



**PURCHASING ITEM  
FOR  
COUNCIL AGENDA**

**1. Agenda Item Number:**

**15**

**2. Council Meeting Date:**  
May 10, 2012

**TO: MAYOR & COUNCIL**

**3. Date Prepared:** April 24, 2012

**THROUGH: CITY MANAGER**

**4. Requesting Department:** Municipal Utilities

**5. SUBJECT:** Approve the transfer of Solid Waste Operating Fund Encumbrance Carryforward, Non Departmental Contingency, and Vacancies Savings to Solid Waste Operating Fund, Other Professional/Contract Services for increased costs in the collection and disposal contract with Waste Management for FY 2011-12 in the amount of \$825,000.

**6. RECOMMENDATION:** Recommend approval to transfer Solid Waste Operating Fund Carryforward, Non Departmental Contingency, and Vacancies Savings to Solid Waste Operating Fund, Other Professional/Contract Services for increased costs in the collection and disposal contract with Waste Management for FY 2011-12 in the amount of \$825,000.

**7. HISTORICAL BACKGROUND/DISCUSSION:** The Waste Management contract includes a Consumer Price Index (CPI) and Fuel Index increase each year. Historically, Solid Waste Services increased the operational budget based on the CPI and growth to cover these increases. The last increase to the Solid Waste Service budget occurred in FY 2008-09.

**8. EVALUATION PROCESS:** On October 1, 2010, Solid Waste Services entered into a new solid waste contract with Waste Management. The new contract includes an annual CPI and fuel adjustment increase. In October 2011, an increase of 3.02 percent for CPI and 9.01 percent for fuel went into effect. The baseline used for fuel was the average cost (\$2.17) from the preceding year of the bid opening (October 22, 2009) compared to the average cost of fuel for the first year of the contract. The average cost of fuel after the first year of the contract, September 29, 2011 was \$3.47.

**9. FINANCIAL IMPLICATIONS:**

Cost: \$825,000

**Fund Source:**

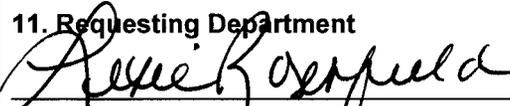
- 625.1290.5922.0.0 - Solid Waste Encumbrance Carryforward (\$190,980)
- 625.1290.5911.0.0 - Solid Waste Operating Fund, Non Departmental Contingency (\$416,217)
- 625.3700.5100.0.0 - Vacancy Savings (\$217,803) transfer to
- 625.3700.5219.0.0 - Solid Waste Operating Fund, Other Professional Contract/Services account

An On-Going Decision Package in the amount of \$1,500,000 will be forthcoming for the proposed FY 2012-13 Operation and Maintenance Budget to ensure sufficient funds are available to cover the increased costs associated with this contract.

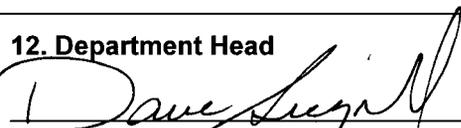
**10. PROPOSED MOTION:** Move to approve transfer of Solid Waste Operating Fund Encumbrance Carryforward, Non Departmental Contingency, and Vacancies Savings to Solid Waste Operating Fund, Other Professional/Contract Services for increased costs in the collection and disposal contract with Waste Management for FY 2011-12 in the amount of \$825,000.

**APPROVALS**

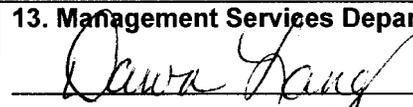
**11. Requesting Department**

  
Lexie Rosenfield, Sr. Management Assistant

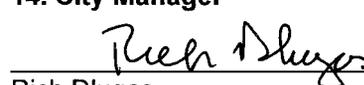
**12. Department Head**

  
Dave Siegel, Municipal Utilities Director

**13. Management Services Department**

  
Dawn Lang, Management Services Director

**14. City Manager**

  
Rich Dlugas