



**PURCHASING ITEM
FOR
COUNCIL AGENDA
MUA08-036**

1. Agenda Item Number:

24

2. Council Meeting Date:

January 17, 2008

TO: MAYOR & COUNCIL

3. Date Prepared: December 13, 2007

THROUGH: CITY MANAGER

4. Requesting Department: Municipal Utilities

5. SUBJECT: Authorizing payment for sales tax reversal of the landfill closure project and authority to transfer appropriation in the amount of \$168,755 from the Solid Waste Capital Fund, Non Departmental contingency account to the Solid Waste Capital Fund, Landfill Closure Program to make sufficient appropriation available for this payment.

6. RECOMMENDATION: Recommend authorizing payment for sales tax reversal of the landfill closure project and authority to transfer appropriation in the amount of \$168,755 from the Solid Waste Capital Fund, Non Departmental contingency account to the Solid Waste Capital Fund, Landfill Closure Program to make sufficient appropriation available for this payment.

7. HISTORICAL BACKGROUND/DISCUSSION: In May 2006, the Landfill Closure Contract was awarded to R.E. Monks to proceed with closing the Landfill in accordance with the Closure Plan submitted and accepted by the Arizona Department of Environmental Quality. The project was completed and signed off in January 2007. In the process of closing out the Contract, the Project Designers stated the City was eligible under ARS 42-5075 to take advantage of a tax exemption for taxes paid by the City's contractor R.E. Monks. Recently the Contractor was audited by the State and it was determined the City was not eligible for the tax exemption.

8. EVALUATION PROCESS: After discussing the tax exemption status with the City's Auditor and Legal Staff, it was determined the exemption taken should be returned to the contractor and the taxes paid as the State requested. The Budget Office has recommended contingency funds be transferred to the Landfill Closure Capital Improvement Program for this unanticipated cost which was not appropriated for in FY 2007-08.

9. FINANCIAL IMPLICATIONS:

Cost: \$168,755
Savings: N/A
Long Term Costs: N/A

Fund Source:

Requires a Solid Waste Capital Fund, Non Departmental Contingency transfer from 622.1290.0000.5911

<u>Acct. No.:</u>	<u>Fund Name:</u>	<u>Program Name:</u>	<u>CIP Funded:</u>	<u>Amount:</u>
622.3710.0000.6112.6SW005	Solid Waste Capital	Landfill Closure	FY 06/07	\$168,755

10. PROPOSED MOTION: Move that Council approves a contingency appropriation transfer from the Solid Waste Capital Fund, Non Departmental contingency account in the amount of \$168,755 to the Solid Waste Capital Fund, Landfill Closure Program to make sufficient appropriation available for this payment.

APPROVALS

11. Requesting Department

Lexie Rosenfield

Lexie Rosenfield, Sr. Management Assistant

12. Department Head

Dave Siegel

Dave Siegel, Municipal Utilities Director

13. Management Services

Dawn Lang

Dawn Lang, Budget Manager

14. City Manager

W. Mark Pentz

W. Mark Pentz