

Business Item

Environment Committee



Committee Meeting Date: January 10, 2023

For the Metropolitan Council: January 25, 2023

Business Item: 2023-16

Stipends for the Metro Plant Fourth Incinerator

District(s), Member(s):	District 13, Council Member Chai Lee
Policy/Legal Reference:	FM 14-2 Expenditures for the Procurement of Goods, Services, and Real Estate Policy, FM 14-1a Procurement Procedure, and Minnesota Statutes § 471.371
Staff Prepared/Presented:	Rene Heflin, Manager Plant Engineering, 651-602-1077 Dan Abelson, Associate General Counsel, 651-602-1713 Jody Jacoby, Director Contracts and Procurement, 651-602-1144
Division/Department:	Environmental Services / Wastewater Planning & Capital Project Delivery

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to issue a stipend in the amount of \$260,000 to each responsive and responsible short-listed proposer that is not awarded the design-build contract for the Metro Plant Fourth Incinerator project (Contract #21P055) up to a total of \$780,000.

Background

The Metro Plant Fourth Incinerator Project will be constructed using the design-build delivery approach, where the Design Builder retains responsibility for process performance. The fourth incinerator must meet new sewage sludge incinerator air emissions standards which are stricter than the current permit limits for the existing three incinerators. If the stipend is approved, the stipend information will be included in the solicitation package.

There are several reasons why staff believe a stipend is beneficial in this procurement. First, there is a limited market for a specialized project of this size and there is a large concurrent project by the Metropolitan St. Louis Sewer District (MSD) to construct seven incinerators which could impact the number of available proposers. MSD is offering a 0.2% stipend to proposers. Second, short-listed proposers will expend significant time and effort to complete a design-build proposal (potentially \$800,000 to \$1,000,000). The stipend mitigates short-listed proposer's financial risk. Finally, as a condition of receiving the stipend, the short-listed proposer will give the Council the right to use ideas and information in the proposal which may benefit the Council in this or future projects.

The structure of the recommended stipend is modeled after the approach the Minnesota Department of Transportation takes with design-build projects under Minnesota Statutes § 161.3426.

Rationale

The rationale for offering an incentive include: (1) Increasing chance of receiving multiple proposals; (2) Ensuring process is equitable and recognizes time and effort short-listed proposers

put into their proposals; (3) Giving the Council the right to use information in proposals; and (4) Enhancing the quality and innovation of proposals. FM 14-2 provides that the authorization to award procurements of goods or services valued at more than \$500,000 be approved by the Council.

Thrive Lens Analysis

This action advances the Thrive Outcome of Stewardship by efficiently and effectively preserving our regional wastewater treatment plant assets.

Funding

Funding is provided in the authorized capital program.

Small Business Inclusion

The Office of Equity and Equal Opportunity (OEEO) has not yet set a goal on this 3-step procurement. However, prior to the issuance of the Design-Build RFP, OEEO will review the project for a Metropolitan Council Underutilized Business goal.

