



Detroit Water and Sewerage Department

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Legislation Text

File #: 21-0564, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to approve **DWSD Contract 6003687 (CS-1970) with American Water Resources to provide Water and Sewer Service Line Protection Services for private residential and/or commercial property owners in the City of Detroit for a total contract amount not-to-exceed \$0.00 and a term of five (5) years.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of September 15, 2021

Item No. 21-0564

Contract No. 6003687 (CS-1970)

Contractor: American Water Resources, 1 Water Street, Camden, NJ 08102

Contract amount: \$0.00

Contract Term: 10/4/21 - 10/3/26 (5 years)

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

FROM: Gary Brown, Director
Water and Sewerage Department

RE: Proposed DWSD Contract No. 6003687 (CS-1970)
Service Line Warranty Services for DWSD Customers

MOTION

Upon recommendation of Mamata Burgi, Operations Resource Manager, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to approve **DWSD Contract 6003687 (CS-1970) with American Water Resources to provide Water and Sewer Service Line Protection Services for private residential and/or commercial property owners in the City of Detroit for a total contract amount not-to-exceed \$0.00 and a term of five (5) years.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND / JUSTIFICATION

The City of Detroit has approximately 250,000 privately-owned properties and approximately 30,000 commercial properties. Each property owner is responsible for maintaining their water and sewer service lines on private property - specifically, the area of customer responsibility for maintenance of the water service line extends from the stop box to the house/meter and the sewer lateral extends from the house to the main. The age of the properties, and the age and condition of the water service lines, vary widely throughout the City. Specific diameter and material of water service lines for each property are generally unknown. Water service lines in the City are comprised of copper, galvanized steel, lead, brass, cast and/or ductile iron, or a combination of these materials. A preliminary inventory of water service lines

indicates approximately 80,000 residential properties may have a lead service line.

Failure of water and sewer service lines is unpredictable: repairs tend to be expensive, and individual property owners may not be prepared to respond quickly or with full knowledge of what is required to enact repairs. Further, given Detroit's 35% poverty rate, it is unlikely that a large portion of property owners will be able to meet the financial burden of repairing broken service lines, therefore, DWSD believes a service line protection program will give customers an option to try to minimize the financial burden.

Additionally, DWSD believes that ensuring Detroiters are offered the most competitive and comprehensive packages would be in its best interest, as the expeditious repair of leaking and broken private service lines would provide environmental benefits, limit damage to City infrastructure, reduce costs, prevent unmetered water usage, limit damage to homes and enable DWSD resources to be used more efficiently.

SUMMARY OF SCOPE

DWSD is seeking approval to enter into an agreement with American Water Resources, wherein the DWSD would:

1. Grant the vendor the status of preferred provider of the Water and/or Sewer Service Line Protection for property owners.
2. Provide a license to use the DWSD logo on promotional materials marketed to property owners.
3. Identify the vendor on the DWSD's website and include promotional information in the water bills mailed to all water customers.

In exchange for the foregoing, the vendor would agree to provide property owners who choose to enroll in the program, a choice of purchasing:

- (i) A water service line protection policy program
- (ii) A sewer service line protection policy program; or
- (iii) Both water and sewer service line protection policy programs

DWSD requires that work on private water and sewer service lines in the City be performed by licensed plumbers, and also requires permits for all repair work to be obtained from the City of Detroit. Although the vendor is not bound by the Michigan Lead and Copper rule, preference was given to vendors who presented a comprehensive approach to lead service lines that is protective of public health. Lastly, DWSD encouraged proposers to present plans that would accommodate low-income households.

PROCUREMENT METHOD

This contract was competitively solicited through a Request for Proposals (RFP) per Requisition 483074, which was approved on 9/30/20. The RFP was advertised on the Michigan Inter-Governmental Trade Network (MITN) website for 41 calendar days (12/18/20 - 1/20/21). MITN published this opportunity to 665 companies and 77 downloaded the RFP package.

Two Proposals were received and were both deemed responsive by Procurement. The Evaluation Committee was comprised of the Assistant General Counsel; the Director of Public Affairs; the Chief Customer Services Manager; and a Project Manager from the Operations Division. Evaluations and scoring were based on the following criteria:

- Ability to Perform the Work
- Experience & Qualifications (25 points)
- Understanding of Scope of Services (25 points)
- Workplan (20 points)

- Local Benefits (15 points)
- Proposed Costs (15 points)

Each member of the Evaluation Committee independently reviewed and evaluated the proposals based on the criteria listed above and in accordance with DWSD policy. First, Evaluators scored the technical proposals, followed by the scoring for pricing. The final scores are as follows:

Proposer	Total Points	Equalizations Applied
American Water Resources	4,650	None
HomeServe	4,300	None

The Evaluation Committee recommended the highest ranked proposer, American Water Resources, move on to the negotiation phase to finalize the pricing and terms of the contract. Negotiations were completed successfully.

American Water Resources (AWR) is the largest publicly traded water & wastewater utility in the US. They have experience tailoring programs to the needs of large urban partners like Philadelphia, Orlando, New York, and San Francisco. In their Proposal, they commit to providing five (5) full time Detroit-based jobs at the start of the project and commit to growing that number as the project grows.

In addition, AWR's "On Demand" service provides a price for ALL NON-ENROLLED homeowners experiencing service line issues, not just those who enroll. This service features low, flat rate prices for repairs of service lines for homeowners who opt not to proactively purchase a protection program (homeowners are required to enroll in combination water and sewer line program after receiving on demand service).

AWR's proposal included two pricing options that each deliver significant financial outcomes:

- Option 1: Lowest Price to Homeowner (less additional community money generated)
 - Initial Monthly Price of \$7.98 with a 2% revenue share back to community programs
 - Estimated to generate a total of \$800K - \$2.1MM in community funding in first 10 years
 - This price point, when joined with AWR's marketing efforts, drove 20% of all homeowners in Philadelphia to sign up for their program in the first two years of our partnership.
- Option 2: Low Price to Homeowner (Significantly more community funding generated for programs)
 - Initial Monthly Price of \$10.98 with a 15% revenue share back to community programs
 - Estimated to generate a total of \$2.2M - \$6.6MM in community funding programs in first 10 years, maximized if paired with the "billing integration option"

Based on the information above, it is recommended that the contract be awarded to the highest responsive ranked Proposer, American Water Resources. Their clearances expire on 1/15/22.

SUMMARY

A. Contract No.:	6003687 / CS-1970
B. Contractor:	American Water Resources
C. Contract Term:	10/4/21 - 10/3/26 (5 years)
D. Contract Amount:	\$0.00

E. Fiscal Year (FY) Breakdown: \$0.00

F. Funding Source: N/A

G. GL String (Water): 5720-20168-483101-613100-000204-10790-0000-000000 - 30% Water
5820-20179-493101-613100-000225-15805-0000-000000 - 70% Sewer

This proposed contract was presented to the Finance Committee on September 1, 2021. Per the DWSD procurement protocol, Mayoral review will also be obtained.