



Legislation Text

File #: 2018-537, Version: 1

GLWA-WS-695C

Valve Exercising Water System Transmission Main

Agenda of: February 14, 2018
Item No.: **2018-537**
Amount: \$3,699,750.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: February 14, 2018

RE: **Contract No. GLWA-WS-695C**
Valve Exercising Water System Transmission Main
Vendor: Toolco Contracting Group

MOTION

Upon recommendation of 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 No. GLWA-WS-695C, "Valve Exercising Water System Transmission Main" with Toolco Contracting Group, at a cost not to exceed \$3,699,750.00 for a duration of two (2) years; reduce the proposed FY 2019 budget by the amount of savings of \$590,000;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The GLWA water system is one of the largest in the United States in terms of water produced and population served. The water system transmission pipes (24-inch and larger) serve an area of 981 square miles in eight Southeastern Michigan counties. The GLWA operates with an average day demand of approximately 500 MGD and serves nearly 4 million people. The service area is supplied by five (5) water treatment plants.

GLWA uses approximately 2500 valves on the transmission pipes (mains) ranging in size from 24-inch to 120-inch in diameter. It is industry standard practice to periodically exercise these large valves to ensure they are maintained in good working order and can be used for the periodic service of the transmission mains, or in the event of a main failure. This contract focuses on exercising 450 key valves to be identified by GLWA.

In addition to the large transmission valves, associated valves (such as air, bypass, and blow-off valves) should also be

inspected and operated in coordination with the Valve Exercise program. The key elements of a comprehensive Valve Exercise Program are to:

- Baseline and determine the effectiveness of the Valve Exercise Programs
- Improve the efficiency and productivity of field crews
- Improve valve reliability
- Reduce water loss
- Identify critical valves on transmission systems
- Measure and document valve operation
- Develop trend analysis

JUSTIFICATION

GLWA-WS-695C is a new construction contract. The purpose of this contract is to locate valves; develop detailed valve records; preparation for, and isolation of, valves, as directed by GLWA; exercising of water transmission main valves; minor repair of valves; adjustment of valve structures to grade, as required; and preparation and submittal to GLWA of a report detailing: (1) the condition of each valve operated/cycled, (2) recommended valve maintenance protocols, (3) need for major repairs, and (4) recommended valve maintenance schedule.

Procurement Method: Competitively bid - Request for Bid (RFB)

Advertised:	September 21, 2017
	On Michigan Inter-governmental Trade Network (MITN) website
Distributed to:	761 vendor(s)
Downloaded by:	9 vendor(s)
Addendums released:	1
Response due date:	October 18, 2017
Responses received:	5 vendor(s) submitted bid(s)
Type of contract:	Fixed price by task
Evaluation Method:	Request for Bid (RFB) - Lowest cost, responsive and responsible Bidder

<u>Vendor (Lowest Cost to Highest)</u>	<u>Cost</u>
Tooles Contracting Group	\$3,699,750.00
L. D'Agostini and Sons, Inc.	\$4,720,750.00
OHM Advisors	\$4,890,025.00
Bricco Excavating Company, LLC	\$4,975,000.00
Detroit Contracting, Inc.	\$5,467,500.00

On December 18, 2017, the Great Lakes Water Authority (GLWA) received a protest from L. D'Agostini and Sons, Inc. pertaining to the revised Notice of Intent to Award published on December 15, 2017, announcing GLWA's intent to award GLWA-WS-695C to Tooles Contracting Group and the assertion that Tooles Contracting Group's bid is unbalanced.

Similar to L. D'Agostini and Sons, Inc.'s current protest, Tooles Contracting Group challenged the November 9, 2017 Notice of Intent to Award to L. D'Agostini and Sons, Inc.'s. GLWA investigated the matter and determined that Tooles Contracting Group was the lowest most responsive and responsible bidder. GLWA's investigation included a thorough review of Tooles Contracting Group's Bid Schedule, including whether it was unbalanced. GLWA determined that Tooles Contracting Group's bid was not unbalanced. Further, Tooles Contracting Group bears the risk if its bid is unbalanced. If the contract is (1) approved by GLWA's Board and (2) fully executed by both parties, Tooles Contracting Group will be bound by terms and conditions of the contract, including the pricing that it quoted in its Bid Schedule without any modifications.

