



Detroit Water and Sewerage Department

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Legislation Text

File #: 18-0123, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **secure change order #2 for Contract no. 6000749 with MSC Industrial Supply Company for Maintenance, Repair, and Operations (MRO) Supplies for an increase amount of \$3,000,000 for a three (2) year period not to exceed the total contract amount of \$3,695,340.22** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda:	June 20, 2018
Item No.	18-0123
Proposed	Contract No. 6000749
The Original Contract Amount:	\$ 443,283.42 (Thru 5/22/2019)
Change Order No. 1 Amount:	\$ 252,056.80
Change Order No. 2 Amount:	\$ 3,000,000 and 2 Years
Total Contract Amount:	\$3,695,340.22 (Thru 5/22/2021)

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

FROM: Gary Brown, Director
City of Detroit, Water and Sewerage Department

RE: **DWSD Contract No. 6000749; Change Order No. 2**
“Maintenance, Repair and Operations (MRO)”

MOTION

Upon recommendation of Thomas Naughton, CFO, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **secure change order #2 for Contract no. 6000749 with MSC Industrial Supply Company for Maintenance, Repair, and Operations (MRO) Supplies for an increase amount of \$3,000,000 not to exceed the total contract amount of \$3,695,340.22** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

MSC was awarded a two-year contract for \$443,283.42 that began on 5/22/17 and will expire 5/22/19. Requisition 433395 to secure change order #1 to add \$252,056.80 was submitted on 2/7/18. This change order resulted in a total contract increase to \$695,340.22 and was approved by the Board of Water Commissioners (BOWC) on February 21, 2018. Due to lack of historical data available, the funds initially estimated for two

years were exhausted almost a year ahead of expectation. An analysis in April 2018 of the current MRO usage by DWSD while under the MSC contract has shown that the MRO needs are increasing \$307.29 per month per DWSD Supply Chain Analyst. The increased usage warranted DWSD issuing a solicitation for competitive bid to gain possible volume discounts.

JUSTIFICATION

This MRO Contract includes janitorial supplies, industrial equipment and supplies such as compressors, pumps, valves, gaskets, lubricants and repair tools which will help ensure our day to day operations run efficiently and customer needs are met in a timely manner. By adding additional funds to the existing contract all DWSD groups' parts, supplies and equipment (upon request), DWSD can continue timely delivery of maintenance & repair parts for our operations needs. Using the current contract eliminates need for new supplier set up no change to implementation time with MSC's online ordering program and DWSD continues to have the lowest competitive bidder.

PROCUREMENT METHOD

This contract was originally open competitively and advertised the week of April 17, 2017, on the Michigan Inter-Governmental Trade Network (MITN) website. This requirement was solicited to over seventy five (75) companies in MITN on RFB #60005 which yielded three (3) responsive, responsible bidders. Following the review of the bids, Procurement determined that the lowest responsive, responsible bid was submitted by the incumbent MSC Industrial Supply Company. Therefore, it was determined that it would be in the best interest of DWSD to continue with current contract and add additional funds. To ensure proper cost allocation and improved data for future demand analysis, each individual departments has their own purchase order.

- MSC Industrial Supply Company (\$443,283.42)
- Kamar Office (\$524,091.84)
- Audio Visual Equipment (\$1,077,707.31)

DETAILS

Funding	Operations & Maintenance
GL Account	5720-20276-487611-624115-001688-10732-0000-000000
Contract Start Date	5/23/2017
Contract End Date	5/22/2021
Original Contract Amount	\$443,283.42
Change Order No. 1 Amount	\$252,056.80
Change Order No. 1 Total	\$695,340.22
Change Order No. 2 amount	\$3,000,000 (\$1M / Fiscal Year)
Total Contract Amount	\$3,695,340.22