



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

19

2. Council Meeting Date:

April 24, 2014

TO: MAYOR & COUNCIL

3. Date Prepared: April 8, 2014

THROUGH: CITY MANAGER

4. Requesting Department: Municipal Utilities

5. SUBJECT: Amendment No. 1 to Agreement No. MU2-962-2991 with Otto Logistics, LLC, for operation of the City Recycling-Solid Waste Collection Center (RSWCC) and transportation of bulk waste.

6. RECOMMENDATION: Staff recommends City Council approval of Amendment No. 1 to Agreement No. MU2-962-2991 with Otto Logistics, LLC, for operation of the City Recycling-Solid Waste Collection Center (RSWCC) and transportation of bulk waste, in an amount not to exceed \$219,885.80, per year.

7. HISTORICAL BACKGROUND/DISCUSSION: Hauling waste and recycle material is critical to facility operations serviced under this agreement. The current contractor has provided excellent service and has the resources to ensure continuous operations. The original agreement provides for services including:

- Inspecting waste self-hauled and unloaded by residents at the RSWCC waste disposal area
- Loading and hauling waste collected at the RSWCC
- Transporting sludge generated at the City's Water and Wastewater Plants
- Transporting waste generated by the Street Division resulting from street sweeping and alley clean up
- Transporting waste generated by Water Distribution operations

Since approval of the agreement on July 6, 2012, operational changes have occurred at the RSWCC and at the Ocotillo Brine Reduction Facility (OBRF), requiring amendment of the agreement. Currently, Solid Waste Services is operating a pilot program at the RSWCC for diverting clean green waste from landfill disposal. Staff of Otto Logistics, LLC, loads the green waste at the RSWCC and hauls the green waste to an organics recycling facility, Waste Management Sierra Estrella in Maricopa, Arizona. Additionally, the OBRF has undergone extensive plant expansion that now includes a lime softening process. The bulk sludge produced from this process is loaded and hauled to Waste Management Butterfield Landfill. Otto Logistics, LLC, provides the equipment and vehicles necessary for loading sludge and transporting to the landfill for disposal.

8. EVALUATION PROCESS: On June 28, 2012, Council approved award of a Request for Proposals (RFP) for contractor-related operations of the Recycling-Solid Waste Collection Center and transportation of bulk waste, to Otto Logistics, LLC. Hauling material is critical to facility operations serviced under this agreement. The current contractor has provided excellent customer service and has the resources to ensure continuous operations. Staff believes the price for the additional services is reasonable, and recommends amending the contract to add the new services.

9. FINANCIAL IMPLICATIONS:

Cost: \$219,885.80
Savings: N/A
Long Term Cost: N/A
Fund Source:

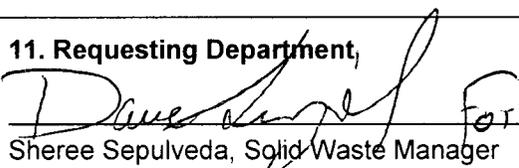
Account Name	Fund Name	Program Name	CIP Funded	Funds
625.3700.5219.0.0	Solid Waste Operating	Other Prof/Contract Services	No	\$ 30,000.00
616.3930.5219.0.0	Wastewater Industrial	Other Prof/Contract Services	No	<u>\$189,885.80</u>
			Total:	\$219,885.80

10. PROPOSED MOTION: Move City Council approve Amendment No. 1 to Agreement No. MU2-962-2991 with Otto Logistics, LLC, for operation of the City Recycling-Solid Waste Collection Center (RSWCC) and transportation of bulk waste, in an amount not to exceed \$219,885.80, per year.

