



## Legislation Text

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File #: 2022-554, Version: 1

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### **Proposed Change Order No. 3**

**Contract No. 1802745**

**Water Transmission Main, Valve and Other Priority Repairs**

**CIP #170503 / BCE Score: N/A**

Agenda of: December 14, 2022

Item No.: **2022-554**

|         |                             |                 |
|---------|-----------------------------|-----------------|
| Amount: | Original Contract           | \$15,000,000.00 |
|         | Change Order No. 1          | 0.00            |
|         | Change Order No. 2          | 0.00            |
|         | Proposed Change Order No. 3 | 3,000,000.00    |
|         | Total Revised Contract      | \$18,000,000.00 |

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** December 2, 2022

**RE: Proposed Change Order No. 3**  
**Contract No. 1802745**  
**Water Transmission Main, Valve and Other Priority Repairs**  
**Vendor: Ric-Man Construction, 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. 1802745 Proposed Change Order No. 3 "Water Transmission Main, Valve and Other Priority Repairs" with Ric-Man Construction, Inc., at an increased cost of \$3,000,000.00 for a total cost not to exceed \$18,000,000.00 and an increased duration of one (1) year for a total contract 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 in eight counties of southeastern Michigan. There are approximately 10,000 air, blow-off, and isolation valves associated with these mains. The average pipe age is over 60 years old with some exceeding the designed service life. 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 to our member partners. Contract No. 1802745 is one of two concurrent repair contracts, the other being Contract No. 2003730, that GLWA intends to maintain on a staggered basis. This contract will also support valve repairs determined from the Valve Exercising Program and the GLWA/DWSD water main decommissioning efforts.

### **JUSTIFICATION**

The contractor for this work has been performing above GLWA staff expectations. This additional funding is requested to replenish expenses associated with the 120-inch water main break and the reinforcement efforts on distressed pipes identified along the 14 Mile transmission main. The requested funding will allow for this contract to extend approximately one year. Therefore, GLWA staff recommends the additional budget to fund this contract for an additional year to continue the services while a new request for proposal is submitted.

### **PROJECT MANAGEMENT STATUS**

|                             |                                   |                           |
|-----------------------------|-----------------------------------|---------------------------|
| Original Contract Time      | 2 years (08/26/2019 - 08/26/2021) |                           |
| Change Order No. 1          | 1 year                            | (08/27/2021 - 08/26/2022) |
| Change Order No. 2          | 1 year                            | (08/27/2022 - 08/26/2023) |
| Proposed Change Order No. 3 | 1 year                            | (08/27/2023 - 08/26/2024) |
| New Contract Time           | 5 years (08/26/2019 - 08/26/2024) |                           |

### **PROJECT ESTIMATE**

|                             |                 |
|-----------------------------|-----------------|
| Original Contract Price     | \$15,000,000.00 |
| Change Order No. 1          | 0.00            |
| Change Order No. 2          | 0.00            |
| Proposed Change Order No. 3 | 3,000,000.00    |
| New Contract Total          | \$18,000,000.00 |

### **FINANCIAL PLAN IMPACT**

**Summary:** The proposed change order with Ric-Man Construction, Inc. encompasses Capital Improvement Plan and Operations & Maintenance expenses. Sufficient funds will be provided in the Operations & Maintenance (O&M) and CIP financial plan for this project.

**Funding Source:** Operations & Maintenance (O&M) Budget; CIP 170503

**Cost Center(s):** Water Field Engineering.....Centralized Services cost center 882431

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

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

|                                | <b>CIP</b>          | <b>O&amp;M</b>      | <b>Total</b>         |
|--------------------------------|---------------------|---------------------|----------------------|
| Original Contract Price        | \$10,000,000.00     | \$5,000,000.00      | \$15,000,000.00      |
| Change Order No. 1 (Time Only) | 0.00                | 0.00                | 0.00                 |
| Change Order No. 2 (Time Only) | 0.00                | 0.00                | 0.00                 |
| Proposed Change Order No. 3    | <u>2,000,000.00</u> | <u>1,000,000.00</u> | <u>3,000,000.00</u>  |
| New Contract Total             | 12,000,000.00       | 6,000,000.00        | 18,000,000.00        |
| Financial Plan Forecast        | <u>9,957,000.00</u> | <u>5,433,300.00</u> | <u>15,390,300.00</u> |
| Estimating Variance            | (\$ 2,043,000.00)   | (\$ 566,700.00)     | (\$ 2,609,700.00)    |

The award of this change order provides an O&M variance of \$566,700.00 (\$6,000,000.00 proposed contract amount less \$5,433,300.00 financial plan forecast) and a CIP negative estimating variance of \$2,043,000.00 to be funded from Program 170500. The balance of the estimating variance has been accounted for in the draft 2024-2028 CIP Plan document. 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 December 14, 2022. 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.