



Date: April 3, 2018

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald F. Greeley, Director, Water Management
Subject: Water Tank Maintenance Services Contract

Executive Summary

All tanks need maintenance and rehabilitation services approximately every five years. The Department of Water Management (DWM) performed similar services approximately five years ago. Thus, in August 2016, the DWM issued a contract with Hazen & Sawyer to perform tank inspections and issue condition assessment reports. In November of 2017, that work was complete. The maintenance work identified was incorporated into a Request for Proposals (RFP) for Maintenance Services and bid.

The DWM received bids on March 9, 2018 for the Water Tank Maintenance Services Contract. The proposed contract consists of rehabilitation, scheduled maintenance, repainting, washout, and preventive maintenance services for the Pettigrew Street, Ellis Road, Angier Avenue, Huckleberry, and Russell Road drinking water storage tanks. The contract is scheduled to run for 5 years.

The bid received from Utility Service Co., Inc. to perform this work is the lowest responsive and responsible bid. The DWM is recommending award to Utility Service Co., Inc. The DWM also recommends a 10% contract contingency due to the variable nature of drinking water storage tank maintenance projects.

Recommendation

The Department of Water Management recommends that City Council:

1. Authorize the City Manager to execute a contract with Utility Service Co., Inc. for maintenance services in an amount not to exceed \$410,624.00 for the Water Tank Maintenance Services Contract;
2. Establish a contingency fund for the contract in the amount not to exceed \$41,062.00;
3. Authorize the City Manager to negotiate change orders for the contract provided that the total project cost does not exceed \$451,686.00.

Background

The DWM has four elevated water storage tanks (Pettigrew Street, Ellis Road, Angier Avenue, and Page Road), two clear wells (one each at Williams and Brown Water Treatment Plants), and two ground level storage tanks (Huckleberry and Russell Road). All of these tanks need inspection services, rehabilitation, scheduled maintenance, emergency repair, repainting, washout, and preventive maintenance approximately every five years. In August 2016, the DWM issued a contract with Hazen & Sawyer to perform tank inspections and issue condition assessment reports. In November of 2017, that work was complete. The maintenance work identified for the clear wells was incorporated into the current water treatment plant upgrade projects. No maintenance work was identified at the Page Road tank as it was

still under warranty from its original construction. The remaining work associated with the Pettigrew Street, Ellis Road, Angier Avenue, Huckleberry, and Russell Road tanks was incorporated into a RFP for Maintenance Services.

In February, the DWM issued the RFP to provide the identified maintenance services. The majority of the maintenance work focused on corrosion control and removal, paint touch-ups, and silt washout. If awarded, the contract would be valid for five years, ensuring contracting staff availability should additional needs arise to maintain these critical water assets. Prior to the end of this contract, another RFQ for water storage tank inspections will occur and the 5-year cycle of maintenance work will begin again. Regular maintenance and cleaning will improve these facilities, preventing costly repairs and improving water quality.

Issues and Analysis

Only Utility Service Co. Inc. (also known as Suez) responded to the RFP. The lack of responses can likely be attributed to:

1. There are a limited number of local firms qualified to perform this type of work. As a result, we also reached out to regional firms, but did not receive responses.
2. Inspections were arranged differently from previous years. The contractor was responsible for both inspections and maintenance services prior. We suspect local bidders were hesitant due to the change, but it is ultimately in the best interest of the City to have inspections and maintenance work performed independently.

However, the DWM is satisfied with Utility Service Co., Inc.'s response to the RFP and their past performance with the City. The firm has included qualified personnel on the project team, has experience with State permitting and Durham's system, and has significant experience with water tank maintenance. Based on their proposal and past history, the DWM wishes to contract with Utility Service Co., Inc. to perform the required services.

The table below summarizes the bid received:

Contractor	Price
Utility Service Co., Inc.	\$410,624

The DWM, its consultant, and the Equal Opportunity/Equity Assurance (EO/EA) Department performed a due diligence investigation and determined that Utility Service Co., Inc. is the lowest responsive and responsible bidder.

Alternatives

Alternative #1 – Do not move forward with the projects. This alternative would likely result in a significant increase of maintenance issues in the near future, resulting in increased future maintenance costs and potential failure of a critical drinking water asset.

Alternative #2 – Do not move forward with the contract and perform all maintenance work in-house. Department staff does not have the certifications, experience, resources, or availability to perform the services needed. This alternative would result in significantly delayed construction until more staff could be hired and trained. Potential tank failure could result in the interim.

Financial Impact

Annual encumbering of funds spreads out the cost of tank maintenance over the 5 year life of the contract to make a more uniform impact to the annual budget.

FY 2017-18	\$142,447.00
FY 2018-19	\$132,325.00
FY 2019-20	\$42,449.00
FY 2020-21	\$45,260.00
<u>FY 2021-22</u>	<u>\$48,143.00</u>
Total	\$410,624.00

The funds for this fiscal year are currently available in the following accounts:

W/S Operations Budget	5100P100-728600	\$142,447.00
Contingency	5100P100-728600	\$41,062.00
Total		\$183,509.00

Equal Business Opportunity Summary

Utility Service Co., Inc. will not subcontract to any firms. There are no MUBE or WUBE goals for the project.

Workforce Statistics

Workforce statistics for Utility Service Co., Inc. are as follows:

Total Workforce	534
Total Females	63 (11.8%)
Total Males	471 (88.2%)
Black Males	39 (7.3%)
White Males	392 (73.4%)
Other Males	40 (7.5%)
Black Females	3 (0.6%)
White Females	54 (10.1%)
Other Females	6 (1.1%)

Attachments

- Attachment 1 – Contract
- Attachment 2 – UBE Compliance Report
- Attachment 3 – Notice of Intent to Award
- Attachment 4 – Recommendation of Award
- Attachment 5 – Bid Form