



Financial Services Operations and Resources Committee Communication

Date: September 12, 2017

To: The Honorable
Board of Directors
Great Lakes Water Authority

From: Lisa Mancini, Interim Manager Financial Planning & Analysis

Re: **GLWA Contract No. PC-798A**
Proposed Change Order No. 1
"Facilities Maintenance Requirement Contract"
Contractor: Lakeshore Global Corporation

BUDGET IMPACT

As noted in the background and justification section of the Great Lakes Water Authority (GLWA) Board letter, this contract is in effect to augment GLWA staff and assist in successfully maintaining compliance with state and federal regulations as well as the Administrative Consent Order (ACO).

The attached analysis provides an estimated and projected budget for the services provided by this type of contract. The revised estimate for FY 2018 is \$12,818,039. The initial amount budgeted amount was lower than this revised estimate. Staff has re-evaluated the budget based on new knowledge of operational needs. The estimated budget is funded from \$7,426,399 of existing operating funds. The remainder of \$5,391,640 is funded from the unallocated reserve which was specifically designed to address unanticipated and/or changes in operational priorities.

**GLWA Board Agenda Item # 2017-374 for PC-798A Facilities Maintenance Requirement Contract Change Order #1
FY 2018 Budget Review**

Total FY 2018 Projected Budget Need

	Jul-17	\$ 1,456,013	Actual (current contract)
	Aug-17	1,456,013	Estimate (current contract)
	Sep-17	1,456,013	Estimate (current contract)
These four months represent the use of Change Order #1	Oct-17	1,300,000	Projected (Proposed Change Order #1)
	Nov-17	1,300,000	Projected (Proposed Change Order #1)
	Dec-17	1,300,000	Projected (Proposed Change Order #1)
	Jan-18	1,300,000	Projected (Proposed Change Order #1)
	Feb-18	650,000	Projected (future procurement)
	Mar-18	650,000	Projected (future procurement)
	Apr-18	650,000	Projected (future procurement)
	May-18	650,000	Projected (future procurement)
	Jun-18	650,000	Projected (future procurement)
Total FY 2018 Projected Budget Need		\$ 12,818,039	

Amounts Budgeted

<u>Contractual Transition Services</u>			
5960-892221.000-616100-SD9020			
Thirty seven positions for current and prior contract	\$ 2,739,191	Previously Budgeted	
Process engineers	532,992	Previously Budgeted	
<u>Contractual Operating Services - Wastewater Operations</u>			
5960-892221.000-617900-SD9020			
Five general maintenance technicians	615,000	Previously Budgeted	
Boiler operators	434,000	Previously Budgeted (repurposed)	
Ten laborers for general operational needs	1,122,000	Previously Budgeted	
<u>Salaries - Wastewater Operations</u>			
5960-892221.000-601100-SD9010	688,613	Reclass positive YTD budget variance	
<u>Benefits - Wastewater Operations</u>			
5960-892221.000-603102-SD9020	338,203	Reclass positive YTD budget variance	
<u>Contractual Transition Services - Wastewater Engineering</u>			
5960-892211.000-616100-SD9560			
Engineering transition services	267,300	Previously Budgeted	
<u>Contractual Transition Services - Combined Sewer Overflow (CSO)</u>			
5960-892270.000-616100-SD8600			
Maintenance at CSOs	89,100	Previously Budgeted	
<u>Repairs & Maintenance Equipment - Wastewater Operation</u>			
5960-892221.000-622300-SD9020			
Unspecified cost center contingency	500,000	Reclass positive projected budget variance	
<u>Contractual Operating Services - Analytical Laboratory</u>			
5960-892235.000-617900-SD9030			
Boiler operator	100,000	Previously Budgeted	
FY 2018 Budgeted Funds Available	7,426,399		
Proposed Use of Unallocated Reserve	5,391,640	"A"	
	\$ 12,818,039		

Unallocated Reserve

Wastewater Operations - Analysis of Unallocated Reserve

FY 2018 Original Budgeted Amount	\$ 6,716,900	
Use of Unallocated Reserve for Facilities Maintenance	(5,391,640)	"A"
Remaining Unallocated Reserve	\$ 1,325,260	