Business Item 2023-16:

Stipends for the Metro Plant Fourth Incinerator

Environment Committee: January 10, 2023

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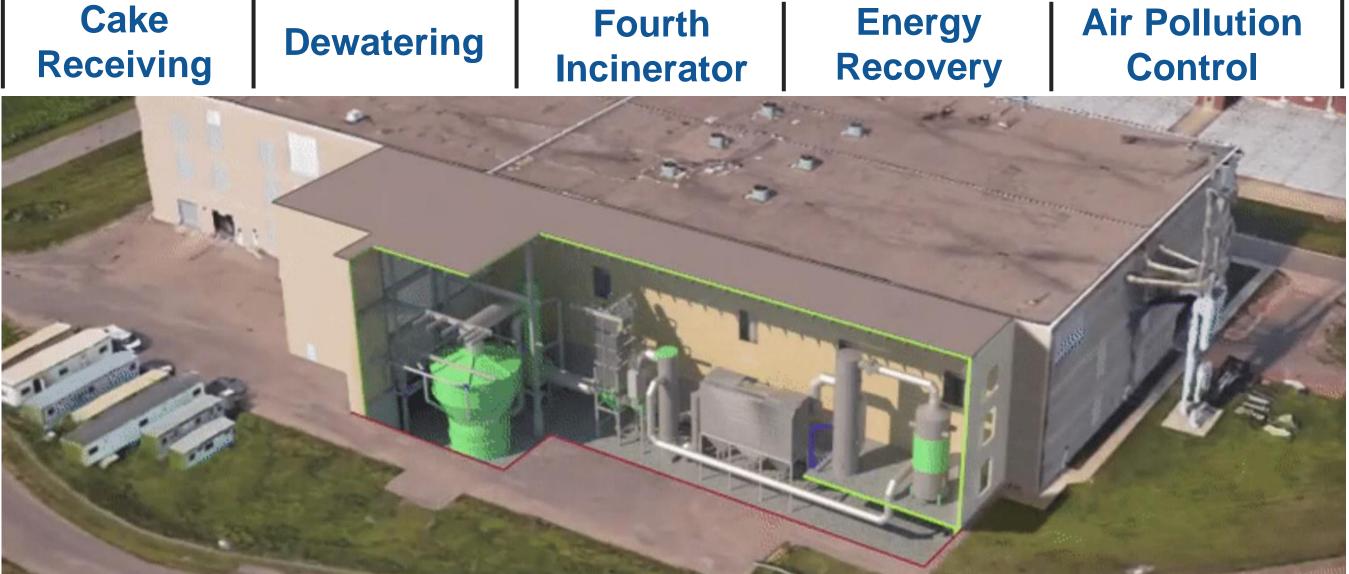


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Background Rationale MnDOT Approach/Council A Stipend Research Schedule Proposed Action Questions

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Background



The fourth incinerator will be constructed using fixed-price design-build delivery with a performance guarantee to meet strict emission limits.



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Rationale

1. Increases likelihood of receiving multiple proposals

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.

2. Ensures equitable process

Mitigates financial risk of completing design-build proposal (\$800,000 to \$1,000,000).

3. Enables use of information submitted

Proposal ideas and information may benefit the Council in this or future projects.

4. Invites quality and innovative proposals.

Encourages the qualified design-build teams to propose creative and comprehensive solutions.

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MnDOT Approach/Council Approach

MnDOT Approach

- MnDOT Statute (Minn. Stat. § 161.3426) requires minimum 0.2% per team stipend on Design-Build transportation projects.
- If proposer accepts the stipend, MnDOT gets the right to use any idea or information contained in the proposal.
- Intended to offset a portion of Design-Builder proposal costs.

Council Recommended Approach

- Council does not have a statutory requirement like MnDOT
- Staff recommend a stipend of \$260,000 per unsuccessful responsive and responsible proposer.
- Council has the right to information submitted in proposals.
- If the Council chooses not to award after proposals are due, all responsive and responsible proposers are eligible for the stipend.
- Finance has reviewed and stipends are an approved capital expense.

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Stipend Research

Professional Organizations

- Water Collaborative Delivery Association (WCDA) states owners should offer a reasonable stipend to unsuccessful shortlisted proposers when the proposal preparation requires a significant level of effort.
- Design-Build Institute of America (DBIA) believes that stipends are one means for encouraging participation in a proposal process.

Other Utilities

- Received feedback from City of Norfolk, VA that has used stipends before.
- MSD project offered stipend of 0.2% per team (\$1M) during proposal development based on feedback from potential teams.

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Schedule

Event	Dat
Issue Design-Build Request for Proposal (RFP)	June 2
Anticipated Design-Build Notice to Procced (NTP)	January
Construction	2024 - 2

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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.

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