



Legislation Text

File #: 2021-127, Version: 1

Proposed Change Order No. 1
Contract No. 1901658
Facilities Maintenance Services

Agenda of: April 28, 2021

Item No.: **2021-127**

Amount:	Original Contract	\$10,944,780.00
	Change Order No.1	6,500,000.00
	Total Revised Contract	\$17,444,780.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 6, 2021

RE: Proposed Change Order No. 1
Contract No. 1901658
Facilities Maintenance Services
Vendor: Lakeshore Global Corporation

MOTION

Upon recommendation of Navid Mehran, Chief Operating Officer - Wastewater Operating Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) **to enter into Contract No. 1901658, Proposed Change Order No. 1, "Facilities Maintenance Services" with Lakeshore Global Corporation at an increased cost of \$6,500,000.00 for a total cost not to exceed (NTE) \$17,444,780.00, and no increase in duration, for a total duration of 730 days;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA Contract No. 1901658 is a skilled trades contract that is needed to augment GLWA staff and

assist the Authority with the needed resources to maintain our wastewater facilities to stay in compliance with our National Pollutant Discharge Elimination System (NPDES) permit as issued by Michigan Department of Environment, Great Lakes and Energy. The services provided through this contract assist GLWA in its major maintenance responsibilities, including but not limited to the performance of corrective, preventive and predictive maintenance on incinerators, clarifiers, conveyors, large pumps, motors, valves, and related support equipment at the Water Resource Recovery Facility (WRRF), and Combined Sewer Overflow (CSO) facilities. Additionally, the services provide the skilled labor necessary to support the facility for urgent and emergency projects that require immediate attention beyond our current staffing.

GLWA continues to experience challenges in recruiting and retaining skilled trades for WRRF and CSO. Since January 2020, near the award of this contract, we have lost (25) net positions in WRRF and CSO Operations and Maintenance. This includes hires, resignations, retirements, transfers, and terminations. In specific, the loss in positions that are supplemented by LGC include nine (9) Maintenance Technicians, a reduction of (13.5%) and eleven (11) EICT-E (Electric tradesmen), a reduction of (69%). Currently, Wastewater Operations hold 29 vacancies in Maintenance positions, including Maintenance Technicians, EICT-I (Instrumentation Tradesmen), EICT-E (Electric tradesmen)

JUSTIFICATION

This change order request is needed because we have utilized the contract at a higher rate than was originally estimated for three reasons:

1. To augment our staff with technical expertise to provide the services necessary for the facility and help in complex resource heavy corrective maintenance activities.
2. To fill budgeted vacancies with hard to recruit skillsets to complete maintenance services.
3. Since January of 2020, the WRRF lost several Electrical Tradesmen that are essential for the continuity of our operations.

The original Contract award was \$10,944,780.00 with a duration of two years (January 20, 2020 - January 19, 2022). This original price and scope yield an estimated monthly expense of \$456,032.00. As of February 7, 2021 (Billing No. 12) the actual cumulative cost incurred is as follows:

Labor Cost:	\$7,349,789.48
Equipment Cost:	562,350.70
Material Cost:	153,240.14
Specialized Sub-Contractor Cost:	373,202.59

Bond and Insurance Cost:	<u>167,200.00</u>
Total Cost:	\$8,605,782.91

As of February 7, 2021, \$2,338,997.00 remains in Contract No. 1901658 and the expected future monthly spending is approximately \$700,000.00. Therefore, the funds for Contract No. 1901658 will likely be exhausted in April 2021. Proposed Change Order No. 1 will increase the contract value for Contract No. 1901658 by \$6,500,000.00, which is needed to meet the maintenance needs of the Water Resource Recovery Facility (WRRF) and the Combined Sewer Overflow (CSO) until the final completion date of Contract No. 1901658.

PROJECT MANAGEMENT STATUS

Original Contract time:	730 days
Proposed Change Order No. 1 time:	0 days
New Contract time:	730 days

PROJECT ESTIMATE

Original Contract Price:	\$10,944,780.00
Proposed Change Order No. 1:	6,500,000.00
New Contract Price:	\$17,444,780.00

FINANCIAL PLAN IMPACT

Summary: The use of this contract, as augmentation to GLWA staffing is directly correlated to staffing levels. This contract is budgeted in among the processing areas at the Water Resource Recovery Facility and Combined Sewer Overflow facilities for skilled and technical labor, contractual services, and maintenance. The proposed increase in this contract exceeds the Financial Plan.

Should the contract be used to its maximum value a budget amendment would be required, first drawing from other cost categories, and secondly from the unallocated reserve.

Funding Source: Operations & Maintenance Budget

Cost Centers: Multiple cost centers at the Water Resource Recovery Facility (892201 - 892226)

Multiple cost centers at the Combined Sewer Overflow Facilities

(892271 - 892279)

Expense Types: Transitional Labor (616100)
Contractual Operating Services (617900)
Repairs & Maintenance - Equipment (622300)
Repairs & Maintenance - Facilities (622400)

Estimated Cost by Year and Related Estimating Variance:

FY 2020 Budget (prorated)	\$3,614,600.00
FY 2021 Budget	6,927,071.00
FY 2022 Financial Plan (prorated)	<u>3,728,918.00</u>
Financial Plan Forecast	<u>\$14,270,589.00</u>
Maximum proposed contract	\$17,444,780.00
Estimated Variance	<u>(\$3,174,191.00)</u>

The award of this Change Order provides a maximum negative variance of (\$3,174,191.00). Total Financial Plan of \$14,270,589.00 less the maximum contract value of 17,444,780.00.

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on April 14, 2021. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES IMPACT

The proposed procurement of this item will be shared, in part, at the Belle Isle CSO which is shared in part by DWSD and GLWA. This item is budgeted by both entities as noted above.