



Legislation Details (With Text)

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Title: Proposed Change Order 1
GLWA Contract No. GLWA-CON-223
Facilities Maintenance Services Contract

Sponsors: Navid Mehram

Indexes: Wastewater Operations

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
2/27/2019	1	Board of Directors	Approved	Pass
1/9/2019	1	Operations and Resources Committee	Recommended for Approval	Pass

Proposed Change Order 1
GLWA Contract No. GLWA-CON-223
Facilities Maintenance Services Contract

Agenda of: February 27, 2019
Item No: **2019-010**
Amount: Original Contract: \$ 8,962,000.00
Change Order No. 1: \$ 7,200,000.00
Total Revised Contract Amount: \$16,162,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: January 7, 2019

RE: **Proposed Change Order No. 1**
Contract No.: GLWA-CON-223
Facilities Maintenance Services Contract
Vendor: Lakeshore Global Corporation

MOTION

Upon recommendation of Navid Mehram, Chief Operating Officer - Wastewater, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **grant a budget increase of \$7,200,000.00 for Contract No. GLWA-CON-223, "Facilities Maintenance Services Contract" with Lakeshore Global Corporation (Contractor)**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA-CON-223 is a skilled trades contract that is to augment GLWA staff and assist the Authority to stay in compliance with state and federal regulations, as well as our Administrative Consent Order (ACO) with the State of Michigan. The services obtained through this Contract also provide the necessary support for urgent and emergency projects that require immediate attention or resources beyond staff's ability. The services provided through this contract assist GLWA in its major maintenance responsibilities including but not limited to the performance of corrective, preventive and predictive maintenance on incinerators, clarifiers, centrifuges, conveyor and screws, large pumping units, motors, valves and related support equipment at the Water Resource Recovery Facility (WRRF), Industrial Waste (Livernois Center), Analytical Lab and current Retention Treatment and Combine Sewer Overflow facilities .

JUSTIFICATION

This change order request is needed because we have utilized the contract at a much higher rate than was originally estimated in order to augment our staff by filling vacancies necessary to comply with our ACO staffing requirement in addition to the work originally anticipated when the contract was awarded. The original CON-223 Contract price is \$8,962,000 with a duration of two years (March 5, 2018-March 5, 2020). This original price and scope yield an estimated monthly expense of \$373,417. As of December 2, 2018 (Billing No. 9) the actual cumulative cost incurred is as follows:

Labor Cost:	\$6,050,758.89
Equipment Cost:	207,964.53
Material Cost:	175,336.18
Specialized Sub-Contractor Cost:	412,221.92
<u>Bond and Insurance cost:</u>	<u>137,230.00</u>
Total Cost:	\$6,983,511.52

That is, as of December 2, 2018, \$1,978,488.48 remains in the CON-223 Contract and the expected future monthly spending is approximately \$600,000. Therefore, the funds for the CON-223 Contract will likely be exhausted in February 2019. Proposed Change Order No. 1 will increase the contract price for CON-223 by \$7,200,000.00 which is needed to meet the maintenance needs of the Water Resource Recovery Facility (WRRF) until a replacement contract is bid out and awarded at the end of CON-223 contract completion date.

PROJECT MANAGEMENT STATUS

Original Contract Time	Two Years
Change Order 1	No Change
New Contract Time	Two Years

PROJECT ESTIMATE

Original Contract Price	\$ 8,962,000.00
Change Order No. 1	\$ 7,200,000.00
New Contract Total	\$ 16,162,000.00

FINANCIAL PLAN IMPACT

Summary: The use of this contract, as augmentation to GLWA staffing is directly correlated to staffing levels. This contract is budgeted amongst the processing areas at the Water Resource Recovery Facility and Combined Sewer Overflow facilities for skilled and technical labor. In addition, facilities maintenance for Industrial Waste Control and Analytical Laboratory are covered under this contract. The proposed increase in this contract is within the Financial Plan for Transitional Labor, Contracted Services and current vacant budgeted staff positions. A budget amendment is anticipated for FY 2019 primarily from wages, overtime and benefits. A similar amendment may be required in FY 2020 dependent upon staffing levels and regulatory requirements.

Funding Source: Operations & Maintenance Budget

Cost Centers: Wastewater Director (Sewerage cost center 892201)

Wastewater Process Control (Sewerage cost center 892222)

Wastewater Primary Processing (Sewerage cost center 892223)

Wastewater Secondary Processing (Sewerage cost center 892224)

Wastewater Dewatering Processing (Sewerage cost center 892225)

Wastewater Incineration (Sewerage cost center 892226)

Wastewater Central Offloading (Sewerage cost center 892227)

Industrial Waste Control (Sewerage cost center 892231)

Wastewater Laboratories (Sewerage cost center 892225)

Expense Types: Transitional Labor (616100)

Contractual Operating Services (617900)

Contractual Buildings & Grounds Maintenance (617200)

Estimated Cost by Year and Related Estimating Variance: See table below.

FY 2018 Amended Budget (Prorated)	\$3,292,362
FY 2019 Budget	7,339,900
FY 2020 Plan (prorated)	<u>4,243,230</u>
Total Financial Plan Estimate	<u>14,875,492</u>
Total Revised Contract	<u>16,162,000</u>
Negative Estimating Variance	<u>(\$1,286,508)</u>

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The award of this contract change provides a negative variance of (\$1,286,508) (\$12,875,492)

Financial Plan less \$16,162,000 contract maximum).

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on January 9, 2019. The Operations and Resources Committee recommended by a 2/1 vote that the GLWA Board adopt the resolution as presented. The Committee indicated its expectation that staff would provide a supplemental report regarding the staffing plan and cost benefit analysis prior to action by the full Board.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD