



Legislation Details (With Text)

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Title: Proposed Change Order No. 3 GLWA Contract No. CON-223 Facilities Maintenance Services Contract

Sponsors: Randal Brown, Navid Mehram

Indexes: General Counsel, Wastewater Operations

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
12/17/2020	1	Board of Directors	Approved	Pass
11/25/2020	1	Legal Committee	Recommended for Approval	Pass

Proposed Change Order No. 3 GLWA Contract No. CON-223 Facilities Maintenance Services Contract

Agenda of: December 17, 2020
Item No.: **2020-423**
Amount: \$105,565.72

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: November 19, 2020

RE: **Proposed Change Order No. 3 GLWA Contract No. CON-223
Facilities Maintenance Services Contract**

MOTION

Upon recommendation of Randal Brown, General Counsel, and 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 reimburse the Contractor \$105,565.72 for Contract No. 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

CON-223 was a skilled trades contract that was to augment GLWA staff and assisted 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 provided the necessary support for urgent and emergency projects that require immediate attention or resources beyond staff's ability. The Services provided through this contract assisted 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), Analytical Lab and current Retention Treatment and Combined Sewer Overflow facilities.

The GLWA-CON-223 Contract was awarded to Lakeshore Global Corporation for \$8,962,000 with a start work date of March 5, 2018 and final completion date of March 5, 2020. The original Contract fund had exhausted around January 2019 and Change Order No. 1 was issued to add \$7,200,000.00 to the contract price to meet the emergency maintenance needs of the Water Resource Recovery Facility (WRRF) until a replacement contract is advertised and awarded before the expiration date of CON-223 Contract. The new replacement Contract 1901658 had been awarded with a start work date of 1/20/20. Lakeshore Global Corporation had submitted the final invoice for this contract along with the consent of surety to make final payments. And GLWA had executed the final Change Order No. 2 on March 9, 2020 and established the final value of the contract and made final payment to the Contractor too.

Contractor Lakeshore informed GLWA a few months ago (after the close out of CON-223 Contract) that they incurred additional bond cost related to Change Order No.1 and the original contract amount, and requested reimbursement for \$231,176.

JUSTIFICATION

As indicated above, Contractor Lakeshore informed GLWA a few months ago (after the close out of CON-223 Contract) that they incurred additional bond cost related to Change Order No.1 and the original contract amount, and requested reimbursement for \$231,176. After exhaustive internal discussions, GLWA is proposing to reimburse LGC for the additional bond costs at the same rate in the contract as follows:

Original Contract Value - \$8,962,000

Contract Bond Value - \$131,400

Bond Rate = 1.466%

Change Order Value = 7,200,000

Additional Bond Value= \$105,565.72

Typically, when the contract is closed out after executing the final change order and make final payment, GLWA will not reopen that contract. Lakeshore informed that it was an honest mistake from their side in not submitting the cost in a timely manner. It is also to be noted that the contractor is eligible for the additional bond cost for the additional contract amount, and therefore, GLWA staff is recommending approval of the reimbursement of \$105,565.72 to Lakeshore.

PROJECT MANAGEMENT STATUS

Original Contract Time	Two years
Change Order No.1	No change
Change Order No.2	No change
Change Order No.3	Not Applicable

PROJECT ESTIMATE

Original Contract Price	\$8,962,000.00
Change Order No.1	\$7,200,000.00
Change Order No.2	(\$47,502.47)
Change Order No. 3	\$105,565.72
New Contract Total	\$16,220,063.25

RETURN ON INVESTMENT

This contract was necessary in order for GLWA to stay current with preventative, corrective and predictive maintenance of WRRF and RTB equipment and in compliance with a staffing requirement contained in our Administrative Consent Order with the State of Michigan.

COMMITTEE REVIEW

This matter was presented to the Legal Committee at its November 25, 2020 meeting. The Legal 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.