

Environment Committee

For the Metropolitan Council meeting of February 23, 2022

Subject: Ratification of After-the-Fact Purchase Order #21012387

Proposed Action

That the Metropolitan Council ratifies the After-the-Fact Purchase Order #21012387 in the amount of \$544,533.35 to CenterPoint Energy for relocation of gas main.

Summary of Committee Discussion/Questions

Committee Member Zeran stated he appreciated CenterPoint Energy taking the opportunity to complete the work when it was prudent to do so but would prefer not to see an after the fact in the future.

Committee Member Fredson appreciated the transparency about the action.

Vice Chair Wulff stated it was good to try to get the work done before the freeze.

General Manager Thompson shared the intent was good as there was an urgency given the nature of the adjoining projects. There have been lessons learned that we can take forward.

Jody Jacoby, Director of Procurement expressed appreciation to staff for explaining the necessity of getting work moving. This was not an emergency declaration as defined by state statute. It was important to clarify what occurred and what is in place going forward to assure it does not happen in the future.

The proposed action was approved and forwarded to the February 23, 2022 Council meeting for approval.

Environmental Committee

Meeting date: February 8, 2022

For the Metropolitan Council meeting of February 23, 2022

Subject: Ratification of After-the-Fact Purchase Order #21012387

District(s), Member(s): District 6 - Vacant

Policy/Legal Reference: FM 14-2 – Expenditures for the Procurement of Goods and Services Policy

Staff Prepared/Presented: Adam Gordon, 651-602-4503; Chad Davison, 651-602-4031

Division/Department: MCES c/o Leisa Thompson, 651-602-8101

Proposed Action

That the Metropolitan Council ratifies the After-the-Fact Purchase Order #21012387 in the amount of \$544,533.35 to CenterPoint Energy for relocation of gas main.

Background

The Metropolitan Council has an active construction project awarded to Minger Construction to replace the corroded concrete forcemain through the East Isles neighborhood in Minneapolis. During design of this forcemain project, a conflict with a CenterPoint Energy-owned gas main was identified.

CenterPoint Energy produced an estimate and draft contract to relocate 1,500 lineal feet of gas main.

While Environmental Services staff was beginning the process of contract review, CenterPoint began relocating their gas main. Review of the contract stopped because CenterPoint began work to relocate prior to execution of the contract.

An invoice for the CenterPoint Energy relocation work was provided to Environmental Services in the amount of \$544,533.34. The relocation costs included payment for installing a new gas main and reconnection of all the gas services to the new gas main. The work began on October 25, 2020. The relocation and restoration were completed on June 10, 2021.

An after-the-fact procurement is one in which the product or service was ordered and received without going through the correct procurement policy and procedures. The attached After-the-Fact form was completed by Environmental Services on December 21, 2021, and Purchase Order #21012387 was issued on December 28, 2021 in the amount of \$544,533.35 to CenterPoint Energy for the relocation work.

Rationale

Environmental Services was under negotiations over the agreement to relocate utilities. CenterPoint contacted the Project Manager and stated they had a crew available and wanted to begin relocation before the winter frost set in, which would increase the cost. CenterPoint was informed by email from the project manager that if they began construction, it would be at CenterPoint's risk. The project manager also stated that the Metropolitan Council would continue to negotiate and execute the agreement. The project manager was unaware of the Council policy that does not allow execution of a contract if work has commenced.

Pursuant to FM 14-2 Policy, the Council has authority to approve agreements in the amount of \$500,000 and above. Ratification of the After-the-Fact is necessary because the spend already occurred.

Thrive Lens Analysis

The project advances the Thrive outcome of protecting the environment and public health by allowing the Metropolitan Council to replace the existing forcemain that is in danger of collapsing due to the corrosion.

Funding

Funding is provided from the Environmental Services Capital Improvements Program. The cost to relocate the CenterPoint gas main was planned and budgeted under project 804136 (Hopkins System Improvements, Cooperative Agreements).

Small Business Inclusion

Not applicable because CenterPoint Energy as the utility owner requires the relocation of their gas main be performed by their specialty contractor for safety reasons. No opportunity exists for small business goals or a competitive bidding process.

Known Support / Opposition

No known support or opposition.