

Committee Report

Environment Committee



Committee Meeting Date: August 9, 2022

For the Metropolitan Council: August 24, 2022

Business Item: 2022-232

Updates for the Interceptor Chemical Odor Control System – Contract 20P215

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to negotiate and execute an amendment for contract 20P215B with Rice Lake Construction to reduce the contract term.

Summary of Environment Committee Discussion/Questions

This item was initially presented in September 2021 to the Environment Committee; given the requested changes to the contract term, they are again bringing it before the committee for re-ratification.

Committee Member (CM) Sterner asked why most sites are located in the West Metro. Staff replied that given the topography – which centers around Lake Minnetonka – lends itself to having so many lift stations and force mains requiring odor control.

Vice Chair (VC) Wulff asked:

- If we had anticipated the need for a shorter-term contract at the time of original presentation in 2021; moving from a 10-year to a 7-year contract represents a significant cost increase.
Staff replied that Contract B includes services (chemical delivery and monitoring) in addition to chemical supply. Post bidding the work, chemical costs have sharply increased. Rice Lake Construction Group has shared pricing they have received from suppliers across the nation. We had been paying \$0.71 per pound but that has risen to the current price of approximately \$1.21 per pound and is anticipated to go up to \$1.26 per pound for nitrate salts this next spring.
- Why we are renegotiating costs for this contract; this is not typical.
Staff replied that if we do not address the cost escalation within the contract that we will encounter bigger issues, such as likely needing to rebid the project which would represent a minimum 6 to 8 month delay in operation of the corrosion and odor control sites.

Motion by CM Vento, seconded by VC Wulff. **Motion carried.**

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District(s), Member(s): All

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

Staff Prepared/Presented: Adam Gordon, Interceptor Engineering Manager, 651-602-4503
Bert Tracy, Director, Environmental Services, 651-602-4024

Division/Department: Environmental Services

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to negotiate and execute an amendment for contract 20P215B with Rice Lake Construction to reduce the contract term.

Background

Business Item 2021-230 approved contract 20P215B for Rice Lake Construction to provide odor control chemicals and operation and maintenance services for the 16 sites currently in the MCES system. The original contract was approved with a 10-year term and a value not to exceed \$35,652,665 with an option, at the Council's discretion, for two 5-year extensions.

Based on delayed schedules, longer lead times to receive equipment and increased costs in chemicals and related delivery costs, MCES requests to amend the contract term to a shorter duration as not to exceed the authorized contract amount.

Rationale

Update to Council is necessary due to proposed change in contract term.

Thrive Lens Analysis

This action advances the Thrive Outcome of Stewardship. Public financial resources will be invested efficiently and effectively to maintain and restore existing capacity to existing wastewater infrastructure which protects the region's natural resources.

Funding

Funds are available in the Environmental Services capital program and operating budget for the Interceptor Services Business Unit.

Small Business Inclusion

The Office of Equity and Equal Opportunity (OEEO) thoroughly reviewed this procurement for MCUB opportunities in accordance with applicable federal and state laws and regulations as well as contract specifications. Upon conclusion of OEEO's research and analysis, no MCUB goal was set.