

MEETING DATE/TYPE: VOTING MEETING 6-12-18

DEPARTMENT: Public Works

AGENDA ITEM: Approval of Amendment No. 4 to City Contract No. 2017-064A4 with Fann Contracting for Solid Waste Hauling Services for an additional \$100,000.00 for the remainder of FY18, and increasing the annual amount for the remaining 3-years of the contract to \$835,000.00. Funding is available in the Solid Waste Fund.

FUNDING SOURCE: Solid Waste Fund

Approved By: Michael Lamar, City Manager

Item Summary

The Solid Waste Division is seeking approval to award an Amendment to the existing contract with Fann Contracting for hauling trash and recyclables to designated facilities, which currently are the Gray Wolf Landfill, Dewey, Arizona, and the North Gateway Transfer Station, Phoenix, Arizona. The Division has experienced higher hauling costs due to increased tonnage, and is requesting an increase in the original contract amount to cover the cost.

Background

The City of Prescott is under contract with Waste Management of Arizona for the disposal of trash at the Gray Wolf Landfill. Recyclables are processed at a Material Recovery Facility (MRF) at North Gateway Transfer Station, through an Intergovernmental Agreement with the City of Phoenix for single stream recycling. In order to transport the trash and recyclables, City crews push trash and recyclables into large transfer trailers for hauling to designated facilities.

In December of 2016, a contract for hauling services was awarded to Fann Contracting following an RFP process. The initial term of the contract was for five (5) years beginning in FY17 and includes a provision for five (5) additional one (1) year periods up to a total of ten (10) years, with the mutual consent of the City and the Contractor, which is done administratively without additional City Council approval. The contract is based on a per ton price that is adjusted annually in accordance with the Western Region Consumer Price Index for Statistics, and a fuel price adjusted semi-annually in accordance with the Consumer Price Index (CPI) Data for Automotive Diesel Fuel.

The contract amount was set at \$735,000.00 annually based on 45,000 tons of trash

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and 4,500 tons of recyclables, at per ton pricing. Due to the CPI, fuel adjustments, an increase in haul tonnage from expanded residential trash service and the increased use of the transfer station dumping, hauling costs have exceeded this amount. Based on hauling tonnage estimates so far this year, Solid Waste is expecting to pay \$817,125.00 in FY18, with these increased costs expected to continue. Amendment No. 4 will add \$100,000.00 in FY18 to cover these higher costs, and will adjust the future annual contract amount from \$735,000.00 to \$835,000.00 for the remaining term of the contract. This increased hauling cost is offset by increased revenue in residential trash service fees and transfer station fees.

Financial Impact

Funding of \$835,000.00 is available in the FY18 Solid Waste Fund.

Recommended Action: **MOVE** to approve Amendment 4 to City Contract No. 2017-064A4.