agreement for Operations, Maintenance and Management Services with
CH2MHill-OMI

SUMMARY BACKGROUND: CH2MHill OMI has been providing water and/or wastewater operations and maintenance service to the Town since 1993. Most recently, 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 current contract expires at the end of June 2015.

At the October 2nd, 2014 Work/Study session, the Town Council provided direction to staff to move forward with a new 5-year contract with CH2MHill OMI based on the company's performance and customer service over the duration of the contract. In addition:

- 1.) CH2MHill-OMI has consistently shown budgetary constraint through our economic downturn as well during economic vitality and over the past eight years the overall percentage of increase was less than 6.0 percent.
- 2.) CH2MHill-OMI has also shown great support and leadership, supporting many of our projects and played a key role in providing support to a number of our advancements in technology: Meter Replacement Project, New Recharge Facility, our accelerated cleaning program and a number of other items the Town has benefitted from.

The proposed Agreement for FY15-16 contains a **three percent** price adjustment with a resulting overall increase from \$3,390,031.00 to \$3,491,731.94. We have also added additional scope to the contract consisting of: Storm Drain Cleaning, Leak Detection and Video Inspection services. A breakdown of the base fee costs among the Town's Utility Enterprise Funds is shown below:

Utility	Current Contract FY14/15	Proposed Agreement FY15/16	Increase
Wastewater	\$991,243.00	\$1,020,980.30	\$29,737.30
Water	\$2,168,310.00	\$2,233,359.30	\$65,049.30
Reclaimed Water	\$139,294.00	\$143,472.82	\$4,178.82
Recharge	\$91,184.00	\$93,919.52	\$2,735.52
TOTALS:	\$3,390,031.00	\$3,491,731.94	\$101,700.94

In addition to base fees, the contract provides compensation for 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.

2015-2016	Wastewater Treatment Plant and Wastewater Collection System	Reclaimed Water System	Recharge System	Water System	TOTALS
Base Fee	\$1,020,980.30	\$143,472.82	\$93,919.52	\$2,233,359.30	\$3,491,731.93
Electricity	Paid by Town	Paid by Town	Paid by Town	Paid by Town	Paid by Town
Small Sewer Projects (reimbursable)	\$75,000.00				\$75,000.00
Well Rehabilitation Program (reimbursable)				\$150,000.00	\$150,000.00
Repairs (reimbursable)	\$275,000.00	\$25,000.00	\$25,000.00	\$310,547.00	\$635,547.00
Water Meters (reimbursable)				\$502,300.00	\$502,300.00
Biosolids (reimbursable)	\$300,000.00				\$300,000.00
Magnesium Hydroxide (reimbursable)	\$40,000.00				\$40,000
TOTALS	\$1,710,980.29	\$ 168,472.82	\$118,919.52	\$ 3,196,206.30	\$5,194,578.93

OPTION ANALYSIS: The Council may vote to:

- 1.) Approve the five year Agreement with CH2MHill-OMI **OR**
- 2.) Not approve the five year Agreement with CH2MHill-OMI **AND/OR**
- 3.) Direct staff to re-negotiate the terms of the Agreement

ACTION OPTION: Motion to approve the Agreement with CH2MHill-OMI, **OR** Motion to not approve. **VOTE**

RECOMMENDATION: Staff recommends approval of this Agreement with CH2MHill-OMI.

FISCAL ANALYSIS: The specific budget line items for the base contract are as follows:

Wastewater			Water	
Budget 501-7010-642-3206	\$1,020,981.00		Budget 511-7020-641-3206	\$2,233,360.00
Contract Amount	\$1,020,980.30		Contract Amount	\$2,233,359.30
Balance	\$0.70		Balance	\$0.70
Reclaimed Water			Recharge	
Budget 531-7030-641-3206	\$143,473.00		Budget 541-7040-641-3206	\$93,920.00
Contract Amount	\$143,472.82		Contract Amount	\$93,919.52
Balance	\$0.18		Balance	\$0.48

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____