



City of Grand Island

Tuesday, June 09, 2009

Council Session

Item G9

#2009-132 - Approving Addendum Number 2 to the Agreement with Black & Veatch for the Design of an Anaerobic Digestion System to Purchase Software for Waste Water Financial Modeling

Staff Contact: Steven P. Riehle, Public Works Director

Council Agenda Memo

From: Steven P. Riehle, Public Works Director

Meeting: June 9, 2009

Subject: Approving Addendum Number 2 to the Agreement with Black & Veatch for the Design of an Anaerobic Digestion System to Purchase Software for Waste Water Financial Modeling

Item #'s: G-9

Presenter(s): Steven P. Riehle, P.E., Director of Public Works

Background

On August 26, 2008 by resolution number 2008-228 the City Council approved an agreement with engineering consulting firm Black & Veatch Corporation of Kansas City, Missouri using Olsson Associates of Grand Island, Nebraska as a sub-consultant. The agreement was for professional consulting engineering services associated with an anaerobic digestion system including preliminary engineering, services during construction, public awareness and a cost of services study for the digestion system.

On December 16, 2008 by resolution number 2008-359, the City Council approved amendment number 1 to the agreement. The amendment expanded the cost of services based rate study beyond the digesters to include the entire plant and collection system. The amendment also extended the timeline for the project at a cost of \$16,000 with a council presentation moved from November 2008 to March of 2009.

On May 12, 2009 by resolution number 2009-117 the city council approved addendum number 1 where the calendar days were adjusted and a notice to proceed with option 2A for the digestion system was approved.

Discussion

The purpose of Addendum Number 2 with Black & Veatch is to develop spreadsheet analysis to model financial planning, cost of service, and rate design procedures for the waste water division. The work is to be performed for a total compensation of \$14,500. A copy of Addendum Number 2 is attached.

The analysis will be part of a personal computer based financial planning and rate design model using Microsoft Excel 2003 spreadsheet software. Having the model in-house, to keep and use, will enable city staff to annually and even periodically revise and update the studies and projections of revenue and revenue requirements without the use of an outside consultant.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Approve a resolution authorizing the Mayor to sign addendum number 2.
2. Refer the issue to a Committee.
3. Postpone the issue to a future date.
4. Take no action on the issue.

Recommendation

Public Works Administration recommends that the Council approve a resolution authorizing the Mayor to sign an addendum number 2 to the agreement with Black & Veatch.

Sample Motion

Move to approve the addendum to the agreement with Black & Veatch.

ADDENDUM NUMBER 2 TO AGREEMENT FOR PROFESSIONAL SERVICES FOR THE DESIGN OF AN ANAEROBIC DIGESTION SYSTEM

General Provisions

A. **This Document Controlling.** To the extent that there are conflicting provisions between this document and the agreement between The City of Grand Island and Black & Veatch Corporation, this document controls.

B. **Modifications and Deletions.** The following provisions are deleted or modified from original agreement for Professional Services for the Design of an Anaerobic Digestion System; Dated September 23, 2008, and Amendment Number 1 for Professional Services for the Design of an Anaerobic Digestion System; Dated December 16, 2008, and as Addendum Number 1, dated May 12, 2009 as follows:

- (i) **Attachment A; Scope of Services – Anaerobic Digestion Improvements; Insert Task 7; Financial Planning and Rate Design Computer Model, as stated:**

Task 7 – Financial Planning and Rate Design Computer Model

Compensation: \$14,500

Objective: Develop spreadsheet analyses that model financial planning, cost of service, and rate design procedures.

Subtasks:

1. **General:** These analyses will be part of a personal computer based financial planning and rate design model that will enable CITY staff to periodically revise and update the studies and projections of revenue and revenue requirements, financial, cost of service analyses, and design of adequate rates on a routine basis. The model will be developed using Microsoft Excel 2003 spreadsheet software.
2. **Rate Model Development.** ENGINEER will develop a computer model that will include the following features:
 - a. Specifically tailored and designed to recognize the utility's unique needs, characteristics and information base, including compatibility with the utilities' budgetary and accounting systems.
 - b. Automated ability to change study periods and retain relative information so that it can conveniently be used on an annual basis by utility staff.
 - c. Flexible capital improvement program scheduling allowing for changes in costs, sources of funds, timing, and allowances for inflation.
 - d. Ability to develop financial plan cash flow alternatives for changes in customer, volume, and revenue projections; budgetary revisions; variations in timing and amounts of revenue increases; debt service structuring and different capital improvement program scenarios; and changes in other parameters.

