



Legislation Details (With Text)

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File created: 3/28/2023 **In control:** Board of Directors
On agenda: 4/26/2023 **Final action:** 4/26/2023
Title: Proposed Amendment No. 1
Contract No. 2103350
Pump Station No. 1 Improvements
CIP #211006 / BCE Score: 78.60
Sponsors: Navid Mehram
Indexes: Wastewater Operations
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
4/26/2023	1	Board of Directors	Approved	Pass
4/12/2023	1	Operations and Resources Committee	Recommended for Approval	Pass

Proposed Amendment No. 1
Contract No. 2103350
Pump Station No. 1 Improvements
CIP #211006 / BCE Score: 78.60

Agenda of: April 26, 2023
Item No.: **2023-133**
Amount: Original Contract \$89,169,985.00
Proposed Amendment No. 1 2,283,094.00
Total Revised Contract \$91,453,079.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: March 28, 2023

RE: **Proposed Amendment No. 1**
Contract No. 2103350
Pump Station No. 1 Improvements
Vendor: Weiss Construction Company, LLC

MOTION

Upon recommendation of Navid Mehram, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Contract No. 2103350, Proposed Amendment No. 1, "Pump Station No. 1 Improvements" with Weiss Construction Company, LLC, with an increased cost of \$2,283,094.00 for a total cost not to exceed \$91,453,079.00 and an increased duration of 913 days for a total duration of 2,648 days**; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA operates Influent Pumping Station No. 1 (PS-1) at the Water Resource Recovery Facility (WRRF). PS-1 was constructed in the late 1930s, and it has eight constant speed pumps of various capacities. Pump Nos. 1, 3, 4, 5, 7, and 8 were installed in the 1940s, and Pump Nos. 2 and 6 were added in 1956. These pumps were last rehabilitated in 2004 and 2005 under the PC-744 Project (DWP 1007) and need improvements to increase their efficiency and reliability. Other improvements to major process piping and valves, architectural, electrical, instrumentation, structural and HVAC improvements are also needed to increase the resiliency and reliability of PS-1.

GLWA submitted a final Project Plan to Environment, Great Lakes, and Energy - State of Michigan (EGLE) on June 1, 2022, with the intent of securing Clean Water State Revolving Fund (CWSRF) funding for this project. This project was advertised on July 13, 2022. At this time, EGLE had not completed prioritization of potential projects for funding. In the event PS-1 became eligible, the decision was made to include the new CWSRF requirements in the contract documents. During this time, the CWSRF requirements were in the process of being changed and expected to potentially include the new Build America Buy America (BABA) requirements. While PS-1 had the potential to obtain a waiver that would exclude the new BABA requirements, the status was not known with certainty.

On August 23, 2022, EGLE released their priority list for funding, and this project was not ranked high enough to be eligible for 2023 funding. Therefore, the decision was made to remove the CWSRF requirements from the contract via Addendum No. 4, which was issued on August 25, 2022. This was to avoid confusion with the new BABA requirements and simplify the bidding process and not place any undue costs on the bids.

JUSTIFICATION

Post bid, GLWA has been notified by EGLE of its eligibility for CWSRF and principal forgiveness for this project. Therefore, it must comply with equivalency project requirements by incorporating CWSRF Equivalency Boiler plate language which covers Disadvantaged Business Enterprise requirement; Good Faith Efforts (DBE-GFEs) worksheet; Davis-Bacon and Related Acts/Prevailing Federal Wages; Labor Standards Provisions for Federally Assisted Projects; Certification Regarding Debarment, Suspension and other Responsibility Matters; Prohibition on Telecommunications and Video Surveillance Service or Equipment; Infrastructure Investment and Jobs Act (IIJA) Signage Required Term and Condition; and American Iron & Steel (AIS) contract language.

GLWA issued a Notice-to-Proceed letter to Weiss with a start date of February 7, 2023. However, due to the CWSRF loan closing process for this project, EGLE stated that no Physical Work (excavation, earthwork, demolition, or installation) by Weiss shall take place at the project site prior to May 3, 2023. In response to CWSRF requirements, Weiss submitted the change proposal to GLWA on March 7, 2023, for the amount of \$3,026,814.00 to comply with CWSRF requirements. While the impacts of the Covid-19 pandemic have started to subside, the supply chain problems that have

plagued the construction industry remain. Weiss has previously expressed potential time impact during the bidding process as well as submitted a letter to GLWA, dated January 16, 2023, demonstrating that a time extension is necessary. Due to the complexity and AIS compliance requirement for this project, Weiss proposed 913 days of time extension to the current substantial and final completion dates of this project.

Based on the negotiation meeting, GLWA and Weiss came to an agreement on an additional cost of \$2,283,094.00, and time extension of 913 days needed for Weiss to comply with all CWSRF requirements for the duration of this project. It is GLWA's opinion that that extended time and cost is fair and equitable for both parties.

PROJECT MANAGEMENT STATUS

Original Contract Time	1,735 days (02/07/2023 - 11/07/2027)
Proposed Amendment No. 1	913 days (11/08/2027 - 05/08/2030)
New Contract Time	2,648 days (02/07/2023 - 05/08/2030)

PROJECT ESTIMATE

Original Contract Price	\$ 89,169,985.00
Proposed Amendment No. 1	2,283,094.00
New Contract Total	\$ 91,453,079.00

FINANCIAL PLAN IMPACT

Summary: Sufficient funds are provided in the financial plan for this project.

Funding Source: Sewer Construction Fund

Cost Center: Wastewater

Expense Type: Construction (5421-892211.000-616900-211006)

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

Original Contract Price	\$89,169,985.00
Proposed Amendment No. 1	2,283,094.00
New Contract Total	\$91,453,079.00
Amended Financial Plan Estimate	<u>\$73,922,000.00</u>
Estimating Variance:	(\$17,531,079.00)

The award of this amendment to the vendor creates a negative estimating variance of \$17,531,079.00 from the FY2024-2028 CIP. This variance will be funded from capital reserves.

This project is eligible for Clean Water State Revolving Fund (CWSRF) loan principal forgiveness which removes the requirement for the borrower to repay a specified portion of the approved loan amount. Principal forgiveness does not lower the overall cost of a project; however, it does reduce future debt payments and decrease the amount of the loan overall, thus improving future cash flows.

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on April 12, 2023. 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.