



Legislation Details (With Text)

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Title: Proposed Change Order No. 3
GLWA-CON-170
Sludge Removal and Disposal Services at Northeast, Southwest and Springwells Water Treatment Plants
CIP# N/A

Sponsors: Randal Brown, Cheryl Porter

Indexes: General Counsel, Water Operations

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
3/24/2021	1	Legal Committee	Recommended for Approval	Pass

Proposed Change Order No. 3
GLWA-CON-170
Sludge Removal and Disposal Services at Northeast, Southwest and Springwells Water Treatment Plants
CIP# N/A

Agenda of: April 14, 2021
Item No.: **2021-112**

Amount:	Original Contract	\$15,298,560.00
	Change Order No.1	\$3,500,000.00
	Change Order No.2	\$2,500,000.00
	Proposed Change Order No. 3	\$19,608,960.00
	Total Revised Contract	\$40,907,520.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: March 22, 2021

RE: **Proposed Change Order No. 3**
Contract No. GLWA-CON-170

Sludge Removal and Disposal Services at Northeast, Southwest and Springwells Water Treatment Plants
Vendor: Mobile Dredging and Video Pipe, Inc.

MOTION

Upon recommendation of Randal Brown, General Counsel, and Cheryl Porter, Chief Operating Officer - Water and Field Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Contract GLWA-CON-170 Proposed Change Order No. 3 “Sludge Removal and Disposal Services at Northeast, Southwest and Springwells Water Treatment Plants” with Mobile Dredging and Video Pipe, Inc., at an increased cost of \$19,608,960.00 for a total cost of \$40,907,520.00, increases in duration for a total contract duration of 6 years 3 months, and the dismissal of *National Industrial Maintenance v The Great Lakes Water Authority***; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA-CON-170 is a contractual services contract that involves turn-key sludge removal and disposal services at GLWA’s Northeast, Southwest and Springwells Water Treatment Plants. Since 2014, GLWA has ceased bulk discharges of alum sludge to the sewer system as part of the GLWA Water Resource Recovery Facility’s alum sludge corrective action in its National Pollutant Discharge Elimination System (NPDES) permit with the Michigan Department of Environment, Great Lakes, and Energy. Instead, GLWA uses a contractor to remove accumulated sludge from the flocculation chambers and sedimentation basins from these three water plants, dewater the sludge onsite, and transport the sludge cake to a licensed type II municipal solid waste landfill for disposal.

The contract time for GLWA-CON-170 commenced to run on January 1, 2018 and the contract completion date is March 31, 2021. The original contract amount was \$15,298,560.00. Change Order No. 1 was executed on September 18, 2019 and added \$3,500,000.00 to bring the contract amount to \$18,798,560.00. No contract time was added in Change Order No. 1. The additional funds provided with Change Order No. 1 were for additional sludge removal and disposal work. Likewise, the additional \$2,500,000.00 provided in Change Order No. 2 funded more sludge removal and disposal work at the Springwells Water Treatment Plant.

Proposed Change Order No. 3 is for time and money. The additional funds and time will be used to remove sludge from Northwest, Southwest and Springwells Water Treatment Plants through March 31, 2024. If this change order is approved, then the additional sludge removal and disposal work would be performed immediately.

Proposed Change Order No. 3 would also result in the dismissal of the lawsuit, *National Industrial Maintenance Inc v The Great Lakes Water Authority*. National Industrial Maintenance held the prior contract for sludge removal and is a related company to Mobile Dredging and Video Pipe. By agreeing to a step-down penalty if GLWA terminates this Contract for convenience, an annual true-up of the unit rate and Mobile Dredging being the exclusive vendor of sludge removal at the above

referenced treatment plants, National Industrial Maintenance agrees to dismiss its lawsuit. Currently, there is approximately \$1.3 million in potential liability against GLWA and defense costs that would be resolved by agreeing to this proposed Change Order.

JUSTIFICATION

Bulk or mass discharges of alum sludge to the sewer system are no longer an option for GLWA to remove sludge from the flocculation chambers and sedimentation basins. These chambers and basins were designed and constructed, however, on the premise that sludge would be discharged to the sewer system. As a result, there is not a suitable alternative method to remove the sludge from the basins at these plants at this time and the need for this contracted service remains. Removal of the sludge from the flocculation chambers and sedimentation basins on a regular basis is needed to protect water quality.

PROJECT MANAGEMENT STATUS

Original Notice to Proceed	January 1, 2018
Original Contract Time	3 years and 3 months
Original Required Substantial Completion Date	December 21, 2020
Original Required Final Completion Date	March 31, 2021
Proposed Contract Time	6 years and 3 months
Proposed Change Order No 3 Substantial Completion Date	December 21, 2023
Original Required Final Completion Date	March 31, 2024

PROJECT ESTIMATE

Original Contract	\$15,298,560.00
Change Order No.1	\$3,500,000.00
Change Order No.2	\$2,500,000.00
Proposed Change Order No. 3	\$19,608,960.00
Total Revised Contract	\$40,907,520.00

FINANCIAL PLAN IMPACT

Summary: The proposed contract with Mobile Dredging and Video Pipe, Inc. encompasses Operations & Maintenance expense only. The FY 2021 budget was based on the previous contract period. The value of the contract is within the current financial plan in total. Sufficient funds will be provided in the Operations & Maintenance (O&M) financial plan for this contract related to contractual operating services.

Funding Source: Operations & Maintenance (O&M) Budget

Cost Center(s): Springwells WTP.....Water Operations cost center 882141
Northeast WTP.....Water Operations cost center 882151
Southwest WTP.....Water Operations cost center 882161

Expense Type(s): Contractual Operating Services (617900)

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

<u>Fiscal Year</u>	<u>Amount</u>
FY 2018 Budget	\$3,838,027
FY 2019 Budget	\$8,063,304
FY 2020 Budget	\$5,659,535
FY 2021 Budget	\$9,573,805
FY 2022 Budget	\$5,182,130
FY 2023 Budget	\$6,558,580
FY 2024 Budget	\$2,032,139 ***

*** (w/added full Prov Allow of \$750,000 in last year + remaining \$254,619 in CON-170 as of now)

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The Change Order eliminates the risk of adverse verdict against GLWA and costs associated with defending the same. It also provides stability in pricing for a necessary service at GLWA’s water treatment plants. Contractual services are dependent on several factors such as, delays in estimated start and end dates, environmental constraints, and other unforeseen circumstances that can cause the expenses to fluctuate from fiscal year to fiscal year.

COMMITTEE REVIEW

This item was presented to the Legal Committee on March 24, 2021.

SHARED SERVICES IMPACT

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