



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 10-0976, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 12, 2010

COMMITTEE ON PROCUREMENT

Mr. Richard Lanyon, Executive Director

Authorization to decrease Contract 98-RFP-10 Design, Build, Own Finance, Operate and Maintain a 150 Dry Tons Per Day Biosolids Processing Facility at the Stickney Water Reclamation Plant and Beneficially Use the Final Product for a Period of 20 Years, to Metropolitan Biosolids Management, LLC, in an amount of \$1,516,478.41, from an amount of \$217,169,089.74, to an amount not to exceed \$215,652,611.33, Accounts 401-50000-645650, 101-69000-612590, Purchase Orders 5000950 and 5001145 (*Deferred from the July 8, 2010 Board Meeting*) (*As Revised*)

Dear Sir:

On December 21, 2000, the Board of Commissioners (Board) authorized the Director of Procurement and Materials Management to award Contract 98-RFP-10 Design, Build, Own Finance, Operate and Maintain a 150 Dry Tons Per Day Biosolids Processing Facility at the Stickney Water Reclamation Plant and Beneficially Use the Final Product for a Period of 20 Years, to Metropolitan Biosolids Management, LLC, in an amount not to exceed \$217,169,089.74. The contract expires twenty years from the Date of Commercial Operation, which was declared on July 1, 2010.

This contract has no prior change orders.

The total award of \$217,169,089.74 is the sum of two components: \$89,171,538.58 for the total Base Facility Fee and \$127,997,551.16 for the total Service Fee.

A net decrease in contract value is being requested at this time. The net decrease has two components. The first component is a decrease to the Base Facility Fee (capital cost) due to an interest rate adjustment required by the contract, as submitted by MBM on October 11, 2001 and accepted by the District on November 14, 2001, which decreases it by \$6,048,330.72 over the entire twenty-year contract term. The other component is a \$4,531,852.31 increase to the estimated total Service Fee (operation and maintenance cost) due to additional costs not included in the original award which were needed to operate the Facility during its testing phase, and to also compensate for the increased operating costs resulting from the approximately ten years of escalation and inflation since the contract was awarded. In accordance with the contract terms, similar increases to the Service Fee will henceforth be presented to the Board on an annual basis in order to secure funding for each subsequent year of the entire twenty-year contract term.

The combined changes to the Base Facility Fee and the Service Fee results in a net decrease of \$1,516,478.41.

The total increase to the Service Fee through 2010 is projected to be \$6,216,954.85. The total projected increase to the Service Fee over the 20-year contract is \$51,967,828.06.

This change order is in compliance with the Illinois Criminal Code since the change is germane to the contract.

It is hereby recommended that the Board of Commissioners authorize the Director of Procurement and Materials Management to execute a change order to decrease Contract 98-RFP-10 in an amount of \$1,516,478.41 (0.7% of the current contract value), from an amount of \$217,169,089.74, to an amount not to exceed \$215,652,611.33.

Funds will be restored in Account 401-50000-645650. Funds for 2010 are available in account 101-69000-612590. Funding requirements for subsequent years 2011 through 2030 will be reported to the Board on an annual basis, and are contingent on the Board of Commissioners' approval of the District's budget for those years.

Requested, Manju Prakash Sharma, Acting Director of Maintenance and Operations,

MPS:SO'C:MAG:LSC:JK:sj

Requested Kenneth A. Kits, Director of Engineering

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for August 12, 2010