



Legislation Text

File #: 0974-2012, Version: 1

1. **BACKGROUND:**

A. Need. This legislation authorizes the Director of Public Utilities to enter into a contract modification for professional engineering services with CH2M Hill, Inc., for the Asset Management 2012 - Phase 4 - Mod #3: Program Development Project for the Division of Sewerage and Drainage and the Division of Power and Water. The Division has determined that these design services cannot be performed by City personnel at this time and has planned for the procurement of these services on a routine basis.

The Consultant's emphasis throughout will be on the development of an asset management system, procedures, and a structured plan for future program development. The Consultant will be expected to concentrate on systems design and technology transfer, provide subject matter expertise, and possibly supplement staff in some cases.

Items completed in Phase 1 were a department-wide asset management needs assessment, preparation of 10 business case evaluations (BCEs) and BCE Guidelines, development of explicit levels of service (LOS), enhancement of DPU's computerized maintenance management system (CMMS), and preparation of an *Enterprise Asset Management (EAM) Philosophy and Framework*, and *EAM Roadmap*.

Items completed in Phase 2 were 20 business case evaluations (BCEs) that represent a long-term cost savings to DPU of over \$8 million, finalization of BCE process guidelines and reporting requirements, development of explicit level of service (LOS) targets, further enhancement and improvements implementation of DPU's computerized maintenance management system (CMMS), operations optimization recommendations for three water plants, and reliability-centered maintenance implementation at two treatment plants to ensure safer, more reliable, and more cost-effective plant operations and maintenance.

Items completed in Phase 3 were implementation of CMMS enhancements and standardization, operations optimization recommendations for two wastewater plants, reliability-centered maintenance implementation at several facilities, development of detailed tactical and operational performance measures in support of identified LOS, and preparation of BCEs for all new projects and several projects on the current capital improvement plan.

A description of Phase 4 (the current legislation for Mod#3) can be found below. At the conclusion of this phase, the Consultant will recommend further activities for subsequent phases/years and will estimate the resources required by both the Consultant and Department staff. Based on progress and decisions made, and at the discretion of the Department, the Consultant may be retained on an annual basis to assist the Department with the implementation of the recommended future activities.

This modification (Mod #3) will increase the funding of the contract by an additional \$1,500,000.00 for the continual development of asset management procedures and a structured plan for future program development via facilitation and training.

1.1. Amount of additional funds to be expended: \$1,500,000.00

Original Contract Amount:	\$1,958,000.00
Modification 1	\$1,900,000.00
Modification 2	\$1,816,507.52

Modification 3 (current mod)	<u>\$1,500,000.00</u>
Current Total	\$7,174,507.52

1.2. Reasons additional goods/services could not be foreseen:

The modification was anticipated and explained in the original legislation. This is a continuation of the anticipated process.

1.3. Reason other procurement processes are not used:

The original contract selected CH2M Hill as the consulting firm to provide asset management services over a multi-year agreement. CH2M Hill has been a tremendous source of information and guidance in regards to establishing the Asset Management program for the Department of Public Utilities and their continued presence is imperative to the success of this endeavor. CH2M Hill has established a working relationship with subcontractors a large portion being minority owned businesses.

1.4. How cost of modification was determined:

The cost of this modification is funded by the Division of Power and Water (Water) and the Division of Sewerage and Drainage. Details in regards to breakdowns and allocations that make up the final cost of this modification can be seen on the appropriate budget attachments associated with this legislation.

MULTI-YEAR AGREEMENT:

This ordinance authorizes the expenditure of \$1,500,000.00 for the Asset Management 2012 - Phase 4 (Mod. #3): The Department anticipates requesting additional appropriations to this agreement for Phase 5 for the fiscal year 2013.

C. Contract Compliance No.: 32-0100027 | MAJ | Expires: 02/25/2013

This company is not debarred according to the Federal Excluded Parties Listing or prohibited from being awarded a contract according to the Auditor of State's Unresolved Findings for recovery search.

