



Detroit Water and Sewerage Department

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Legislation Details (With Text)

File #: 19-00104 **Version:** 3 **Name:**

Type: Contract **Status:** Passed

In control: Financial Services

On agenda: 4/17/2019 **Final action:** 4/17/2019

Title: The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to secure change order # 1 on Contract No. 6000435, with Groundwork0 LLC (Consultant), to add \$32,069.13, due to a tariff-related price increase applicable only to hardware components, for an updated total contract amount not to exceed \$640,289.25, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Indexes: Finance Committee

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
4/17/2019	3	Board of Water Commissioners	approved	Pass
4/3/2019	2	Finance Committee	recommended for approval	Pass

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **secure change order # 1 on Contract No. 6000435, with Groundwork0 LLC (Consultant), to add \$32,069.13, due to a tariff-related price increase applicable only to hardware components, for an updated total contract amount not to exceed \$640,289.25**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of April 17, 2019

Item No. 19-00104

Contract No. 6000435

Original Approval Amount: \$608,220.12

Change order #1

Updated Amount: \$640,289.25

Contract Term: May 2019 - November 30, 2020

Contractor: Groundwork0 LLC., 2000 Brush Street, Ste. 262, Detroit, MI 48226

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

FROM: Gary Brown, Director
Water and Sewerage Department

RE: Tariff-Related Price Increase on Contract No. 6000435 with Groundwork0 LLC.

MOTION

Upon recommendation of Mamata Burgi, Procurement Manager, The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **secure change order # 1 on Contract No. 6000435, with Groundwork0 LLC (Consultant), to add \$32,069.13, due to a tariff-related price increase applicable only to hardware components, for an updated total contract amount not to exceed \$640,289.25**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA's IT department currently oversees voice and data network services for DWSD through a set of AT&T managed services. The AT&T contract currently provides equipment, data lines and the people necessary to operate the network services needed by the GLWA and DWSD. The services covered by these AT&T managed services included wide-area network operations and maintenance, internet services, local and long distance phone services, managed firewall services, and managed security services.

In replacing this GLWA network and services with a City of Detroit network and services, DWSD will begin utilizing the City of Detroit's wide area network, internet services, and security services.

JUSTIFICATION

In March of 2018, DWSD competitively solicited a bid for Avaya networking equipment and management software for DWSD. This was for the explicit purpose of building a computer network that is 100% compatible with the City of Detroit. The bid was awarded at the June 20th, 2018 Board of Water Commissioner Meeting as Item#18-0122 to Groundwork0 LLC, the existing City of Detroit Networking vendor. Their pricing was less than half of the next closest bid.

During this time, the trade dispute with China resulted in raised import tariffs on many of the goods covered in the Bid. The vendor then gave notice that they could not honor the Bid pricing due to these tariffs, resulting in prices on many items increasing by 7%. This had the result of the project going from a Board approved ~\$608k to ~\$640k or a ~5.3% increase in the total cost.

This new network will be supported and managed by DoIT in conjunction with staff provided by DWSD and can also support the extension of the City of Detroit's phone system into DWSD.

The comparison between the original pricing and the revised pricing with tariffs is detailed below for each fiscal year.

		Original Bid Pricing		Pricing with Tariff Increases	
Qty	Description	Unit Price	Total Price	Unit Price	Total Price
3	VSP 4000 License	\$ 2,594.96	\$ 7,784.88	\$ 2,594.96	\$ 7,784.88
6	Power Supply - 4X00	\$ 431.11	\$ 2,586.66	\$ 461.48	\$ 2,768.88
6	SFP DAC	\$ 200.14	\$ 1,200.84	\$ 214.40	\$ 1,286.40
91	ERS 4950	\$ 3,034.36	\$ 276,126.76	\$ 3,246.93	\$ 295,470.67
91	SBD Onsite ERS4950	\$ 557.00	\$ 50,687.00	\$ 557.00	\$ 50,687.00
2	FortiGate 1200D	\$ 35,568.50	\$ 71,137.00	\$ 35,568.50	\$ 71,137.00
4	10G Transceiver - FC	\$ 82.50	\$ 330.00	\$ 82.50	\$ 330.00
6	VSP 8000 License	\$ 3,448.35	\$ 20,690.10	\$ 3,448.45	\$ 20,690.70
92	10GBase-SR	\$ 457.80	\$ 42,117.60	\$ 490.00	\$ 45,080.00
6	VSP 8000 PS	\$ 365.78	\$ 2,194.68	\$ 391.54	\$ 2,349.24
6	VSP 8000 Rack	\$ 227.75	\$ 1,366.50	\$ 243.85	\$ 1,463.10
6	Universal Slide Rack	\$ 227.75	\$ 1,366.50	\$ 243.85	\$ 1,463.10
8	VSP 8400 Chassis	\$ 9,429.75	\$ 75,438.00	\$ 10,089.99	\$ 80,719.92
8	8424XS	\$ 6,899.20	\$ 55,193.60	\$ 7,382.30	\$ 59,058.40
		Grand Total	\$608,220.12	Grand Total	\$640,289.13
				Increase due to tariff pricing	\$ 32,069.13

PROCUREMENT METHOD

This purchase order was open competitively bid on BidNet (formerly MITN) and was advertised to 323 companies. Forty-seven companies downloaded the documents and two of those companies' submitted bids.

On June 20, 2018, DWSD IT Department and Procurement requested the BOWC approval to award the purchase order to the lowest responsive and responsible bidder, GROUNDWORK0 LLC. It was approved for a purchase order in the amount of \$608,220.12 for Network Equipment. This Change Order signifies a 7 percent increase in pricing on equipment. This is a vendor-initiated change due to U.S. tariffs on only the hardware components of the original contract. The net contract increase is approximately 5.3 percent, resulting in an amount of \$32,069.13.

DETAILS

Funding Source: CIP

GL String(s): Capital Improvement Fund

5721.20244.487711.644115.004104.30129.0000.000000 = 30% \$9,620.74,
 5821.20243.497711.644115.004105.30129.0000.000000 = 70% \$22,448.39

Annual Software:

Change Order: 1
 Contract No. 6000435
 5720.20168.483301.622302.000205.10790.0000.000000 = 30%
 Supplier: Groundwork0 LLC
 5820.20179.493301.622302.000226.15805.0000.000000 = 70%
 Contract Start Date: Tentatively, upon BOWC approval May 2019
 Contract End Date: 11/30/20
 Original Contract Amount: \$608,220.12
 Total Contract Amount: \$640,289.25