



Detroit Water and Sewerage Department

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Legislation Text

File #: 19-00338, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to approve **DWSD Amendment No. 1 to Contract No. 6001054 (CS-1872) to add \$1,000,000 in funding, for a total amended contract not-to-exceed amount of \$2,699,265; to correct the typo in the contract document; and to exercise the one-year renewal option for “Compliance Management Services” with Baker Tilly Virchow Krause, LLP;** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of December 18, 2019

Item No. 19-00338

Contract No. 6001054 (CS-1872)

Proposed Amendment No. 1

Original Contract Amount: \$1,699,265.00

Proposed Change Amount: \$1,000,000

Proposed Total Contract Amount: \$2,699,265

Initial Term: 2/1/18 - 1/31/20 (2 years), with a one-year renewal option

Proposed Extension: Exercise the one-year renewal option (2/1/20 - 1/31/21)

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

FROM: Gary Brown, Director
Detroit Water and Sewerage Department

**RE: Proposed Amendment No. 1 to DWSD Contract No. 6001054
“Compliance Management Services” (CS-1872)**

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 approve **DWSD Amendment No. 1 to Contract No. 6001054 (CS-1872) to add \$1,000,000 in funding, for a total amended contract not-to-exceed amount of \$2,699,265; to correct the typo in the contract document; and to exercise the one-year renewal option for “Compliance Management Services” with Baker Tilly Virchow Krause, LLP;** and also

authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND / JUSTIFICATION

Compliance management services (CMS) program is a major component of DWSD's operational improvement strategy designed to:

- Provide BOWC with enhanced oversight of DWSD compliance requirements and operational performance
- Protect against fraud, waste, and abuse by enhancing DWSD's internal capabilities to conduct and report on compliance-related matters
- Train, recruit and retain in-house resources capable of performing the compliance services by the time of contract expiration
- Improve service levels provided to customers through enhanced transparency of performance to contracts, standards and third-party requirements
- Promote trust, honesty and integrity

The scope of work for the CMS function envisions a programmatic approach to review, improve and create compliance and control standards within DWSD. The CMS function is intended to provide a systematic 360° compliance management solution that incorporates operational controls and best practices that will result in improved water and sewer services to DWSD customers in a manner that enhances fiscal responsibility. The CMS scope of services tackles many of the areas where DWSD needs improvement, with the primary objectives set to: Improve accountability for public funds; Improve standards and protocols; Improve internal controls; Improve adherence to funding and contract rules, regulations and protocols; Anticipate potential issues that may have been previously unforeseen; Improve ability to prioritize and resolve issues; Establish risk mitigation practices.

Given the complexity of many of the policy issues needing to be addressed and the crossover between various divisions within DWSD; the policy writing and approval process within the initial timeline has not been completed. The training program is just beginning and DWSD expects to gain momentum during 2020 to finish all services required under this contract.

Therefore, the Chief Administration Officer (CAO) is requesting the BOWC to exercise the one-year renewal option, extending the contract through January 31, 2021, and to increase the total contract amount by \$1,000,000. This will allow for the continued compliance management services for the remaining contract term.

In addition, DWSD is requesting authorization to correct the typo listed under Article 2.05 to correctly reflect what was initially approved by the BOWC and was intended and agreed upon by both DWSD and Baker Tilly. This article currently reads that the contract term is for three years, with a one-year renewal option, when the intention and the rest of the document references a two-year term with a one-year renewal option.

PROCUREMENT METHOD

This contract was procured through a Request For Proposals (RFP) that was issued in 2017. The Board of Water Commissioners (BOWC) approved the award to the highest scoring proposer, Baker Tilly Virchow Krause, LLP, on December 20, 2017 for a term of two (2) years, with a one-year renewal option and a total contract amount of \$1,699,265.00.

SUMMARY:

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|----|-------------------------------------|--|
| A. | Contract No.: | 6001054 (CS-1872) |
| B. | Contractor: | Baker Tilly Virchow Krause, LLP |
| C. | Contract Term: | 2/1/19 - 1/31/20, with a one-year renewal option exercised by BOWC on 12/18/19 |
| D. | Initial Contract Amount: | \$1,699,265 |
| E. | Proposed Amendment No. 1 Amount: | \$1,000,000 |
| F. | Proposed New Total Contract Amount: | \$2,699,265 |
| G. | Funding Source: | O&M Funds |
| H. | Anticipated Spend: | |
| | | FY 18: \$613,654 |
| | | FY 19: \$915,254 |
| | | FY 20: \$587,024 |
| | | FY 21: \$583,333 |
| I. | GL String(s): | |
| | | 5720-20169-484111-617900-900217-10790-0000-000000 - 30% |
| | | 5820-20180-494111-617900-900217-15805-0000-000000 - 70% |

This amendment was presented to the DWSD Finance Committee on December 4, 2019. Per the DWSD Procurement Policy, no other approvals are required.