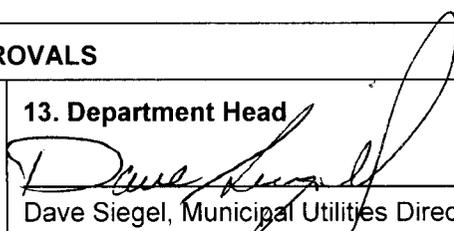
ATTACHMENTS: Amendment No. 1

APPROVALS

11. Requesting Department,


Sheree Sepulveda, Solid Waste Manager

13. Department Head


Dave Siegel, Municipal Utilities Director

12. Procurement Officer


Mike Mandt, Procurement Officer

14. City Manager


Rich Dlugos

**AMENDMENT NUMBER ONE
TO AGREEMENT BETWEEN THE CITY OF CHANDLER
AND
OTTO LOGISTICS, LLC
FOR
OPERATION OF CITY RECYCLING-SOLID WASTE COLLECTION CENTER AND
TRANSPORTATION OF BULK WASTE
AGREEMENT NO. MU2-962-2991**

This Amendment One to that certain Agreement Between the City Of Chandler (CITY) and Otto Logistics, LLC (CONTRACTOR) for Operation Of City Recycling-Solid Waste Collection Center And Transportation Of Bulk Waste dated, July 6, 2012 and is entered into this ____ day _____ of, 2014.

1. WHEREAS, the parties entered into agreement for Operation Of City Recycling-Solid Waste Collection Center (RSWCC) And Transportation Of Bulk Waste from various City facilities,
2. WHEREAS, the City is diverting green waste collected at the RSWCC to a green waste recycling facility, and
3. WHEREAS, a new bulk waste stream is produced from the Ocotillo Brine Reduction Facility (OBRF).

NOW THEREFORE, the parties agree as follows:

1. Section 4.6 Price Adjustment is amended to read as follows:

4.6 Price Adjustment. CONTRACTOR shall adjust all unit prices set forth in **Exhibit C** in accordance with the procedures described in this section. Adjustment will be effective one month after the adjustment date.

CPI Adjustment – Eighty percent (80%) of the applicable unit price will be adjusted annually to reflect increases or decreases to the Consumer Price Index for all urban consumers – U S Cities Average – All items, published by the United States Department of Labor, Bureau of Statistics. The adjustment will be based on the change for the most recent one-year period published. The First Adjustment for all facilities except OBRF and RSWCC green waste will be on October 1, 2013 and annually thereafter. The first CPI Adjustment for OBRF and RSWCC green waste will be on October 1, 2014 and annually thereafter.

Fuel Adjustment – The applicable unit price will be adjusted quarterly (January 1, April 1, July 1 and October 1) to reflect increases or decreases in the Oil Producers Price Service, Phoenix rack for #2 Ultra Low Sulfur Diesel plus applicable taxes in the weekly "Fax-A-Rack" (OPIS). The adjustment will be based on the change of the average of

the index for the most recent quarter and the Baseline Fuel Cost of 450 which includes OPIS of 399.6 + 26 AZ State tax + 24.4 Federal Diesel Tax. For all facilities other than the OBRF, the adjustment will be calculated by multiplying the difference by .66 and adding that value to the applicable unit price. For the OBRF, the adjustment will be calculated by multiplying the difference by 13.75 and adding that value to the applicable unit price.

2. Exhibit B, Section 3 Facilities is amended by adding the following:

- 3.7 RSWCC-Green-Waste 955 E Queen Creek Road
- 3.8 Ocotillo Brine Reduction Facility (OBRF)-3737 South Old Price Road

3. The following is added to Exhibit B, Section 4 Estimated Quantities (Annual) is amended by adding the following:

- 4.7 RSWCC Green Waste 980 tons
- 4.8 OBRF 550 Loads

4. Exhibit B, Section 5 Scope is amended by adding the following:

5.7 RSWCC Green Waste

CONTRACTOR will spot green waste collected at the RSWCC, separate green waste collected at the RSWCC, load green waste, transport green waste to Waste Management Sierra Estrella in Maricopa Arizona, and unload green waste.

5.8 OBRF

Sludge generated by the OBRF is loaded directly into Contractor's vehicles from the plant. CONTRACTOR shall be responsible to provide all equipment and labor required to transport sludge. CONTRACTOR shall be responsible for verifying legal weight limits. CONTRACTOR will transport sludge generated by the OBRF to Waste Management Butterfield Landfill and unload sludge at Butterfield landfill. CONTRACTOR will provide additional yard trucks and two end dump trailers for the purpose on continuous loading of sludge as requested by CITY at the rates listed in Exhibit C. CONTRACTOR will coordinate with the CITY to make sure necessary equipment is available on site to provide continuous loading and operation.

5. Exhibit C, Pricing is amended by adding the following:

