



Legislation Text

File #: 2017-374, Version: 1

GLWA Contract No. PC-798A
Proposed Change Order No. 1
"Facilities Maintenance Requirement Contract"
Contractor: Lakeshore Global Corporation

Agenda of: September 13, 2017
Item No.: **2017-374**
Amount: \$5,200,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: September 7, 2017

RE: **GLWA Contract No. PC-798A**
Proposed Change Order No. 1
"Facilities Maintenance Requirement Contract"
Contractor: Lakeshore Global Corporation

MOTION

Upon recommendation of Suzanne Coffey, Interim 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 \$5,200,000.00 for Contract No. PC-798A, "Facilities Maintenance Requirement 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

PC-798A is a skilled trades contract that is to augment GLWA staff and assisted in successfully maintaining 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 requiring immediate attention or resources beyond staff's ability. The Services provided through this contract assist the GLWA's 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 Control facility (Livernois Center), Analytical Laboratory and current Retention Treatment Basins (RTBs).

Project Costs

Original Contract Price:	\$10,768,011.93
Proposed Change Order No. 1	\$5,200,000.00
Proposed Total Contract Price	\$15,968,011.93

Project Management Status

A.	Start Work Date:	August 1, 2016
B.	Original Final Completion Date:	July 31, 2018

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 let. The current PC-798A Contract price is \$10,768,011.93 with a duration of two years (August 1, 2016-August 1, 2018). This original price and scope yields an estimated monthly expense of \$448,667.

As of August 6, 2017, the actual average monthly billing was nearly 70% more than anticipated at \$759,241 per month. The cumulative cost incurred for the various elements of the contract is as follows:

Labor Cost:	\$7,664,972.27
Equipment Cost:	\$124,736.20
Material Cost:	\$128,464.51
Specialized Sub-Contractor Cost:	\$1,115,060.25
Bond and Insurance cost:	\$77,664.00
Total Cost:	\$9,110,897.23

As of August 6, 2017, the remaining balance of the contract is \$1,657,114.70. Anticipated future spending in the near term is approximately \$1.3M per month. As such, the contract as it currently

stands will take us through the current month, but not beyond. As was noted, this anticipated future spend rate is due to the staff augmentation required to meet the ACO. We have initiated a solicitation for a new contract for these services. We anticipate a four-month duration to go out for bid, award the contract, issue a notice to proceed and transition the staff. To span this gap in time, we are requesting an increase in the contract of \$5,200,000.

Return on Investment

This contract is 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. Despite the progress we have made in recruiting, we anticipate that the Services under this Contract will be necessary for staff augmentation in the foreseeable future. Even without this need and assuming 100% staffing, the Services would still be required, at a reduced level, for those specialized or urgent projects that require short-term or specialized resources outside our staffing model.

BUDGET IMPACT

Capital Improvement Plan: The proposed change order for PC-798A will have no budget impact to the Capital Improvement Plan because the contract is an Operations and Maintenance project.

COMMITTEE REVIEW

This matter will be reviewed by the Operations and Resources Committee at its meeting on September 13, 2017.

SHARED SERVICES IMPACT

The proposed procurement does have a shared services element. On occasion, staff from this contract are assigned to do maintenance projects at the Belle Isle CSO. Under the Shared Services Agreement, GLWA operates the Belle Isle CSO facility on behalf of DWSD. We estimate the cost of the services for this specific facility to be approximately \$30,000 per year and are recoverable under the provisions of the Shared Services Agreement