

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: June 23, 2016**

SUBJECT: Amendment to Agreement – CH2MHill Utilities Operations, Maintenance & 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) Amendment to the Agreement with CH2MHill-OMI for Operations, Maintenance & Management Services dated June 25, 2015

SUMMARY BACKGROUND: On June 25, 2015, the Town signed a 5-year contract with CH2MHill to operate and maintain the Town’s utilities which consists 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 16-17 contains a 4 percent price adjustment from \$3,491,731.94 to \$3,631,405.00. The following Table summarizes the changes to be included in our FY 16–17 contract and reflects the changes to our Utility Enterprise Funds.

Utility	Current Contract FY15/16	Proposed Amendment FY16/17	Increase
Wastewater	\$1,020,980.30	\$1,061,821.00	\$40,840.70
Water	\$2,233,359.30	\$2,322,695.00	\$89,335.70
Reclaimed Water	\$143,472.82	\$149,212.00	\$5,739.18
Recharge	\$93,919.52	\$97,677.00	\$3,757.48
TOTALS:	\$3,491,731.94	\$3,631,405.00	\$139,673.06

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 and Wastewater Collection System	Reclaimed Water System	Recharge System	Town of Prescott Valley Water System	TOTALS
Base Fee	\$1,061,821.00	\$149,212.00	\$97,677.00	\$2,322,695.00	\$3,631,405.00
Electricity	Paid by Town	Paid by Town	Paid by Town	Paid by Town	

	Wastewater Treatment Plant and Wastewater Collection System	Reclaimed Water System	Recharge System	Town of Prescott Valley Water System	TOTALS
Repairs (reimbursable)	\$400,000.00	\$25,000.00	\$25,000.00	\$400,000.00	\$850,000.00
Water Meters (reimbursable)				\$400,000.00	\$400,000.00
Biosolids (reimbursable)	\$400,000.00				\$400,000.00
Magnesium Hydroxide (reimbursable)	\$40,000.00				\$40,000.00
TOTALS	\$ 1,901,821.00	\$ 174,212.00	\$122,677.00	\$ 3,122,695.00	\$5,321,405.00

OPTION ANALYSIS: The Council may vote to:

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

ACTION OPTION: Motion to approve the Amendment to the Agreement with CH2MHill-OMI for Operations, Maintenance and Management Services for FY16/17, OR motion to not approve. **VOTE**

RECOMMENDATION: Staff recommends approval of the Amendment.

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

Wastewater			Water	
Budget 501-7010-642-3206	\$1,061,821.00		Budget 511-7020-641-3206	\$2,322,695.00
Reclaimed Water			Recharge	
Budget 531-7030-641-3206	\$149,212.00		Budget 541-7040-641-3206	\$97,677.00

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____

