



**PURCHASING ITEM
FOR
COUNCIL AGENDA
Memo No. CA08-122**

1. Agenda Item Number:
36
2. Council Meeting Date:
January 17, 2008

TO: MAYOR & COUNCIL

3. Date Prepared: November 20, 2007

THROUGH: CITY MANAGER

4. Requesting Department: Municipal Utilities

5. SUBJECT: Award a professional services contract to CH2M HILL for Surcharge Rate Calculation and Local Limits Presentation, Project No. WW0806-101, in an amount not to exceed \$48,346.

6. RECOMMENDATION: Staff recommends that Council award a professional services contract to CH2M HILL, for Surcharge Rate Calculation and Local Limits Presentation, Project No. WW0806-101, in an amount not to exceed \$48,346.

7. BACKGROUND/DISCUSSION: A study of the local limits placed on industries to ensure a safe and efficient operation of the City's wastewater treatment facilities was recently completed. The study recommended the City review the surcharges that it collects from industrial customers who discharge high strength wastes.

Prior to the new local limits being adopted, it would be advantageous to develop a restructured plan for the surcharge rates based on the local limits revisions. CH2M HILL is proposing to develop such a plan through a number of meetings with City staff and industry personnel. This will allow the revised local limits and surcharge rates to be presented simultaneously to Council for approval.

8. EVALUATION: On May 11, 2006, Council approved a professional services contract for CH2M HILL to perform a Local Limits Study to evaluate the existing Industrial Pretreatment Program (Project No. WW0603-101). This study recommended the City review the surcharges it collects on the discharge of high strength wastes from its industrial customers. Staff has reviewed the fees for this contract and determined the fee is consistent with similar types of projects.

9. FINANCIAL IMPLICATIONS:

Cost: \$48,346
Savings: N/A
Long Term Costs: N/A

Fund Source:

<u>Acct. No.:</u>	<u>Fund Name:</u>	<u>Program Name:</u>	<u>CIP Funded:</u>	<u>Amount:</u>
611.3910.0000.6817.7WW266	Wastewater Bonds	Sewer Assessment and Rehabilitation	FY06/07	\$48,346

10. PROPOSED MOTION: Move that Council award a professional services contract to CH2M HILL for Surcharge Rate Calculation and Local Limits Presentation, Project No. WW0806-101, in an amount not to exceed \$48,346 and authorize the Mayor to sign the contract documents.

ATTACHMENTS: Contract

APPROVALS

11. Requesting Department

Robert Mulvey
Robert Mulvey, Assistant Municipal Utilities Director

13. Department Head

Dave Siegel
Dave Siegel, Municipal Utilities Director

12. City Engineer

Sheina Hughes
Sheina Hughes, Acting Assistant Public Works Director/City Engineer

14. City Manager

W. Mark Pentz
W. Mark Pentz

PROFESSIONAL SERVICES CONTRACT

Project Name: Surcharge Rate Calculation and Local Limits Presentation

Project No. WW0806-101

THIS AGREEMENT is made and entered into this _____ day of _____, 200____, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and CH2m Hill Inc., a corporation of the State of Florida licensed in the State of Arizona, hereinafter referred to as "CONSULTANT".

WHEREAS, the Mayor and City Council of the City of Chandler is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. **CONTRACT ADMINISTRATOR**

1.1. To provide the professional services required by this Agreement CONSULTANT shall act under the authority and approval of City Engineer or designee, (the Contract Administrator), who shall oversee the execution of this Agreement, assist the CONSULTANT with any necessary information, audit billings, and approve payments. The CONSULTANT shall channel reports and special requests through the Contract Administrator.

1.2. CITY reserves the right to review and approve any/all changes to CONSULTANT'S key staff assigned to the CITY project by the firm during the term of this Agreement.

2. **SCOPE OF WORK:** CONSULTANT shall provide those services described in Exhibit A attached hereto and made a part hereof by reference.

3. **ACCEPTANCE AND DOCUMENTATION:** Each task shall be reviewed and approved by CITY to determine acceptable completion. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Agreement, shall be and remain the property of CITY and shall be delivered to CITY before final payment is made to CONSULTANT.

