

Agenda of April 24, 2013

Item No.

Proposed Contract No. DWS-894

Time: 730 Calendar Days

Amount: \$5,599,999.50

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Sue F. McCormick, Director
Water and Sewerage Department

DATE: April 24, 2013

RE: Proposed DWSD Contract No. DWS-894
“Water Shut-Off/Turn-On Project”
Contractor: Homrich Wrecking, Inc.
Designer: DWSD

I. Motion:

Upon recommendation of Rodney Johnson, Assistant Director of the Commercial Operations and Public Affairs Group, the Board of Water Commissioners authorizes the Director to **enter into Contract No. DWS-894, “Water Shut-Off/Turn-On Project” with Homrich Wrecking, Inc. (Contractor), at a cost not-to-exceed \$5,599,999.50 for a duration of 730 calendar days**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

II. Justification:

The Detroit Water and Sewerage Department (DWSD) is initiating this project to reduce DWSD’s delinquent water accounts. As part of the overall plan to increase DWSD’s revenue collection, the Department will increase its efforts of water shut-offs for customers with a 60-day or more past-due balance.

DWSD’s current staff averages 1,500 to 2,000 water shut-offs per month. The fact that DWSD has 150,000 delinquent water accounts will require additional staff to help address this ongoing issue.

III. Project Objectives/Costs:

The objective of this project is to provide shut-off crews to turn off water on accounts with outstanding balances and restoring water service once the bill is paid. This project will target approximately 70,000 residential accounts throughout the City of Detroit over a period of two (2) years. However, the contract does not guarantee a minimum quantity of shut-off or turn-on jobs to the contractor and DWSD can terminate the contract at any time without penalty. The project also includes cleaning out curb-boxes, digging up to realign or replace curb-boxes, cutting and/or reconnecting water service lines, and replacing curb-valves when needed.

The contract costs are as follows:

Contract Price	\$5,299,999.50
Provisional Allowance for Unforeseen Conditions	\$50,000.00
Provisional Allowance for Additional Staff Required	\$50,000.00
Provisional Allowance for Stop Box Repair Items (Lid, Box, Curb Valve)	\$100,000.00
Provisional Allowance for Shut-Off Flags, Locks, Letters and Lock Removal Keys	\$75,000.00
Provisional Allowance for Training (New Software or Work Order)	\$10,000.00
Provisional Allowance for EnQuesta or ServiceLink Work Order Software Revisions	\$15,000.00
Total Contract Price	\$5,599,999.50

IV. Project Schedule/Project Status:

- A. Start Work Date: To be established contingent upon BOWC approval.
- B. Final Completion Date: 730 days after the Start Work Date.
- C. Bid Price: \$5,599,999.50
- D. Projected Fiscal Year (FY) Contract Expenditures:

FY1	\$2,000,000.00
FY2	\$3,599,999.50

This recommendation was considered by the Board of Water Commissioners and action taken as noted below.

BOARD OF WATER COMMISSIONERS:

ACTION: _____

DATE: _____

BY: _____
Sue F. McCormick, Director

BACKGROUND

This two (2) year project will reduce the backlog of shut-offs across the City of Detroit. As of March 2013, DWSD has over 150,000 accounts with a 60 day or greater past due balance, and a total delinquency amount of approximately \$100,000,000.00 (see attached chart). With such a large number of past due bills, the Department is having difficulty collecting the money on many of the outstanding balances, because of the length of time between the initial bill's due date and the water shut-off occurring for non-payment.

Contractor Procurement Method

This open competitive project was advertised on Wednesday, February 27, 2013, in the Detroit Legal News, Michigan Chronicle, Construction Association of Michigan, McGraw Hill-Dodge, Booker T. Washington Business Association, Michigan Minority Business Development Council, Reed Construction Data, Builder's Exchange of Michigan, Bid Ocean, Construction News Corporation, Construction Data Company, Construction News Service, and on the DWSD website.

One (1) Bulletin was issued during the course of the bid. Bulletin No. 1 addressed changes to the scope of work and responded to questions.

The Engineer's Estimate for this contract is \$7,300,000.00. Five (5) bids were received and opened on March 19, 2013, by DWSD's Contracts and Grants Division. The bids are as follows:

<u>BIDDER</u>	<u>EQUALIZED PRICE</u>	<u>BID PRICE</u>
Homrich Wrecking, Inc.	\$5,571,999.50	\$5,599,999.50
Weiss Construction Company	\$5,834,466.00	\$5,893,400.00
Imperial Construction Company	\$7,089,340.50	\$7,160,950.00
Lakeshore Toltest Corporation	\$7,424,995.84	\$7,499,995.80
*Inner City Builders/MRP Group	\$16,408,650.00	\$16,408,650.00

Equalization was applied as follows:

<u>BIDDER</u>	<u>EQUALIZATION CATEGORY</u>	<u>PERCENTAGE</u>
Homrich Wrecking, Inc.	Customer Based Business	0.5%
Weiss Construction Company	Detroit Based Business	1%
Imperial Construction Company	Detroit Based Business	1%
Lakeshore Toltest Corporation	Detroit Based Business	1%
*Inner City Builders/MRP Group	None	None

*Inner City Builders/MRP Group's bid was found non-responsive, because it did not contain a bid bond or acknowledgment of Bulletin No. 1.

The lowest responsive equalized bidder, Homrich Wrecking, Inc., has submitted all required responsive documents. Therefore, it is recommended that Homrich Wrecking, Inc. be awarded DWSD Contract No. DWS-894. Fifty percent (50%) of the work will be performed by Homrich

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Wrecking, Inc., a Customer Based Business. The current subcontractor participation is as follows: Imperial Construction 10%, 1 Way Service, Inc. 20%, and J & K Mechanical, Inc. 20%.

If Homrich Wrecking, Inc. is found non-responsible, it is recommended that the next lowest responsive equalized, responsible bidder be awarded the contract following the rank-order of the bidders as listed above. Contract No. DWS-894 is a CIP funded project.