



Legislation Text

File #: 13-0569, **Version:** 2

Resolution to Approve Professional Services Agreement with CDM Smith for the Wind Generator Project, RFP-814 (\$49,883.00)

Approval of the Professional Services Agreement with CDM Smith for engineering services for the wind generator project is requested. Award of a Professional Services Agreement to complete a National Environmental Policy Act (NEPA) Environmental Analysis (EA) that includes public engagement is the next milestone in the project to construct a wind turbine within the City pursuant to the grant received by the City from the Department of Energy and accepted by Council as part of Resolution R-13-015.

The following summary of the background on this project provides the context for the award of this contract.

The City issued RFP-814 in Jan/Feb 2012 for consulting services to study, design, lead the public engagement, and complete the environmental assessment as required by NEPA for the City's prospective wind turbine project. The City assembled a team of City staff and a representative from the University of Michigan to evaluate the proposals. Three proposals met the qualifications and the three firms were selected for interviews. Interviews were conducted on March 28, 2012. In April the City evaluated and ranked the firms interviewed with input from the University of Michigan, which at that time was still a partner for the project.

In May of 2012 the University of Michigan withdrew its commitment to partner on this project. Upon the loss of its financial partner, the City began exploring alternatives to obtain the required funding to meet the grant match requirements. This was no different than its exploration for partners in 2010. The City had discussions with Michigan State University, the Veterans Administration, wind turbine vendors, and energy project developers. The City pursued all paths coincidentally. Through this process only one avenue became viable, which was the alternative to work with Wind Products Inc., and their team through a power purchase agreement. No other alternative met the financial requirements necessary to make the project viable.

The City was in constant communication with the DOE about the status of the project. When the City informed the DOE about the loss of its partner and the construction match financing, the DOE gave the City until September 2012 to come up with a plan that includes a funding mechanism for the project or forfeit the grant.

In September, just ahead of the deadline, the City signed a Letter of Intent (LOI) with Wind Products Inc. to save the grant from being forfeited. The LOI is non-binding and provides that execution of a power purchase agreement must be approved by City Council. The LOI provides that upon receipt of the grant from the DOE, the City and Wind Products Inc. will attempt to work together to negotiate a wind power purchase agreement. It also provides that Wind Products Inc. would meet the financial match requirements of the grant.

While working to solidify the financial match requirements for the grant, City staff had not yet acted on the award of a professional services agreement pursuant to RFP-814 because City Council's acceptance of the grant terms and conditions was needed before it could enter into that agreement. City Council accepted the grant on January 7, 2013 (Resolution R-13-015).

After losing the University as its financial partner in May 2012, the City informed the three consulting firms it had interviewed that the project was on hold until the funding gap could be filled. Once the City identified Wind Products Inc. as a potential financial partner the City then contacted each of the three firms to explain the modified scope of work and request that each submit a revised proposal for the modified scope of work. The scope was modified to account for the fact that design services were no longer needed and that only the public engagement and environmental assessment services would be required. When the City issues an RFP, it always reserves the right to modify the scope of work. Although the City does not often modify the scope of work in an RFP, the modification in this case and the request for modified proposals from the qualified firms is consistent with the City's normal RFP process and is a good example of why the City retains that right to modify the scope of services. Two of the three firms submitted modified proposals and one declined.

The City received the following modified proposals:

CDM Smith - \$49,883.00

Tetra Tech - \$75,535.00

Because both proposals met the requirements of the RFP, it was determined that CDM Smith was the most qualified at the lowest cost. Acceptance of the proposal from CDM Smith and approval of the Professional Services Agreement with CDM Smith in the amount of \$49,883.00 to provide professional engineering services for the Wind Generator Project are recommended. Approval is also requested for a contingency of \$5,000.00 for change orders to the contract with CDM Smith to be approved by the City Administrator.

CDM Smith received Human Rights approval on May 17, 2012, and complies with the living wage ordinance.

The grant provided by the DOE will cover 100% of the cost of the NEPA Environmental Analysis and public engagement by CDM Smith.

If the public engagement process and EA result in a Finding of No Significant Impact (FONSI), the Wind Generator Project will be in a position to move forward. City staff will then return to Council with additional resolutions to approve agreements with the Ann Arbor Public School (AAPS) and the site developer. Agreements to which the AAPS is party will be brought to the AAPS Board of Education for review and approval as well. The agreements that will need approval will be to complete the arrangements for siting and construction of the wind turbine(s). It is anticipated that the wind turbine(s) will be located on AAPS property, that the wind turbine(s) will be owned or purchased by the City, that the developer will construct the wind turbine(s), and that the AAPS will purchase the power from the wind turbine(s) under a power purchase agreement. While the City, AAPS and Wind Products have been meeting and continue to work to come to terms on the several agreements so that they can be ready to be brought forward for review and approval once the NEPA EA and public engagement process are completed and accepted by the DOE.

Prepared by: Brian Steglitz, P.E., Sr. Utilities Engineer, WTP

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, The City accepted a grant from the United States Department of Energy (DOE) in the amount of \$951,500.00 to construct a wind generation project in the City of Ann Arbor or environs;

Whereas, Wind energy that is developed within the City of Ann Arbor contributes to the Green Energy Challenge established by City Council in 2006 and updated in 2011 to achieve 5 percent community wide renewable energy consumption by 2015; and

Whereas, The wind generation project includes a public outreach and educational component that will provide the community with a hands on demonstration project of the viability of wind as a renewable energy source;

Whereas, Of the firms that submitted proposals, CDM Smith submitted a proposal in the amount of \$49,883.00 and was selected as the most qualified firm at the lowest cost to provide the services requested;

Whereas, CDM Smith has received Human Rights approval on May 17, 2012, and complies with the living wage ordinance; and

Whereas, the Professional Services Agreement with CDM Smith will be funded completely by the grant from DOE;

RESOLVED, That Council accept the proposal and approve the professional services agreement with CDM Smith in the amount of \$49,883.00 to provide professional engineering services for Wind Generation Project;

RESOLVED, That Council approve a contingency to the professional services agreement with CDM Smith in the amount of \$5,000.00 to finance change orders to be approved by the City Administrator;

RESOLVED, That this professional services agreement and contingency be funded from the DOE grant proceeds for the Wind Generation Project and that the funds be made available without regard to fiscal year; and

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

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.