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Title: GLWA-CS-166
Capital Improvement Program (CIP) Implementation Assistance and Related Services

Sponsors: Nicolette Bateson

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Attachments: 1. Rate evaluation for GLWA-CS-166, 2. GLWA-CS-166- Download History - Survey, 3. Approval Checklist Form_10FEB16

Date	Ver.	Action By	Action	Result
11/29/2017	1	Board of Directors	Approved as Amended	Pass
11/8/2017	1	Operations and Resources Committee	Recommended for Approval	Pass

GLWA-CS-166

Capital Improvement Program (CIP) Implementation Assistance and Related Services

Agenda of: November 29, 2017

Item No.: **2017-440**

Amount: \$11,300,000

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: **November 29, 2017**

RE: **Contract No.: GLWA-CS-166**
Capital Improvement Program (CIP) Implementation Assistance and Related Services
Vendor: PMA Consultants, LLC

MOTION

Upon recommendation of Gaylor Johnson, Chief Procurement Officer/Director - Procurement, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to enter into Contract No. CS-166, "Capital Improvement Program (CIP) Implementation Assistance and Related Services" with PMA Consultants, LLC, at a cost not to exceed \$11,300,000 for a duration of three (3) years with two (2) one year renewals and to take such other action as necessary to accomplish the intent of this vote. In addition, the Board would like a report within 90 days from GLWA staff to perform some or all of the contracted tasks in-house.

BACKGROUND

Services on proposed GLWA Contract No. CS-166 will be provided on a task order basis, over a three (3) year period. A task order contract is a contract for services that does not procure or specify a firm quantity of services (other than a minimum or maximum quantity) and that provides for the issuance of orders for the performance of tasks during the period of the contract.

The services provided under this contract support GLWA in consistently honoring the commitments it makes to regulatory agencies, customers, and others. The services provided by the consultant will supplement existing GLWA staff or consultant activities, which are focused on procuring and administering contracts for individual capital projects. The consultant secured for this contract will act as an Agent for GLWA. For that reason, the consultant is precluded from bidding/proposing as a prime or sub-contractor on any GLWA projects that the consultant participates in the scope development for the duration of this contract.

GLWA Contract No. CS-166 will replace CS-1433, As-Needed Capital Improvement Program (CIP) Implementation Assistance and Related Services, which expired on July 24, 2017. Contract No. CS-189, Job Order Contracting - Project Delivery Assistance, scheduled to expire July 24, 2018, was executed as a short term solution to assure tasks under CS-1433 were completed seamlessly, allowing time to competitively bid the request for services. GLWA required these consulting services contracts, to provide specialized expertise in rapid and flexible project delivery methods such as design/build, program management, and job order contracting.

JUSTIFICATION

The purpose of this proposed contract is to provide implementation assistance and related services on a task order basis to support the GLWA. The services provided under this contract include assistance in capital projects definition and planning, design and construction phase procurement assistance and monitoring; third party contract administration/oversight assistance/scheduling services; claims/changes analysis and resolution; technical training; value engineering (VE) services on selected design projects; develop engineering study reports; identify minimum requirements, scope of work, basis of process design, performance criteria, minimum standards of quality, and preliminary design and oversight services for design/build contracts; proposal analysis assistance; engineering forensic analysis, and additional program support services.

Procurement Method: Competitively bid - Request for Proposal (RFP)

Advertised: June 28, 2017
On Michigan Inter-governmental Trade Network (MITN) website.

Distributed to: One Thousand Nine Hundred and Six (1906) vendors.

Downloaded by: 135 vendors.

Addendums released: 2

Response due Date: August 11, 2017

Responses received: One (1) vendor submitted a proposal. (Please see attached survey results of vendors who viewed but did not respond to the RFP)

Evaluation Method: Qualification Based Selection (QBS) - Evaluation Committee

Evaluation Committee: The Evaluation Committee was comprised of three (3) GLWA staff members including the Project Manager, a Subject Matter Expert with extensive experience and oversight associated with task order contracting, and a Technical Specialist

The Evaluation Committee independently reviewed and scored the proposal in accordance with GLWA's policy. The proposer was ranked as follows:

Maximum Score Possible: 300

Vendor (Highest to lowest score)	Score	Proposed Cost	Negotiated Cost
PMA Consultants, LLC	251.67	\$12,000,000	\$11,300,000

The Evaluation Committee recommends that PMA Consultants, LLC be awarded this contract.

Minority Business Enterprise (MBE): Yes

Detroit Based Business (DBB): Yes

Small Business Enterprise (SBE): No

Sub-Contractor(s) List:

Wade Trim (Regulatory assistance, planning, design)

Stantec (Professional engineering, architecture, surveying)

NTH Consultants (Inspection, condition assessment, geotechnical/geophysical)

Plante Moran Cresa (Owners representative services, accounting)

Litigation

This consultant is not currently and has not been previously involved in any litigation with the GLWA.

Financials

A financial risk assessment was performed by the GLWA via Dun & Bradstreet and was determined that the selected consultant has the financial capacity to perform the tasks under this contract. This information is available for the Board of Directors to review upon request.

Project Estimate

The Project Manager’s pre-proposal estimate for this service was \$20,000,000.