L. D'Agostini and Sons, Inc.'s letter suggests that it should have participated in GLWA's investigation into whether Tooles Contracting Group's bid was the lowest responsive and responsible bid. Neither GLWA Procurement Policy nor this RFB requires GLWA to engage other bidders in its bid investigations.

L. D'Agostini and Sons, Inc.'s letter also suggests that it had a valid business expectancy based on a Notice of Intent to Award. This claim fails for several reasons. First, GLWA's Board did not approve a valve exercising contract with L. D'Agostini and Sons, Inc. Second, L. D'Agostini and Sons, Inc. does not have a fully executed and enforceable contract with GLWA for valve exercising. Certainly, a Notice of Intent to Award did not create an enforceable contract. Third, this RFB would have resulted in a task order contract, meaning work is only completed at the request of GLWA. GLWA never requested that L. D'Agostini and Sons, Inc. complete any portion of the proposed Scope of Work.

For these reasons and pursuant to the RFB, GLWA must select the lowest responsive and responsible bid from Tooles Contracting Group, conforming in all material respects with the requested RFB. GLWA believes that its actions related to the RFB were appropriate and consistent with the

Procurement Policy and therefore, the bid protest from L. D'Agostini and Sons, Inc. is rejected.

On January 8, 2018, GLWA's Chief Administrative and Compliance Officer (CACO) received an appeal from L. D'Agostini and Sons, Inc. pertaining to GLWA's denial of their protest. It was determined that GLWA staff's action to correct an error in the process for this RFB is consistent with the fairness standards of GLWA's Procurement Policy. The GLWA Board was notified on January 24, 2018 by the CACO of the denial of the bid protest appeal.

The Great Lakes Water Authority recommends that Toolles Contracting Group be awarded this contract.

Minority Business Enterprise (MBE): Yes

Detroit Based Business (DBB): Yes

Small Business Enterprise (SBE): No

Sub-Contractor(s) List for Toolles Contracting Group:

Wachs Water Services

Valve Exercising and Repair

Litigation

This vendor is not currently nor has 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 vendor 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 estimate for this project is \$4,880,000.00.

BUDGET IMPACT

The proposed procurement of the Valve Exercising Water Main System Transmission Main contract is within the FY2018 through FY-2022 five-year plan annual amount of \$2,440,000.00. This contract is budgeted under Field Service Operations (cost center 882431) Contractual Operating Services, GL string: 5910-882431.000-617900-WS6930.

Contract No. GLWA-WS-695C	FY 2018	FY 2019	FY 2020
	(pro-rated for six months)		(pro-rated for six months)
Budget for Valve Exercising	\$1,220,000.00	\$2,440,000.00	\$1,220,000.00

Valve Exercising Contract Estimate (2 Years)	924,937.50	1,849,875.00	924,937.50
Positive Budget Impact	\$295,062.50	\$590,125.00	\$295,062.50

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The award of Contract No. GLWA-WS-695C Valve Exercising Water Main System Transmission Main provides a positive variance of \$1,180,250 (project estimate of \$4,880,000.00 less \$3,699,750.00 contract estimate). Sufficient data is not presently available to quantify additional savings from improved operational efficiency.

ADDITIONAL OPTIMIZATION INFORMATION

Previous Vendor: N/A

Benchmarking was completed by comparing rates based on the bid submittals and indicate that Toolles Contracting Group, rates are in competitive range. The rate comparisons are illustrated in the attached document labeled "Bid Evaluation for GLWA-SOQ-135A."

COMMITTEE REVIEW

This matter is being presented directly to the full Board.

SHARED SERVICES IMPACT

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