- e. Ability to assess impact on cost of service allocations to user classes and utility rates of alternative management decisions.
 - f. Capability to independently design and develop utility rates and charges on an annual basis, thus permitting staff to examine the phase-in needed for rate adjustments over a period of time.
 - g. The model tests revenue generation by class and in total for proposed rates and indicates impacts on customers served through a typical monthly bill analysis.
 - h. Extensive model documentation including pop-up user instructions, text formula calculation references with updateable page number notations, hyperlink references to supporting ranges (similar to Internet web page navigation) and page referenced ranges designed to be incorporated into a calculation manual. Such a manual allows supervisors or other interested parties to review the detailed rate design calculations without having access to the rate model.
 - i. Incorporation of user friendly features, including Windows based “help” facilities, fully automated preprogrammed print and navigation menus, customized icons for specific model functions, and other features. In addition, a separate procedures manual describing all available user-friendly features will also be prepared.
 - j. Capability of producing a wide variety of attractive and informative management reports with the click of a button. New report tables can easily be added to the print menu without any programming knowledge.
 - k. Incorporation of advanced programming features to automate basic procedures such as initializing the rate model for a new budget year, printing, transferring data files into the rate model, setting-up screens for cash flow or other analyses, and navigating throughout the rate model.
3. Conduct Training Session. A full-day training session for CITY staff in the use the model will be conducted by the ENGINEER at the CITY’s offices.
4. Support Services. Up to 16 hours of support services will be provided for the ENGINEER to answer questions and make revisions and updates as needed to the model as requested by the CITY. Support services may be in the form of telephone conversations, e-mail exchanges, or on-site visits.
5. Deliverables.
- a. User Manual. Two copies of a user manual documenting all of the computer model’s features and pop-up user instructions will be prepared and presented to the CITY during the training session.
 - b. Calculation Book. A book of all calculations supporting the proposed rates and report will be delivered as part of the basic computer model training session.
 - c. Computer Model. A compact disk, containing the computer model will be delivered to the CITY and use to install the model on the CITY’s designated computers. This model will be capable of utilizing the proprietary add-in

developed by ENGINEER which provides user-friendly features to all of our models that are designed to be used by utility staff.

(ii) **Attachment B, Compensation – Anaerobic Digestion Improvements; Delete Paragraph 1 with tasks 1 through 6 and replace with:**

For services described in Attachment A, Scope of Services, an amount equal to the ENGINEER’S salary billings plus reimbursable expenses and subcontract billings. The maximum billed for these services shall not exceed ~~Nine Hundred Thousand Dollars and no cents (900,000.00)~~ ~~Nine Hundred Fourteen Thousand Five Hundred Dollars (914,500.00)~~ **Nine Hundred Fifty Thousand Two Hundred Dollars (\$950,200)** without further authorization. The maximum billed for each task shall not exceed the following amounts without further authorization:

- Task 1 – Schematic Design Phase ~~\$194,000~~ \$202,600
- Task 2 – 50% Contract Document Development ~~\$294,000~~ \$301,400
- Task 3 – 90% Contract Document Development \$286,000
- Task 4 – Final Contract Documents \$76,300
- Task 5 – Public Information Program \$8,100
- Task 6 – Wastewater Rate Study ~~\$41,600~~ \$61,300
- Task 7 – Financial Planning and Rate Design Computer Model \$14,500**

IN WITNESS WHEREOF, owner and engineer have executed this Addendum Number 2.

City of Grand Island, Nebraska
OWNER

Black & Veatch Corporation
ENGINEER

By: _____

By: _____

Name: Margaret Hornady

Name: William S Stoner

Title: Mayor

Title: Vice President

Date: _____

Date: _____

Attest:

RaNae Edwards, City Clerk

Approved as to Form _____
May 12, 2009 City Attorney

R E S O L U T I O N 2009-132

WHEREAS, on August 26, 2008, by Resolution 2008-228, the City of Grand Island approved the proposal of engineering consulting firm Black & Veatch Corporation of Kansas City, Missouri using Olsson Associates of Grand Island, Nebraska as a sub-consultant for the professional services associated with an anaerobic digestion system including preliminary engineering, services during construction, public awareness and a cost of services study related to the digesters only; and

WHEREAS, on December 16, 2008 by resolution number 2008-359, the City Council approved amendment number 1 to the agreement to expand the cost of services study beyond the digesters to include the entire plant and collection system; and

WHEREAS, on May 12, 2009 by Resolution 2009-117, the city council approved addendum number 1 to adjust the completion date for the work and approve the notice to proceed with Option 2A for the Digestion System; and

WHEREAS, city staff has negotiated addendum number 2 with Black & Veatch to purchase financial modeling software to allow city staff to perform in-house spreadsheet analyses, financial planning, cost of service, and rate design procedures for compensation of \$14,500; and

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor is hereby authorized and directed to execute addendum number 2 to the agreement for the professional services associated with an anaerobic digestion system with engineering consulting firm Black & Veatch Corporation of Kansas City, Missouri

Adopted by the City Council of the City of Grand Island, Nebraska, June 9, 2009.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form
June 8, 2009

City Attorney