



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

18

2. Council Meeting Date:

July 30, 2009

TO: MAYOR & COUNCIL

3. Date Prepared: June 24, 2009

THROUGH: CITY MANAGER

4. Requesting Department: Municipal Utilities

5. SUBJECT: Amendment 3 to extend Agreement WA5-962-2183 for transportation of sludge with Otto Logistics LLC, in an amount not to exceed \$1,160,000.

6. RECOMMENDATION: Recommend approval of Amendment 3 to extend Agreement WA5-962-2183 for transportation of sludge with Otto Logistics LLC, in an amount not to exceed \$1,160,000.

7. HISTORICAL BACKGROUND/DISCUSSION: The requested contract is to provide transportation of sludge generated at the City's water and wastewater plants, waste generated by street sweeping and water distribution operations. The recommended contractor will transport an estimated 42,500 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 with provisions to extend two additional two-year periods. The Agreement was extended for the first two-year term. Staff is recommending that the contract be extended for the last two-year term through August 31, 2011. The 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 two years of service, and includes estimated increases for CPI and fuel. The requested amount also includes a 1.75% rate reduction to the base rate offered by the contractor. Staff is recommending this contract be extended because the contractor has provided excellent service over the past four years and has voluntarily agreed to reduce their price.

9. FINANCIAL IMPLICATIONS:

Cost: \$1,160,000

Savings: N/A

Long Term Cost: N/A

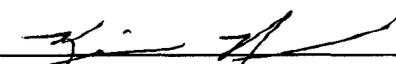
Fund Source:

Account Name	Fund Name	Program Name	CIP Funded	Funds
605.3830.0000.5219	Water Operating/Water Treatment	Other Prof/Contract Services	N/A	\$ 115,000
615.3970.0000.5219	Wastewater Operating/OWRF	Other Prof/Contract Services	N/A	\$ 276,000
615.3960.0000.5219	Wastewater Operating/AWRF	Other Prof/Contract Services	N/A	\$ 575,000
101.3350.0000.5834	General Fund/	Street Sweeping	N/A	\$ 160,000
605.3800.0000.5834	Water Operating/Water Distribution	Landfill Use Charges	N/A	\$ 34,000

10. PROPOSED MOTION: Move to approve Amendment 3 to extend Agreement WA5-962-2183 for transportation of sludge with Otto Logistics LLC, in an amount not to exceed \$1,160,000.

APPROVALS

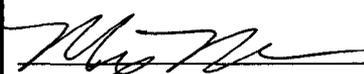
11. Requesting Department


Kim Neill, Utility Systems Manager

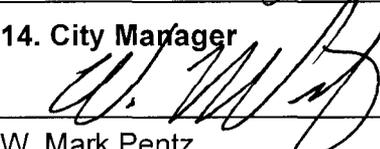
13. Department Head


Dave Siegel, Municipal Utilities Director

12. Procurement Officer


Mike Mandt

14. City Manager


W. Mark Pentz

**AMENDMENT NUMBER THREE,
TO AGREEMENT BETWEEN THE CITY OF CHANDLER AND OTTO LOGISTICS LLC.
FOR SLUDGE TRANSPORTATION
WS5-962-2183**

This Amendment number three to that certain Agreement Between the City Of Chandler (CITY) and Otto Logistics (CONTRACTOR) for Sludge Transportation dated August 30, 2005, and is entered into this day of , 2006.

WHEREAS, the contract expires August 31, 2009;

WHEREAS, the contract has provisions to extend up to two additional terms of two years each;

WHEREAS, the parties agree to extend the contract for two years.

NOW THEREFORE, the parties agree as follows:

1. Section III, B, is hereby amended to extend the contract two years beginning September 1, 2009 terminating on August 31, 2011.
2. Section IV Rates and amendment 1, items 1 and 2 are here by amended to reduce the current unit price by 1.75%. Unit Prices set forth on Exhibit B shall be effective September 1, 2009 and reflect the 1.75% rate reduction.
3. Attached "Contractor Immigration Warranty" documents shall be incorporated as Exhibit A. Section VI is added to the Memorandum of Agreement.

VI. Compliance with Applicable Laws

- a) Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").
- b) A breach of the Contractor Immigration Warranty shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.
- c) The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.
- d) The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure

EXHIBIT A

**Contractor Immigration Warranty
To Be Completed by Contractor Prior to Execution of Contract**

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

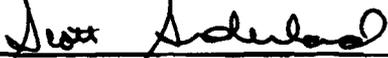
By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number:		
Name (as listed in the contract):		
Street Name and Number:		
City:	State:	Zip Code:

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;
2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor (Employer) or Authorized Designee:



Printed Name: SCOTT SUNDERLAND

Title: OPERATIONS MANAGER

Date (month/day/year): 7-3-2009

Exhibit B

	Unit Price	Unit of Measure
Water Treatment Plant	\$ 10.28	Ton
Ocotillo	\$ 12.53	Ton
AWRF	\$ 11.56	Ton
Streets	\$ 11.71	Ton
RO Ponds	\$ 16.38	Ton
Water Dist. Waste	\$ 11.71	Ton
Stand by Time	\$ 25.00	Hour