



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

28

2. Council Meeting Date:

June 9, 2009

TO: MAYOR & COUNCIL

3. Date Prepared: May 24, 2011

THROUGH: CITY MANAGER

4. Requesting Department: Municipal Utilities

5. SUBJECT: Amendment 4 to Agreement WA5-962-2183 for transportation of sludge with Otto Logistics LLC, in an amount not to exceed \$695,000.

6. RECOMMENDATION: Recommend approval of Amendment 4 extending Agreement WA5-962-2183 for transportation of sludge with Otto Logistics LLC, in an amount not to exceed \$695,000.

7. HISTORICAL BACKGROUND/DISCUSSION: The Agreement will transport sludge generated at the City's water and wastewater plants, waste from street sweeping and alley clean-up, and waste generated from water distribution operations. The recommended contractor will transport approximately 51,000 tons of material annually to Waste Management's Butterfield Station for disposal under a separate contract.

8. EVALUATION PROCESS: In July 2005, Council awarded Agreement WA5-962-2183 for transportation of sludge to Otto Logistics LLC. The Agreement had a two-year term through August 31, 2007 with extension provisions for two additional two-year periods. The contract was extended for both two-year extensions. Staff recommends an extension for thirteen months to allow a Request for Proposal (RFP) for transfer station operation and sludge/bulk waste transportation. There are efficiencies and cost savings if both services are solicited through one RFP.

Contract rates will be adjusted annually to reflect changes in the consumer price index (CPI), and quarterly to reflect changes in the cost of fuel. The requested amount is for thirteen months of service, and includes estimated adjustments for CPI, and fuel.

9. FINANCIAL IMPLICATIONS:

Cost: \$695,000
Savings: N/A
Long Term Cost: N/A
Fund Source:

<u>Account Name</u>	<u>Fund Name</u>	<u>Program Name</u>	<u>CIP Funded</u>	<u>Funds</u>
605.3830.0000.5219	Water Operating	Other Prof/Contract Services	N/A	\$67,000
615.3970.0000.5219	Wastewater Operating	Other Prof/Contract Services	N/A	\$145,000
615.3960.0000.5219	Wastewater Operating	Other Prof/Contract Services	N/A	\$338,000
101.3300.0000.5219	General Fund	Other Prof/Contract Services	N/A	\$85,000
101.3350.0000.5834	General Fund	Landfill Use Charges	N/A	\$36,000
605.3800.0000.5834	Water Operating	Landfill Use Charges	N/A	\$24,000

10. PROPOSED MOTION: Move to approve Amendment 4 to Agreement WA5-962-2183 for transportation of sludge with Otto Logistics LLC, in an amount not to exceed \$695,000.

APPROVALS

11. Requesting Department



Kim Neill, Utility Operations Manager

13. Department Head



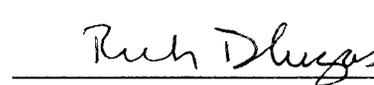
Dave Siegel, Municipal Utilities Director

12. Procurement Officer



Mike Mandt, Procurement Officer

14. City Manager



Rich Dlugas

**AMENDMENT NO. 4 TO THE
AGREEMENT BETWEEN THE CITY OF CHANDLER
AND OTTO LOGISTICS, LLC
SLUDGE TRANSPORTATION
AGREEMENT NO. WA5-962-2183**

This Amendment No. 4 to Agreement No. WA5-962-2183 is entered into this ____ day of _____, 2011 by and between the City of Chandler (CITY), an Arizona municipal corporation, and Otto Logistics, LLC (CONTRACTOR), an Arizona limited liability company.

WHEREAS, Agreement No. WA5-962-2183, as amended by Amendment Nos. 1-3 (the Sludge Transportation Agreement) expires on August 31, 2011 and includes no further provisions for renewal thereof;

WHEREAS, CITY has also entered into a separate contract with CONTRACTOR for City transfer station operations that will expire on September 30, 2012;

WHEREAS, CITY Municipal Utility Department staff believes that there would be potential efficiencies and cost savings available to CITY if it solicited proposals for both transfer station operations and sludge transportation services through one Request for Proposals; and

WHEREAS, the Sludge Transportation Agreement will need to be extended to September 30, 2012 to align with the expiration date of the contract for City transfer station operations to realize the efficiencies and cost savings potentially available through a joint solicitation of these services as contemplated.

NOW, THEREFORE, the parties agree as follows:

1. The expiration date set forth in Section III.B of the Sludge Transportation Agreement is hereby changed to September 30, 2012 with no additional provision for extension.
2. Except and as expressly modified by this Amendment No. 4, all terms and conditions set forth in the Sludge Transportation Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 4 to be duly executed as of the date and year first written above.

CITY OF CHANDLER

OTTO LOGISTICS, L.L.C.

By: _____

By: Scott Soderlund
Title: OPERATION MANAGER

ATTEST:

ATTEST

City Clerk

Amelia Klein
Secretary

APPROVED AS TO FORM:

[Signature]
City Attorney