D. Emergency Designation: Emergency designation is not requested at this time.

2. FISCAL IMPACT:

This ordinance authorizes the appropriation, transfer of \$750,000.00 from the Sewer System Reserve Fund, Fund 654 to the Sanitary Sewer General Obligation Bond Fund, Fund 664; the transfer and expenditure of \$750,000.00 within the Water Works Enlargement Voted Bonds Fund; authorizes a total expenditure a total of \$1,500,000.00; and to amend the 2012 Capital Improvements Budget.

Monies for this contract from the Sanitary Sewer Reserve Fund will be provided from an upcoming Bond Sale via the transfer detailed in this Ordinance.

3. ECONOMIC and ENVIRONMENTAL IMPACT STATEMENT:

Asset Management is the collection of business practices designed to meet customer expectations at the lowest possible cost, taking into account social and environmental concerns, while accounting for and mitigating risks. The Business Case Evaluation (BCE), treatment plant operations optimization, and Reliability Centered Maintenance (RCM) initiatives are ways the department has realized significant savings and benefits through Asset Management. To date, the Asset Management program has identified long-term savings of over \$35M. This contract modification will ensure that Asset Management continues to flourish within DPU and generate future cost savings while protecting the interest of our public and the environment.

To authorize the Director of Public Utilities to enter into enter into a planned contract modification for professional

engineering services with CH2M Hill, Inc., for the Asset Management Program Development Project; to authorize appropriation, transfer of \$750,000.00 from the Sewer System Reserve Fund, to the Sanitary Sewer General Obligation Bond Fund; the transfer and expenditure of \$750,000.00 within the Water Works Enlargement Voted Bonds Fund; authorizes a total expenditure a total of \$1,500,000.00; and to amend the 2012 Capital Improvements Budget for the Divisions of Sewerage and Drainage and Power and Water. (\$1,500,000.00)

WHEREAS, Contracts EL009027 and EL009028 were authorized by Ordinance No. 1729-2008, as passed by Columbus City Council on November 24, 2008, executed on January 8, 2009, and EL009027 was approved by the City Attorney January 23, 2009 and EL009028 was approved by the City Attorney January 20, 2009 for purposes of authorizing the Director of Public Utilities to enter into an engineering services agreement with CH2M Hill, Inc., for the Asset Management 2008 - Phase 1: Program Development Project; and

WHEREAS, Contract EL010401 was authorized by Ordinance No. 0292-2010, as passed by Columbus City Council on April 5, 2010, executed on May 21, 2010, and approved by the City Attorney May 24, 2010 for purposes of authorizing the Director of Public Utilities to enter into an engineering services agreement with CH2M Hill, Inc., for the Asset Management 2010 - Phase 2: Program Development Project; and

WHEREAS, Contract EL012076 was authorized by Ordinance No. 0696-2011, as passed by Columbus City Council on June 27, 2011, executed on September 21, 2011, and approved by the City Attorney September 22, 2011 for purposes of authorizing the Director of Public Utilities to enter into an engineering services agreement with CH2M Hill, Inc., for the Asset Management 2011 - Phase 3: Program Development Project; and

WHEREAS, the Divisions of Sewerage and Drainage and the Division Power and Water, Department of Public Utilities, hereby requests this City Council to authorize the Director of Public Utilities to modify a professional engineering service agreement with CH2M Hill, Inc., in connection with the Asset Management 2012 - Phase 4 (Mod 3): Program Development Project; and

WHEREAS, it is necessary for this Council to authorize the transfer within and expenditure of funds from the Water B.A.B.s (Build America Bonds) Fund, for the Division of Power and Water; and

WHEREAS, it is necessary to authorize the transfer and appropriation of funds from the Sanitary Sewer Reserve Fund to the Sanitary Sewer General Obligation Bond Fund, Fund 664 for purposes of providing sufficient funding for the sanitary expenditure; and

WHEREAS, it is necessary for this Council to authorize the transfer within and expenditure of funds from the Sanitary Sewer General Obligation Fund, for the Division of Sewerage and Drainage; and

