



Legislation Text

File #: 2021-436, Version: 1

**Proposed Change Order No. 2
Contract No. 1901658
Facilities Maintenance Services
O&M**

Agenda of: November 18, 2021

Item No.: **2021-436**

Amount:	Original Contract	\$10,944,780.00
	Change Order No.1	6,500,000.00
	Change Order No.2	6,325,000.00
	Total Revised Contract	\$23,769,780.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Interim Chief Executive Officer
Great Lakes Water Authority

DATE: November 4, 2021

**RE: Proposed Change Order No. 2
Contract No. 1901658
Facilities Maintenance Services
Vendor: Lakeshore Global Corporation**

MOTION

Upon recommendation of Navid Mehram, Chief Operating Officer - Wastewater Operating Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Interim Chief Executive Officer (ICEO) **to enter into Contract No. 1901658, Proposed Change Order No. 2, "Facilities Maintenance Services" with Lakeshore Global Corporation at an increased cost of \$6,325,000.00 for a total cost not to exceed \$23,769,780.00, and an increased duration of 181 days, for a total duration of 912 days;** and authorizes the ICEO 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 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 the 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.

The GLWA continues to experience challenges in recruiting and retaining skilled trades for WRRF and CSO. Since April 2021, when Change Order No. 1 was approved by the GLWA Board, we have lost an additional (19) net team members in WRRF and CSO Operations and Maintenance. This includes hires, resignations, retirements, transfers, and terminations. The positions covered by this contract include Maintenance Technicians, EICT-E (Electric Trades), and if necessary Plant Technicians. These lost team members constitute a 75% increase in the vacant positions backfilled by this contract.

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 positions to complete preventative maintenance.
3. Continue to experience attrition in our needed workforce that is 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 weekly expense of \$105,238.00. As of October 3, 2021 (Billing No. 20), the actual cumulative cost incurred is as follows:

Labor Cost:	\$12,618,369.53
Equipment Cost:	813,071.36

Material Cost:	279,047.78
Specialized Sub-Contractor Cost:	638,973.04
Bond and Insurance/other Cost:	<u>214,325.00</u>
Total Cost:	\$14,563,786.71

As of October 4, 2021, \$2,880,993.29 remains in Contract No. 1901658 and the expected future weekly spending is approximately \$226,000.00. It should be noted that approximately 78% of the weekly expense is to backfill Electricians, Plumbers, and Millwright trades that total to 40 individuals. Based on the current contract expenditure, the funds for Contract No. 1901658 will likely be exhausted by December 31, 2021. Proposed Change Order No. 2 will increase the contract value for Contract No. 1901658 by \$6,325,000.00, which is needed to meet the maintenance needs of the WRRF and the CSO until a replacement contract is bid out and awarded, which is expected to happen by July 2022.

Additionally, the contract extension includes an average of 5% increase to a number of labor rates. Nevertheless, the Lakeshore rates are still competitive to the original bid amount for Contract 1901658 from other bidders. This allows GLWA to maximize the use of competitive rates while working on an advertisement for a replacement contract working through focused recruitment strategies.

PROJECT MANAGEMENT STATUS

Original Contract time:	731 days (1/20/2020 - 1/19/2022)
Change Order No. 1 time:	0 days
Proposed Change Order No. 2 time:	181 days (1/20/2022 - 7/19/2022)
New Contract time:	912 days (1/20/2020 - 7/19/2022)

PROJECT ESTIMATE

Original Contract Price:	\$10,944,780.00
Change Order No. 1:	6,500,000.00
Proposed Change Order No. 2:	6,325,000.00
New Contract Price:	\$23,769,780.00

FINANCIAL PLAN IMPACT

Summary: The use of this contract, as an augmentation to GLWA staffing, is directly correlated to staffing levels. This contract is budgeted 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 (amended)	8,555,921.00
FY 2022 Budget (amended)	<u>7,904,156.00</u>
<u>FY 2023 Financial Plan (prorated)</u>	<u>347,150.00</u>
Financial Plan Forecast	\$20,421,827.00
Maximum proposed contract	<u>\$23,769,780.00</u>
Estimated Variance	<u>(\$3,347,953.00)</u>

The award of this Change Order provides a maximum negative variance of (\$3,347,953.00). Total Financial Plan of \$20,421,827.00 less the maximum contract value of \$23,769,780.00.

COMMITTEE REVIEW

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