



Legislation Text

File #: 2020-187, Version: 1

Contract No. 2000292

Phase 2 - Valve Exercising Project for Field Services

CIP# N/A / BCE Score: N/A

Agenda of: June 24, 2020

Item No.: **2020-187**

Amount: \$5,601,663.33

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: June 3, 2020

RE: **Contract No. 2000292**
Phase 2 - Valve Exercising Project for Field Services
Vendor: Hydromax USA

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. 2000292, "Phase 2 - Valve Exercising Project for Field Services" with Hydromax USA, at a cost not to exceed \$5,601,663.33 for a duration of 3 years;** 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 serve an area of 1,698 square miles in eight counties and 88 wholesale water customers including the City of Detroit. The GLWA operates with an average day demand of approximately 400 MGD and serves approximately 3.8 million people across

112 neighboring communities with over 816 miles of transmission mains.

GLWA uses over 4,900 valves on the water transmission pipes (mains) ranging in sizes up to 108-inches 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.

In addition to the large transmission valves, associated valves (e.g. air, bypass, and blow-off valves) should also be inspected and operated in coordination with the Valve Exercise Program. The Valve Exercise Program will:

- Baseline the existing condition of valves
- Improve the efficiency and productivity of field crews
- Improve valve reliability
- Reduce water loss
- Measure and document valve operation

An effective Valve Exercising Program will:

- Improve transmission system reliability
- Aid in developing predictive maintenance programs
- Aid in determine capital improvement budgeting
- Improve system isolation capability
- Reduce non-revenue water

JUSTIFICATION

GLWA began its first formal valve condition assessment and exercising program in 2018 with the goal of locating, inspecting, evaluating, exercising, and repairing 450 valves with a diameter of 24-inches or greater over a two-year period. The purpose of this Valve Exercising Program is to streamline the procedures developed under the initial project and exercise the remaining main line valves and assess appurtenances throughout the transmission system. The goal of this program is to assess all valves on a 10-year cycle, and critical valves on an annual basis. This program will provide significant benefit for GLWA's member partners as it will allow for faster response during emergency situations and provide for better resiliency and redundancy within the regional water system while reducing water loss and improving the level of service for the system's member partners.

FINANCIAL PLAN IMPACT

Summary: The proposed contract with Hydromax USA encompasses Operations & Maintenance expense only. The FY 2021 budget and five-year financial plan was based on the previous contract period. The value of the contract is within the current financial plan in total. The financial plan will be adjusted accordingly during the FY 2022 budget preparation to align with the proposed contract amount.

Sufficient funds will be provided in the Operations & Maintenance (O&M) financial plan for this contract related to contractual operating services.

Funding Source: Operations & Maintenance (O&M) Budget

Cost Center(s): Field Service Operations.....Centralized Services cost center 882431

Expense Type(s): Contractual Operating Services (617900)

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

<u>Fiscal Year</u>	<u>Amount</u>
FY 2021 Budget	\$2,288,000
FY 2022 Financial Plan	2,332,000
FY 2023 Financial Plan	<u>2,376,000</u>
Financial Plan Forecast	\$6,996,000
Proposed Contract Amount	<u>\$5,601,663</u>
Variance (positive/ (negative))	\$1,394,337

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The award of this contract provides a variance of \$1,394,337 (\$6,996,000 financial plan forecast less \$5,601,663 proposed contract amount). Contractual services are dependent on several factors such as, delays in estimated start and end dates, environmental constraints, and other unforeseen circumstances that can cause the expenses to fluctuate from fiscal year to fiscal year.

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on June 10, 2020. 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.