4. **FEE SCHEDULE:** For the services described in paragraph 2 of this Agreement, CITY shall pay CONSULTANT a fee not to exceed the sum of Forty Eight Thousand Three Hundred Forty Six dollars (\$48,346) in accordance with the fee schedule attached hereto as Exhibit B and incorporated herein by reference.

5. **TERM:** Following execution of this Agreement by CITY, CONSULTANT shall immediately commence work and shall complete all services described herein within Ninety (90) calendar days from the date hereof.

6. **TERMINATION:** CITY reserves the right to terminate this Agreement or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall

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immediately cause any of its suppliers and subconsultants to cease such work. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive a fee for the percentage of services actually completed.

7. **INDEMNIFICATION:** To the fullest extent permitted by law, CONSULTANT shall defend, indemnify and hold harmless the City of Chandler, its agents, representatives, officers, directors, officials and employees, individually and collectively, (hereinafter CoC) from and against all losses, claims, damages, suits, actions, payments, judgments, demands, expenses and costs, including, but not limited to, attorney's fees, defense costs, court costs, and the cost of appellate proceedings, or actions of any kind and nature, wages or overtime compensation due employees in rendering service under this Contract and whether to any person or property, including natural resources and any claim made under the Fair Labor Standards Act or any other federal or state laws, related to, arising out of, or alleged to have resulted from acts, errors, mistakes, omissions, work or services of the CONSULTANT, its employees, agents, or any tier of subconsultants in the performance of this Contract or of any other person for whose acts, errors, mistakes or omissions CONSULTANT may be legally liable, and from any claims or amounts arising or recovered under Workers' Compensation laws or any other law, bylaw, or ordinance, order or decree or any failure on the part of CONSULTANT, its agents, employees or representatives to fulfill CONSULTANT'S obligations under this Contract. IT IS THE INTENTION OF THE PARTIES to this contract that the CoC, are to be indemnified against their own negligence unless and except their negligence is found to be the sole cause of the injury to persons or damages to property. The provisions of this paragraph shall survive termination of this Contract.

The amount and type of insurance coverage requirements set forth in the contract will in no way be construed as limiting the scope of indemnity in this paragraph.

8. **INSURANCE REQUIREMENTS:** CONSULTANT shall provide and maintain the insurance as listed in Exhibit C attached hereto and made a part hereof by reference.
9. **ENTIRE AGREEMENT:** This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.
10. **CONFLICT OF INTEREST:** CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Agreement.

Pursuant to A.R.S. Section 38-511, CITY may cancel this Agreement within three (3) years after its execution, without penalty or further obligation by CITY if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of CITY is, at any time while this Agreement is in effect, an employee of any other party to this Agreement in any capacity, or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement

11. **ARIZONA LAW:** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
12. **NOTICES:** All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or

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certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of City:
City of Chandler
Public Works/Contract Administration
P.O. Box 4008, MS 407
Chandler, AZ 85244-4008
480.782.3307

In the case of CONSULTANT:
CH2M Hill
2625 S. Plaza Dr., Ste. 3000
Tempe, AZ 85282-8440
(480) 966-8188

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this
day of 200
CITY OF CHANDLER

MAYOR Date

ADDRESS FOR NOTICE
City of Chandler
P.O. Box 4008, Mail Stop 407
Chandler, AZ 85244-4008
480-782-3307

CONSULTANT

By: Ronald E. Wiley
Title: Geographic Market Lead
and Designated Manager

ADDRESS FOR NOTICE
CH2M Hill
2625 S. Plaza Dr., Ste. 3000
Tempe, AZ 85282-8440

Phone: (480) 966-8188

APPROVE AS TO FORM

City Attorney by: [Signature]

ATTEST: If Corporation
Paula O. Chase
Asst. Secretary

ATTEST:

City Clerk

SEAL

EXHIBIT A SCOPE OF WORK

VII. Task 1—Project Initiation and Data Collection

CONSULTANT shall provide the City with a complete data request list, including but not limited to operational, financial, and customer billing data for the wastewater system as well as broader financial planning and policy information.