Negotiations and Contract Costs

The Negotiations Team determined the original proposed fee to be competitive and within budget. However, during negotiations the Team was able to obtain a cost savings of \$ 700,000 by negotiating the uniform multiplier (profit mark up for direct and indirect labor costs) for hourly rates, down from 2.894% to a range of 2.65% - 2.8%, by establishing a three (3) tiered approach based upon the employee’s direct hourly rate. The negotiated contract value is illustrative based on historical data obtained from internal benchmarking of contracts executed within the last five (5) years with similar firms having similar industry titles. The scope of services will be executed according to the following task budgets and overall contract amount:

Budget Item	Amount Negotiated Proposed	
Project Definition and Planning	\$ 383,941	\$ 407,787
Design Phase Procurement Assistance	\$ 1,098,241	\$1,166,621
Construction Phase Procurement Assistance	\$ 3,020,886	\$3,208,469
Construction Administration/Oversight and Scheduling Services	\$ 1,923,070	\$2,042,488
Claims Reviews, Forensic Analysis and Damages Evaluation	\$ 1,930,339	\$2,055,226
Technical Training	\$ 440,895	\$ 470,656
Value Engineering Services	\$ 778,698	\$ 833,752
Other Related Services (Provisional Allowance*)	\$ 1,098,051	\$1,166,235
Capital Management Group Support and Assistance	\$ 548,144	\$ 582,184
Allow Equipment, Travel and Other (Direct Expense w/o Mark-ups)	\$ 77,735	\$ 66,582
Total Contract Price:	\$ 11,300,000	\$12,000,000

**An amount included in the Contract Price to reimburse the Consultant for the cost to furnish and perform Work that is uncertain. Any remaining balance upon Final Completion shall be retained by the GLWA and not paid to the Consultant.*

The previous contract, CS-1433, As-Needed Capital Improvement Program (CIP) Implementation Assistance and Related Services, contract amount (including three (3) amendments) for the period March 2, 2006 through July 24, 2017, was \$18,476,344. The amount for the interim contract, CS-189 is \$500,000 for the period July 25, 2017 through July 24, 2018. The contract amount for the proposed replacement contract, GLWA-CS-166, is \$11,300,000. The contract amount differences between the two contracts is provided in the table below.

**Contract Amount Differences
Between CS-166 & CS-1433**

Task	CS-166	CS-1433
Project Definition and Planning	\$ 383,941	\$ 0
Design Phase Procurement Assistance	\$ 1,098,241	\$ 1,400,000

Construction Phase Procurement Assistance	\$ 3,020,886	\$ 6,111,837
Construction Administration/Oversight and Scheduling Services	\$ 1,923,070	\$ 9,729,507
Claims Reviews, Forensic Analysis and Damages Evaluation	\$ 1,930,339	\$ 850,000
Technical Training	\$ 440,895	\$ 85,000
Value Engineering Services	\$ 778,968	\$ 0
Other Related Services (Provisional Allowance)	\$ 1,098,051	\$ 1,350,000
Capital Management Group Support and Assistance	\$ 548,144	\$ 250,000
Allow Equipment, Travel and Other (Direct Expense w/o Mark-ups)	\$ 77,735	\$ 50,000
Total	\$11,300,000	\$18,476,344

BUDGET IMPACT

This proposed contract provides for a wide range of professional services, some of which occur on an emergency and intermittent basis. Based on each task assignment, a task order and budget for that task is established. Tasks may be for operations and maintenance expense such as supplemental staff services or an element of direct or indirect project overhead allocation. Tasks may also be for specific projects in the capital improvement plan. In all scenarios, the task orders are compared to the respective budget(s). In the event it appears there may be a budget shortfall, resources will be re prioritized and/or a budget amendment will occur. Budgets were prepared on historical and /or specific project knowledge. For example, \$406,000 of services were provided during FY 2017 (unaudited) and were allocated to the following operating or project accounts.

Project Type	Project Name	Amount
CIP 211004	Pumping Station #1 Sampling Station Improvements	\$8,000.00
CIP 213004	Bio-Solids Dryer Facility Program Management	\$142,000.00
CIP 213003	Sewer Sludge Incinerators Air Quality Improvements	\$8,000.00
CIP 210667	DTE Primary Third Feed Supply to WRRF	\$15,000.00
O&M 5960-892211.0009617900-SD9020	Updating and Submittal Assistance Regarding Assessment Report and Annual Collection System CSO Facilities Operational Plan Report	\$233,000.00

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The award of this contract provides a positive budget estimating variance of \$8,700,000 (budget amount \$20,000,000 less contract amount \$11,300,000). Sufficient data is not presently available to quantify additional savings from improved operational efficiency.

ADDITIONAL INFORMATION

Previous contract holder: PMA Consultants, LLC (CS-1433 and CS-189)

Benchmarking was completed by comparing rates across various GLWA contracts with similar skill sets. This analysis confirmed that PMA's rates are in competitive range. The rate comparisons are illustrated in the attached document labeled "Rate Evaluation for GLWA-CS-166."

COMMITTEE REVIEW

This matter was reviewed by the Operations and Resources Committee at its meeting on November 8, 2017. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES IMPACT

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