



Legislation Text

File #: 2021-129, Version: 1

Proposed Change Order No. 3

GLWA-CON-170

Sludge Removal and Disposal Services at Northeast, Southwest and Springwells Water Treatment Plants

CIP# N/A

Agenda of: April 28, 2021

Item No.: **2021-129**

Amount:	Original Contract	\$15,298,560.00
	Change Order No.1	3,500,000.00
	Change Order No.2	2,500,000.00
	Proposed Change Order No. 3	19,608,960.00
	Total Revised Contract	\$40,907,520.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: March 22, 2021

**RE: Proposed Change Order No. 3
Contract No. GLWA-CON-170
Sludge Removal and Disposal Services at Northeast, Southwest
and Springwells Water Treatment Plants
Vendor: Mobile Dredging and Video Pipe, Inc.**

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-CON-170 Proposed Change Order No. 3 "Sludge Removal and Disposal Services at Northeast, Southwest and Springwells Water**

Treatment Plants” with Mobile Dredging and Video Pipe, Inc., at an increased cost of \$19,608,960.00 for a total cost not to exceed \$40,907,520.00 and an increased duration of 3 years for a total contract duration of 6 years and 3 months and the dismissal of *National Industrial Maintenance v The Great Lakes Water Authority*; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA-CON-170 is a contractual services contract that involves turn-key sludge removal and disposal services at GLWA’s Northeast, Southwest and Springwells Water Treatment Plants. Since 2014, GLWA has ceased bulk discharges of alum sludge to the sewer system as part of the GLWA Water Resource Recovery Facility’s alum sludge corrective action in its National Pollutant Discharge Elimination System (NPDES) permit with the Michigan Department of Environment, Great Lakes, and Energy. Instead, GLWA uses a contractor to remove accumulated sludge from the flocculation chambers and sedimentation basins from these three water plants, dewater the sludge onsite, and transport the sludge cake to a licensed type II municipal solid waste landfill for disposal.

The contract time for GLWA-CON-170 commenced to run on January 1, 2018 and the contract completion date is March 31, 2021. The original contract amount was \$15,298,560.00. Change Order No. 1 was executed on September 18, 2019 and added \$3,500,000.00 to bring the contract amount to \$18,798,560.00. No contract time was added in Change Order No. 1. The additional funds provided with Change Order No. 1 were for additional sludge removal and disposal work. Likewise, the additional \$2,500,000.00 provided in Change Order No. 2 funded more sludge removal and disposal work at the Springwells Water Treatment Plant.

Proposed Change Order No. 3 is for time and money. The additional funds and time will be used to remove sludge from Northeast, Southwest and Springwells Water Treatment Plants through March 31, 2024. If this change order is approved, then the additional sludge removal and disposal work would be performed immediately.

Proposed Change Order No. 3 would also result in the dismissal of the lawsuit, *National Industrial Maintenance Inc. v The Great Lakes Water Authority*. National Industrial Maintenance held the prior contract for sludge removal and is a related company to Mobile Dredging and Video Pipe. By agreeing to a step-down penalty if GLWA terminates this Contract for convenience, an annual true-up of the unit rate and Mobile Dredging being the exclusive vendor of sludge removal at the above referenced treatment plants, National Industrial Maintenance agrees to dismiss its lawsuit. Currently, there is approximately \$1.3 million in potential liability against GLWA and defense costs that would be resolved by agreeing to this proposed Change Order.

JUSTIFICATION

Bulk or mass discharges of alum sludge to the sewer system are no longer an option for GLWA to remove sludge from the flocculation chambers and sedimentation basins. These chambers and basins were designed and constructed, however, on the premise that sludge would be discharged to the sewer system. As a result, there is not a suitable alternative method to remove the sludge from the basins at these plants at this time and the need for this contracted service remains. Removal of the sludge from the flocculation chambers and sedimentation basins on a regular basis is needed to protect water quality.

PROJECT MANAGEMENT STATUS

Original Notice to Proceed	January 1, 2018
Original Contract Time	3 years and 3 months
Original Required Substantial Completion Date	December 21, 2020
Original Required Final Completion Date	March 31, 2021
Proposed Contract Time	6 years and 3 months
Proposed Change Order No. 3 Substantial Completion Date	December 21, 2023
Original Required Final Completion Date	March 31, 2024

PROJECT ESTIMATE

Original Contract	\$15,298,560.00
Change Order No. 1	3,500,000.00
Change Order No. 2	2,500,000.00
Proposed Change Order No. 3	19,608,960.00
Total Revised Contract	\$40,907,520.00

FINANCIAL PLAN IMPACT

Summary: The proposed contract with Mobile Dredging and Video Pipe, Inc. encompasses Operations & Maintenance expense only. The FY 2021 budget was based on the previous contract period. The value of the contract is within the current financial plan in total. 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): Springwells WTP.....Water Operations cost center 882141
Northeast WTP.....Water Operations cost center 882151
Southwest WTP.....Water Operations cost center 882161

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 2018 Budget	\$3,838,027.00
FY 2019 Budget	\$8,063,304.00
FY 2020 Budget	\$5,659,535.00
FY 2021 Budget	\$9,573,805.00
FY 2022 Budget	\$5,182,130.00
FY 2023 Budget	\$6,558,580.00
FY 2024 Budget	\$2,032,139.00 ***

*** (with added full Provisional Allowance of \$750,000.00 in last year plus remaining \$254,619.00 in CON-170 as of now)

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The Change Order eliminates the risk of an adverse verdict against GLWA and costs associated with defending the same. It also provides stability in pricing for a necessary service at GLWA’s water treatment plants. 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 Legal Committee on March 24, 2021 and the Operations and Resources Committee on April 14, 2021. Both the Legal and Operations and Resources committees 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.