CONSULTANT shall hold a project kick-off meeting with the City's project team and appropriate technical staff in order to refine the work plan and schedule, establish lines of communication for the project, identify and agree to responsibilities and participation levels of City staff, and discuss the specific issues associated with the studies.

CONSULTANT shall discuss with the City's project team potential modifications to the industrial wastes that are monitored and surcharged, alternative cost allocation methods for determining the portion of the system costs allocated to each strength parameter, and the merits of each.

Task 2—Determine Revenue Requirements

CONSULTANT shall develop projected cash flows and expenditures and shall review and analyze the City's revenue requirements for capital and operating costs identified for evaluation during project initiation, including provisions for:

- Operation and maintenance costs
- Administrative costs
- Renewal and replacement costs
- Equity-funded capital outlays
- Debt-funded capital outlays, including existing outstanding debt service and projected debt for bonds and loans anticipated to fund future CIP projects
- Any other financial commitments identified during the project initiation workshops.

Task 3—Perform Cost of Service Analyses

CONSULTANT shall use proven methods, based on experience and industry guidance documents, to allocate costs to service functions and customer groups. Revenue requirements identified as part of Task 2 shall be allocated to utility unit processes (collection, transmission, primarily clarifiers, effluent disposal, etc.), then to utility functions (e.g., flow, wastewater parameters such as Biochemical Oxygen Demand, Total Suspended Solids, Ammonia etc. and customer service and billing, etc.) and finally to customer classes based on their service characteristics (e.g., wastewater flows, strength characteristics, and number of accounts) and cost causation.

VIII. Task 4 – Calculate Proposed Surcharge Rates

CONSULTANT shall calculate high strength surcharge rates to be collected from industrial users discharging higher than the determined local limits and will estimate the impacts of these proposed rates on the City's current high strength customers' bills.

IX. Task 5 – Calculate Local Limits Based on Contributory Flow Method

CONSULTANT shall calculate the local limits based on the contributory flow method and compare them to the limits calculated utilizing the Uniform Concentration Method, as required for presentations to the industrial users and the City Council.

Task 6—Prepare Draft Report

CONSULTANT shall prepare a draft report summarizing the results of the cost allocation analysis and proposed high strength surcharges, provide three (3) printed and one (1) electronic copy of the draft report to the City for review, and participate in a review meeting with City staff to obtain comments on the draft report.

X. Task 7 – Prepare Final Report

CONSULTANT shall incorporate City staff comments on the draft report into a final report and submit 15 printed copies of a final report to the City.

XI. Task 8 – Presentations and Meetings

In order to provide said services and products, CONSULTANT shall participate in the following meetings:

- CONSULTANT shall have two (2) staff members attend a Surcharge Analysis Kickoff Meeting; preparation for this meeting is to be included in Task 1.
- CONSULTANT shall have two (2) staff members prepare for and attend an Industry Meeting #1 to present the revised local limits to City staff and to industry.
- CONSULTANT shall have two (2) staff members attend a Surcharge Analysis Draft Report Review Meeting; preparation for this meeting is to be included in Task 5.
- CONSULTANT shall have two (2) staff members prepare for and attend an Industry Meeting #2 to present the proposed surcharges to the City and to industry.
- CONSULTANT shall have two (2) staff members prepare for and attend a City Council Presentation in order to present the revised local limits and surcharge rates to the Council.