WHEREAS, the City will sell notes or bonds to fund this project and will reimburse the Sanitary Sewer Reserve Fund the amount transferred; and

WHEREAS, the City anticipates incurring certain Original Expenditures (as defined in Section 1.150-2(c) of the Treasury Regulations (the "Treasury Regulations") promulgated pursuant to the Internal Revenue Code of 1986, as amended) with respect to the project described in this ordinance (the "Project"); and

WHEREAS, it is necessary to authorize an amendment of the 2012 Amend Capital Improvement Budget for purposes of creating and providing sufficient budget authority for the aforementioned expenditure; and

WHEREAS, the Divisions of Sewerage and Drainage and Power and Water, Department of Public Utilities, are requesting that this Council authorize the Director of Public Utilities to modify the professional engineering service agreement with CH2M Hill, Inc., in connection with the Asset Management 2012 - Phase 4 - Mod #3: Program Development Project; at the earliest date for the preservation of the public health, peace, property, safety, and welfare;

Now, Therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of Public Utilities be, and hereby is, authorized to modify Contract EL010401 with CH2M Hill, Inc., 1103 Schrock Rd., Suite 400, Columbus, OH 43229-1179, for professional engineering services in connection with the Asset Management 2012 - Phase 4 - Mod. #3 Program Development Project, in accordance with the terms and conditions as shown in the agreement on file in the offices of the Divisions of Sewerage and Drainage and Power and Water.

SECTION 2. That from the unappropriated monies in the Sanitary Sewer Reserve Fund No. 654, and from all monies estimated to come into said fund from any and all sources, and unappropriated for any other purpose during the fiscal year ending December 31, 2012, the sum of \$750,000.00 is hereby appropriated to the Division of Sewerage and Drainage: Division 60-05 | OCA Code 901654 | Object Level One 10 | Object Level Three 5502.

SECTION 3. That the City Auditor is hereby authorized to transfer \$750,000.00 from the Sanitary Sewer Reserve Fund to the Sanitary Sewer General Obligation Bond Fund, Fund 664, into the Asset Management 2012 - Phase 4 - Mod. #3 Program Development Project | CIP 650728-100000, at such time as deemed necessary by the Auditor, and to expend said funds, or so much thereof as may be necessary.

SECTION 4. That the appropriation of \$750,000.00 and the expenditure of \$750,000.00 is hereby authorized for the purpose of paying the cost of the Asset Management Program Phase 4 - Mod #3 professional engineering services agreement, the expenditure of \$750,000.00 or as much thereof as may be needed, is hereby authorized from the Sanitary Sewer General Obligation Fund | Fund No. 664 | Division 60-05 | Project No. 650728-100000 | OCA Code 664728 | Object Level Three 6676.

SECTION 5. That the City Auditor is hereby authorized to transfer \$749,785.00 within the Department of Public Utilities, Division of Power and Water, Dept/Div. No. 60-09, Water Works Enlargement Voted Bonds Fund, Fund No. 606, Object Level Three 6676, as follows:

Fund No. | Project No. | Project Name | OCA Code | Change

606 | 690026-100000 (carryover) | Misc. Water Fac. | 642900 | -\$15,530.50
606 | 690374-100000 (carryover) | WASIMS | 642900 | -\$896.36
606 | 690402-100000 (carryover) | Main St. WM CIng. | 690402 | -\$15,870.22
606 | 690421-100000 (carryover) | Watershed Prot. Easements | 642900 | -\$1,270.00
606 | 690473-100002 (carryover) | Morrison Rd. Booster Sta. | 647302 | -\$60,256.70
606 | 690404-100000 (carryover) | Livingston Ave. 24" WM | 606404 | -\$655,961.22
606 | 690509-100000 (carryover) | Asset Mgmt. Prgm. | 606509 | +\$749,785.00

*Project 690509-100000, Fund 609, already has cash balance of \$215.00.

