

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION**

Date: June 16, 2011

SUBJECT: Contract Amendment – CH2MHill OMI Utilities Operations & Maintenance

SUBMITTING DEPARTMENT: Utilities

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

SUMMARY BACKGROUND: In July of 2008, the Town signed a 5-year contract 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.

1. In July of 2010, an additional 2 years were added to the current 5 year Agreement ending June 30, 2013 extending the Agreement to June 30, 2015.
2. Over the past 4 years, CH2MHILL/OMI has either held or reduced their contract price to the Town and once again, CH2MHILL has agreed to “no increase” for the 2011-2012 Fiscal year.
3. Also to be noted, there will be no change to the current scope of services for all Utility Operations provided to the Town of Prescott Valley.

The total fee for services for the proposed 2011-2012 Fiscal Year is \$2,979,200.

OPTION ANALYSIS: The Council may vote to:

- 1.) Approve the Contract Amendment with no increase, **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 the Amendment. **VOTE**

RECOMMENDATION: Staff recommends approval of the Contract Amendment with ‘no change’ in the total fee for services with CH2MHILL OMI .

FISCAL ANALYSIS:

The specific budget line items are as follows:

Utility	Fund	Proposed Budget Amount for FY 11-12	Proposed OMI Amendment
Wastewater	501-7010-642-3206	\$765,000	\$788,557*
Water	511-7020-641-3206	\$2,010,960	\$2,005,472
Reclaimed	531-7030-641-3206	\$131,271	\$131,271
Recharge	541-7040-641-3206	\$53,900	\$53,900
Total		\$2,961,131	\$2,979,200

*The proposed budget shortfall of \$23,557 for the Wastewater operating fund will be met using anticipated decreases in other areas of operating costs; for example, we continue to make operational efficiency improvements that are allowing us to reduce power cost and Biosolids disposal costs.

REVIEWED BY:

Management Services Director _____ Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____