**EXHIBIT B
FEE SCHEDULE**

Hourly Rate (\$/HR)	Task	Project Manager \$173.00	Staff Engineer \$105.00	Senior Economist/ Senior Technical Consultant \$173.00	Clerical \$78.75	Subtotal Labor	Expense	Subtotal Cost
2	Task 2 - Determine Revenue Requirements	0	8	2	\$1,888	\$57	\$1,944	
0	Task 3 - Perform Cost of Service Analysis	0	40	2	\$7,078	\$212	\$7,290	
0	Task 4 - Calculate Proposed Surcharge Rates	0	30	2	\$5,348	\$160	\$5,508	
1	Task 5 - Contributory Flow Calculation	1	4	2	\$4,383	\$131	\$4,514	
0	Task 6 - Prepare Draft Report	0	32	24	\$7,426	\$223	\$7,649	
0	Task 7 - Prepare Final Report	0	24	24	\$6,042	\$181	\$6,223	
4	Task 8 - Meetings and Presentations	4	8	1	\$2,365	\$500	\$2,865	
4	8.1 - Meeting No. 1 - Surcharge Analysis Kickoff	4	8	1	\$2,365	\$500	\$2,865	
4	8.2 - Meeting No. 2 - Industry Meeting	4	8	1	\$2,155	\$500	\$2,655	
4	8.3 - Draft Report Review Meeting	4	8	1	\$2,155	\$500	\$2,655	
4	8.4 - Industry Meeting No. 2	4	8	1	\$2,155	\$500	\$2,655	
4	8.5 - City Council Presentation	4	8	1	\$2,155	\$500	\$2,655	
	Subtotal Hours	23	42	182	63			
	Subtotal and Total Dollars \$	3,979.00	\$ 4,410.00	\$ 31,486.00	\$ 4,961.25	\$44,836	\$3,509	\$48,346
	Surcharge Analysis Scope Total	\$30,138						
	Contributory Flow Calculation	\$4,514						
	Various Meetings	\$13,694						
	Total	\$48,346						

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EXHIBIT C
INSURANCE REQUIREMENTS

1. CONSULTANT, at its own expense, shall purchase and maintain insurance of the types and amounts required in this section, with companies possessing a current A.M. Best, Inc. rating of B++6, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY.
2. Policies written on a "Claims made" basis are not acceptable without written permission from the City's Risk Manager.
3. All insurance required herein shall be maintained in full force and effect until all work or services required to be performed under the terms of this Agreement is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of CITY, constitute a material breach of this Agreement and may result in termination of this contract.
4. If any of the insurance policies are not renewed prior to expiration, payments to the CONSULTANT may be withheld until these requirements have been met, or at the option of the City, the City may pay the Renewal Premium and withhold such payments from any monies due the CONSULTANT.
5. All insurance policies, except Workers' Compensation and Professional Liability required by this Agreement, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of the performance of this contract, the City of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insureds.
6. CONSULTANT's insurance shall be primary insurance over any insurance available to the CITY and as to any claims resulting from this contract, it being the intention of the parties that the insurance policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.
7. The insurance policies, except Workers' Compensation, shall contain a waiver of transfer rights of recovery (subrogation) against CITY, its agents, representatives, officers, directors, officials and employees for any claims arising out of CONSULTANT's acts, errors, mistakes, omissions, work or service.
8. The insurance policies may provide coverage, which contain deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall be assumed by and be for the account of, and at the sole risk of CONSULTANT. CONSULTANT shall be solely responsible for the deductible and/or self-insured retention. The amounts of any self-insured retentions shall be noted on the Certificate of Insurance. CITY, at its option, may require CONSULTANT to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit. Self-insured retentions (SIR) in excess of \$25,000 will only be accepted with the permission of the Management Services Director/designee.
9. All policies and certificates shall contain an endorsement providing that the coverage afforded under such policies shall not be reduced, canceled or allowed to expire until at least thirty (30) days prior written notice has been given to CITY.
10. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the CONSULTANT with reasonable promptness in accordance with the CONSULTANT's information and belief.

11. In the event that claims in excess of the insured amounts provided herein, are filed by reason of any operations under this contract, the amount of excess of such claims, or any portion thereof, may be withheld from payment due or to become due the CONSULTANT until such time as the CONSULTANT shall furnish such additional security covering such claims as may be determined by the CITY.

C.1 PROOF OF INSURANCE - CERTIFICATES OF INSURANCE

1. Prior to commencing work or services under this Agreement, CONSULTANT shall furnish to CITY Certificates of Insurance, issued by CONSULTANT's insurer(s), as evidence that policies providing the required coverages, conditions and limits required by this Agreement are in full force and effect and obtain from the City's Risk Management Division approval of such Certificates.
2. If a policy does expire during the life of this Agreement, a renewal certificate must be sent to the City of Chandler five (5) days prior to the expiration date.
3. All Certificates of Insurance shall identify the policies in effect on behalf of CONSULTANT, their policy period(s), and limits of liability. Each Certificate shall include the job site and project number and title. Coverage shown on the Certificate of Insurance must coincide with the requirements in the text of the contract documents. Information required to be on the certificate of Insurance may be typed on the reverse of the Certificate and countersigned by an authorized representative of the insurance company.
4. CITY reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. CITY shall not be obligated, however, to review same or to advise CONSULTANT of any deficiencies in such policies and endorsements, and such receipt shall not relieve CONSULTANT from, or be deemed a waiver of CITY's right to insist on, strict fulfillment of CONSULTANT's obligations under this Agreement.

