

Legislation Text

File #: 2021-214, Version: 1

Contract No. 2003730
Water Transmission Main, Valve and Other Priority Repairs
CIP# 170504 / O&M / BCE Score: N/A

Agenda of: June 23, 2021
Item No.: **2021-214**
Amount: \$15,000,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: June 2, 2021

RE: **Contract No. 2003730**
Water Transmission Main, Valve and Other Priority Repairs
Vendor: LGC Global, 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. 2003730 “Water Transmission Main, Valve and Other Priority Repairs” with LGC Global, Inc., at a cost not to exceed \$15,000,000.00 for a duration of five (5) 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 Transmission System consists of a network of approximately 800 miles of large (greater than 24-inch diameter) water mains that serve 3.8 million people across 112 communities that are represented by 88 member partners in eight counties of southeastern Michigan. There are approximately 10,000 air, blow-off, and isolation valves associated with these mains. The average system age is over 60 years old with portions exceeding 150 years in age. This contract replaces GLWA-CON-181 which has expended all its funds and is nearing closeout. This contract is used to

respond to water main breaks, valve repairs, and other urgent projects as necessary to allow GLWA to provide water of unquestionable quality at the promised level of service to our member partners. There are two concurrent emergency repair contracts that GLWA intends to maintain on a staggered basis. This contract also will support valve repairs determined from the Valve Exercising Program and the GLWA/DWSD water main decommissioning efforts.

JUSTIFICATION

With the anticipated work necessary to respond to emergencies, repair leaking mains and valves, and support decommissioning of GLWA water mains within the City of Detroit, two contractors to support these efforts are required to ensure continuous coverage for these services. To avoid the necessary transition and learning curve necessary should a contractor not be re-selected for this work, a staggered procurement schedule has been developed to ensure an overlap between these two contracts. Lakeshore Global Corporation was the previous firm that executed GLWA-CON-181 and was selected using a qualifications-based selection process. Based on their previous work, proposal, and interview, GLWA staff recommends approval of this contract.

FINANCIAL PLAN IMPACT

Summary: The proposed contract with Lakeshore Global Corporation encompasses Capital Improvement Plan & Operations & Maintenance expenses. The value of the contract is within the current financial plan in total. Sufficient funds will be provided in the Operations & Maintenance (O&M) and CIP financial plan for this contract.

Funding Source: Operations & Maintenance (O&M) Budget, Construction Fund

Cost Centers: Field Service Operations.....Centralized Services Cost Center (882431)

Expense Type(s): Contractual Operating Services-All Water (617901); Construction (616900)

<u>Fiscal Year</u>	<u>CIP 170500 Plan</u>	<u>O&M Budget</u>	<u>Total</u>
FY 2021 Plan (Prorated)	\$190,000.00	\$127,544.00	\$317,544.00
FY 2022 Plan	190,000.00	1,530,525.00	1,720,525.00
FY 2023 Plan	190,000.00	1,530,525.00	1,720,525.00
FY 2024 Plan	190,000.00	1,530,525.00	1,720,525.00
FY 2025 Plan	190,000.00	1,530,525.00	1,720,525.00
FY 2026 Plan (Prorated)	<u>125,000.00</u>	<u>1,402,981.00</u>	<u>1,527,981.00</u>
Financial Plan Forecast	\$1,075,000.00	\$7,652,625.00	\$8,727,625.00

Proposed Contract Amount	\$7,500,000.00	\$7,500,000.00	\$15,000,000.00
Variance (positive/(negative))	(\$6,425,000.00)	\$152,624.00	(\$6,272,376.00)

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The award of this contract provides an O&M variance of \$152,625.00 (\$7,652,625.00 financial plan forecast less \$7,500,000.00 proposed contract amount) and a CIP Variance of negative \$6,425,000.00 (\$1,075,000.00 financial plan forecast less \$7,500,000.00 proposed contract amount). The CIP portion of this contract is being funded from unallocated Program 170500 balances identified in FY 2022 - 2026 CIP with the negative variance to be funded from Capital Reserves. The O&M budget for this project was based upon the prior contract which was \$5,000,000.00 for two years. 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 9, 2021. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented, subject to receiving a cost summary.

SHARED SERVICES IMPACT

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