SECTION 6. That the 2012 Capital Improvements Budget Ordinance No. 0368-2012 is hereby amended as follows:

Fund No. | Proj. No. | Proj. Name | Current Authority | Revised Authority | Change

606 | 690026-100000 (carryover) | Misc. Water Fac. | \$0 | \$15,531 | +\$15,531
(establish authority for cancellation)
606 | 690026-100000 (carryover) | Misc. Water Fac. | \$15,531 | \$0 | -\$15,531
606 | 690374-100000 (carryover) | WASIMS | \$0 | \$897 | +\$897
(establish authority for cancellation)
606 | 690374-100000 (carryover) | WASIMS | \$897 | \$0 | -\$897
606 | 690402-100000 (carryover) | Main St. WM CIng. | \$0 | \$15,871 | +\$15,871
(establish authority for cancellation)

606 | 690402-100000 (carryover) | Main St. WM CIng. | \$15,871 | \$0 | -\$15,871
606 | 690421-100000 (carryover) | Watershed Prot. Easements | \$0 | \$1,270 | +\$1,270
(establish authority for cancellation)
606 | 690421-100000 (carryover) | Watershed Prot. Easements | \$1,270 | \$0 | -\$1,270
606 | 690473-100002 (carryover) | Morrison Rd. Booster Sta. | \$0 | \$60,257 | +\$60,257
(establish authority for cancellation)
606 | 690473-100002 (carryover) | Morrison Rd. Booster Sta. | \$60,257 | \$0 | -\$60,257
606 | 690404-100000 (carryover) | Livingston Ave. 24" WM | \$758,472 | \$102,510 | -\$655,962
606 | 690509-100000 (carryover) | Asset Mgmt. Prgm. | \$0 | \$215 | +\$215
(establish authority for cancellation)
606 | 690509-100000 (carryover) | Asset Mgmt. Prgm. | \$215 | \$750,003 | +\$749,788

SECTION 7. That for the purpose of paying the cost of the Asset Management Program Phase 4 - Mod #3 professional engineering services agreement, the expenditure of \$750,000.00 or as much thereof as may be needed, is hereby authorized from the Water Works Enlargement Voted Bonds Fund | Fund No. 606 | Division 60-09 | Project No. 690509-100000 (carryover) | OCA Code 606509 | Object Level Three 6676.

SECTION 8. That the said firm shall perform the work to the satisfaction of the Director of Public Utilities and the Administrators of the Divisions of Sewerage and Drainage and Power and Water.

SECTION 9. That the City intends that this ordinance constitute an "official intent" for purposes of Section 1.150-2(e) of the Treasury Regulations, and that the City reasonably expects to reimburse itself for certain Original Expenditures incurred with respect to the Project from the proceeds of the obligations to be issued by the City in a principal amount currently estimated to be \$750,000.00 (the "Obligations").

The City intends to make a reimbursement allocation on its books for the Original Expenditures not later than eighteen months following the later to occur of the date of the Original Expenditure to be reimbursed or the date the Project for which such Original Expenditures were made is "placed in service" within the meaning of Treasury Regulations Section 1.150-2(c). Upon the issuance of the Obligations, the proceeds of such Obligations shall be used to reimburse the fund from which the advance for costs of the Project will be made.

SECTION 10. That upon obtaining other funds for the purpose of funding sanitary sewer system capital improvement work, the City Auditor is hereby authorized to repay the Sewer System Reserve Fund the amount transferred above, and said funds are hereby deemed appropriated for such purposes.

SECTION 11. That the City Auditor is hereby authorized to transfer any unencumbered balance in the project account to the unallocated balance within the same fund upon receipt of certification by the Director of the Department administering said project that the project has been completed and the monies are no longer required for said project; except that no transfer shall be made from a project by monies from more than one source.

SECTION 12. That the City Auditor is authorized to establish proper project accounting numbers as appropriate.

SECTION 13. That the City Auditor is authorized to make any accounting changes to revise the funding source for all contracts or contract modifications associated with this ordinance.

SECTION 14. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.