



# Business Item 2023-16:

Stipends for the Metro Plant Fourth Incinerator



Environment Committee: January 10, 2023

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# Background

**Cake  
Receiving**

**Dewatering**

**Fourth  
Incinerator**

**Energy  
Recovery**

**Air Pollution  
Control**



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

# 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.

# 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.

# 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.

# Schedule

| Event                                            | Date         |
|--------------------------------------------------|--------------|
| Issue Design-Build Request for Proposal (RFP)    | June 2023    |
| Anticipated Design-Build Notice to Proceed (NTP) | January 2024 |
| Construction                                     | 2024 - 2026  |



# 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.





# Questions

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