C.2 REQUIRED COVERAGE

1. Such insurance shall protect CONSULTANT from claims set forth below which may arise out of or result from the operations of CONSULTANT under this Contract and for which CONSULTANT may be legally liable, whether such operations be by the CONSULTANT or by a Sub-consultant or subconsultant or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Coverage under the policy will be at least as broad as Insurance Services Office, Inc., policy form CG00011093 or equivalent thereof, including but not limited to severability of interest and waiver of subrogation clauses.
2. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Work to be performed;
3. Claims for damages because of bodily injury, occupational sickness or disease, or death of the CONSULTANT's employees;
4. Claims for damages because of bodily injury, sickness or disease, or death of any person other than the CONSULTANT's employees;
5. Claims for damages insured by usual personal injury liability coverage;

6. Claims for damages, other than to Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
7. Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; Coverage will be at least as broad as Insurance Service Office, Inc., coverage Code "I" "any auto" policy form CA00011293 or equivalent thereof.
8. Claims for bodily injury or property damage arising out of completed operations;
9. Claims involving contractual liability insurance applicable to the CONSULTANT's obligations under the Indemnification Agreement;
10. Claims for injury or damages in connection with one's professional services;
11. Claims involving construction projects while they are in progress. Such insurance shall include coverage for loading and off loading hazards. If any hazardous material, as defined by any local, state or federal authorities are to be transported, MCS 90 endorsement shall be included.

C.2.1 Commercial General Liability - Minimum Coverage Limits

The Commercial General Liability insurance required herein shall be written for not less than \$1,000,000 limits of liability or ten percent (10%) of the Contract Price, whichever coverage is greater. Any combination between general liability and excess general liability alone amounting to a minimum of \$1,000,000 per occurrence (or 10% per occurrence) and an aggregate of \$2,000,000 (or 20% whichever is greater) in coverage will be acceptable. The Commercial General Liability additional insured endorsement shall be as broad as the Insurance Services, Inc's (ISO) Additional Insured, Form B, CG 20101001, and shall include coverage for CONSULTANT's operations and products, and completed operations.

C.2.2 General Liability - Minimum Coverage Limits

The General Liability insurance required herein, including, Comprehensive Form, Premises-Operations, Explosion and Collapse, Underground Hazard, Products/Completed Operations, Contractual Insurance, Broad Form Property Damage, Independent CONSULTANTS, and Personal Injury shall be written for Bodily Injury and Property Damage Combined shall be written for not less than \$1,000,000 or 10% of the contract cost and with a \$2,000,000 aggregate.

C.2.3 Automobile Liability

CONSULTANT shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence with respect to any owned, hired, and non-owned vehicles assigned to or used in performance of the CONSULTANT's work. Coverage shall be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00011293, or any replacements thereof). Such insurance shall include coverage for loading and off loading hazards if hazardous substances, materials or wastes are to be transported and a MCS 90 endorsement shall be included with coverage limits of \$5,000,000 per accident for bodily injury and property damage.

C.2.4 Worker's Compensation and Employer's Liability

CONSULTANT shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction over CONSULTANT's employees engaged in the performance of the work or services; and, Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease coverage for each employee, and \$1,000,000 disease policy limit.

In case any work is subcontracted, CONSULTANT will require the subconsultant to provide Workers' Compensation and Employer's Liability to at least the same extent as required of CONSULTANT.

C.2.5 Professional Liability

CONSULTANT shall maintain Professional Liability insurance covering acts, errors, mistakes and omissions arising out of the work or services performed by DESIGN CONSULTANT, or any person employed by CONSULTANT, with a claims made policy limit of not less than \$1,000,000.