



## Legislation Text

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Resolution to Approve Amendment No. 1 to the General Services Agreement for Electrical and Instrumentation Support Services with Utilities Instrumentation Service, RFP #19-23 and Appropriate Insurance Proceeds to the Filter Pipe Gallery Emergency Repairs Project Budget (\$1,280,000.00) **(8 Votes Required)**

This memorandum and resolution requests approval of Amendment No. 1 in the amount of \$1,280,000.00 to the General Services Agreement for electrical and instrumentation support services with Utilities Instrumentation Service (UIS). Council approved a General Services Agreement for \$120,000.00 with UIS in September 2019 as part of Resolution No. R-19-424. The amendment is to increase funding in order to strategically address the need for repairs to the filter pipe gallery which was damaged by a main breaker failure. The resolution also requests that insurance proceeds from this incident be appropriated to the capital budget within the Water Supply System Fund.

On September 16, 2019, the City of Ann Arbor (City) Water Treatment Plant (WTP) experienced a temporary power outage which caused the failure of a main breaker. This event resulted in flooding a portion of the WTP's filter pipe gallery and significant damage to 16 of the 26 filters' control and monitoring equipment. Until the repair and replacement work is completed, many of the automated controls are still not functional and portions of the filter process must be run manually in order to meet operational needs and regulatory compliance.

The city has reported a claim to its insurance carrier, AIG, to cover the damages associated with this event, and has been working directly with them over the past four months to ensure that they have the proper documentation to appropriately process this claim. The total estimated value of the damages is \$1,450,000.00 and the city carries a \$50,000.00 deductible. Of the total estimated damages, \$1,250,000.00 are anticipated to be covered by the claim, and \$200,000.00, including the deductible, will be funded by Water Supply System Capital Budget. All city staff labor and overtime costs associated with this event have been absorbed by the Water Treatment Services Unit annual operation and maintenance budget.

The city currently has a services contract with UIS that includes electrical and instrumentation services for the Water Treatment Services Unit (WTSU) to repair, replace, calibrate and troubleshoot instrumentation and valve controls at the city's water treatment plant, two (2) hydroelectric dams and two (2) recreational dams. Because the majority of the work associated with the repair and replacement of the damaged equipment falls under UIS' current scope of work, and due to their familiarity with the City's control systems, they are best positioned to complete the work. As part of negotiations with AIG, they support the city's decision to use UIS to complete the work as a best source services vendor, since the City currently has them under contract and the repair work falls under the current scope of their services contract which was competitively bid.

The scope of pipe gallery flood repair and replacement project includes the removal and replacement of critical filter control and monitoring equipment including but not limited to flow meters, automatic valve actuators, turbidimeters, particle counters and pressure transmitters. In addition, UIS will

provide services to start-up, calibrate and commission the new equipment and perform the necessary programming needed to ensure the new equipment functions seamlessly with the existing equipment.

Execution of the project will require well-coordinated construction sequencing, multiple mobilizations, and construction phase administration.

Budget/Fiscal Impact: This project is included in the Water Supply System Capital Improvement Plan. All project funding will be financed by the Water Supply System to be reimbursed from the insurance proceeds where approved through the claim process.

Utilities Instrumentation Service complies with the City's Conflict of Interest, Living Wage and Non-Discrimination Ordinances.

Prepared by: Brian Steglitz, Manager, Water Treatment Services Unit

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The WTP Filter Pipe Gallery Flood repair and replacement project is necessary to replace critical filter control and monitoring equipment;

Whereas, UIS is best positioned to complete the work under their existing General Services Agreement and the repair work falls under the current scope of their contract;

Whereas, This city has processed an insurance claim that is estimated to reimburse the city for up to \$1,250,000.00, of the total estimated cost of \$1,450,000.00;

Whereas, This project is in the Water Supply System Capital Improvement Plan; and

Whereas, Utilities Instrumentation Service complies with the City's Conflict of Interest, Living Wage and Non-Discrimination Ordinances;

RESOLVED, That Council approve Amendment No. 1 to the General Services Agreement for Electrical and Instrumentation Support Services with Utilities Instrumentation Service in the amount of \$1,280,000.00;

RESOLVED, That insurance claim proceeds in the amount of \$1,250,000 be appropriated to the existing Filter Pipe Gallery Emergency repairs project budget; thereby, increasing both the project expenditure and revenue budgets;

RESOLVED, That funds for this project are available without regard to fiscal year;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator be authorized to take all necessary actions to implement this resolution including execution of any authorized renewals and any changes or amendments that do not exceed the contingency amount.