

# Second Amended and Restated MOU for UV Equipment Selection

C00284 – LTP Disinfection and Diversion Project

**Board of Public Utilities**

December 16, 2021

Jason Roberts, PE

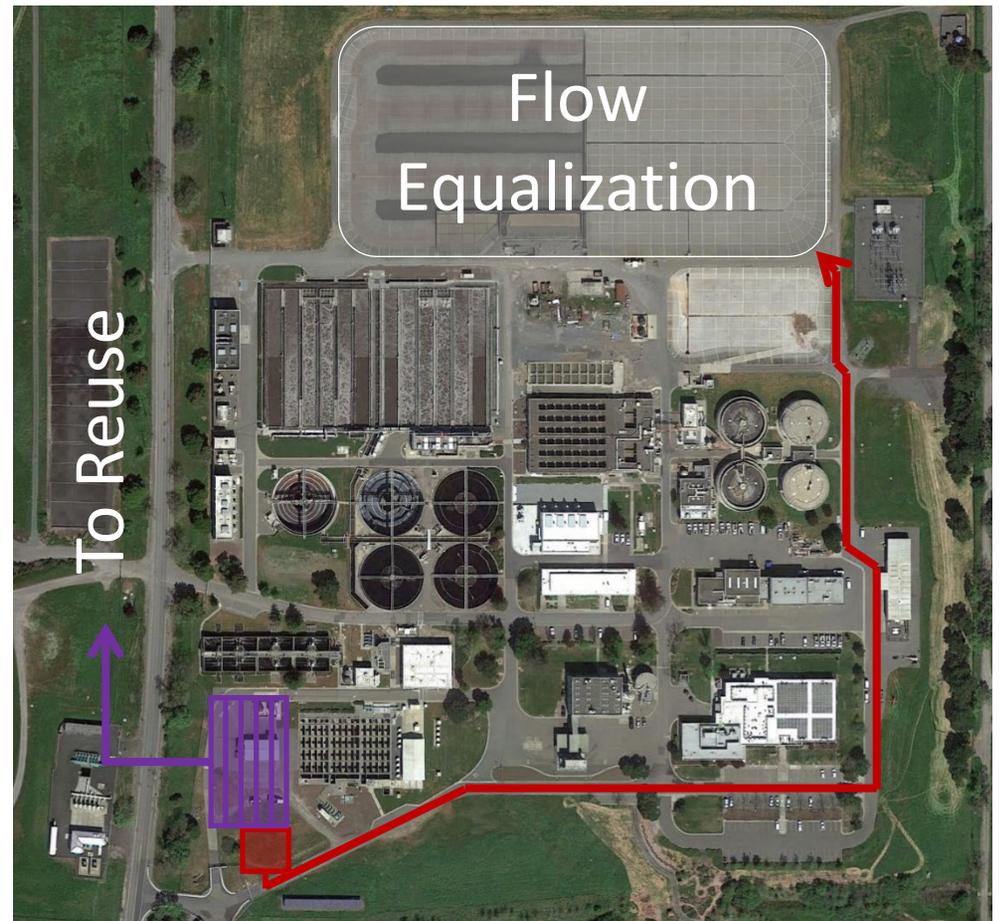
Supervising Engineer, Capital Projects Engineering



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# Presentation Outline

- Recent Project Background
- Original Memorandum of Understanding (MOU)
- 2016 MOU and subsequent VE Study (2017)
- Amended and Restated MOU (2020)
- Impacts and Schedule
- Recommendation to approve new MOU



# Project Background

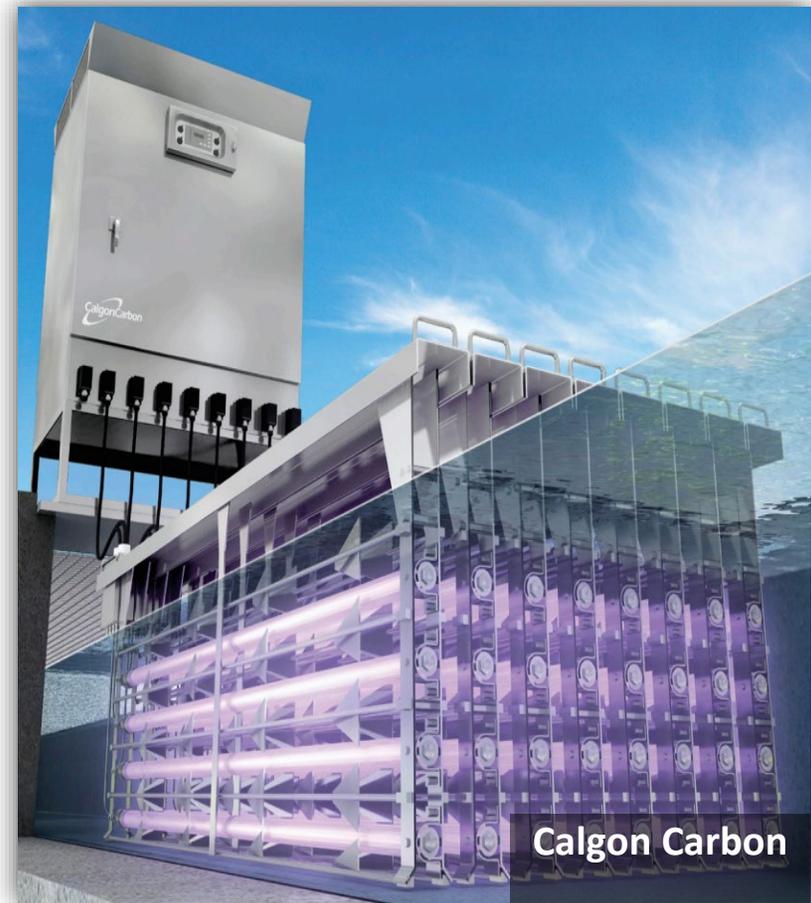
## **Aging UV disinfection system (22 years old) w/ inadequate capacity**



- January 2016 – BPU approved design contract with Carollo Engineers and MOU with Calgon Carbon was executed for pre-selected UV equipment
- November 2016 – Pre-selected UV equipment supplier and executed MOU/PSA with Calgon Carbon
- Mid-Late 2017 – Performed value engineering study and further analyses
- May 2018 – 2016 MOU pricing guarantee expired
- August 2019 – Design contract amendment and new UV equipment RFP issued to Calgon
- August 2020 – Amended and Restated MOU approved with Calgon – Final Design commenced
- July 2021 – Calgon Carbon was acquired by De Nora UV Technologies
- September 2021 – Best and Final Price received from De Nora

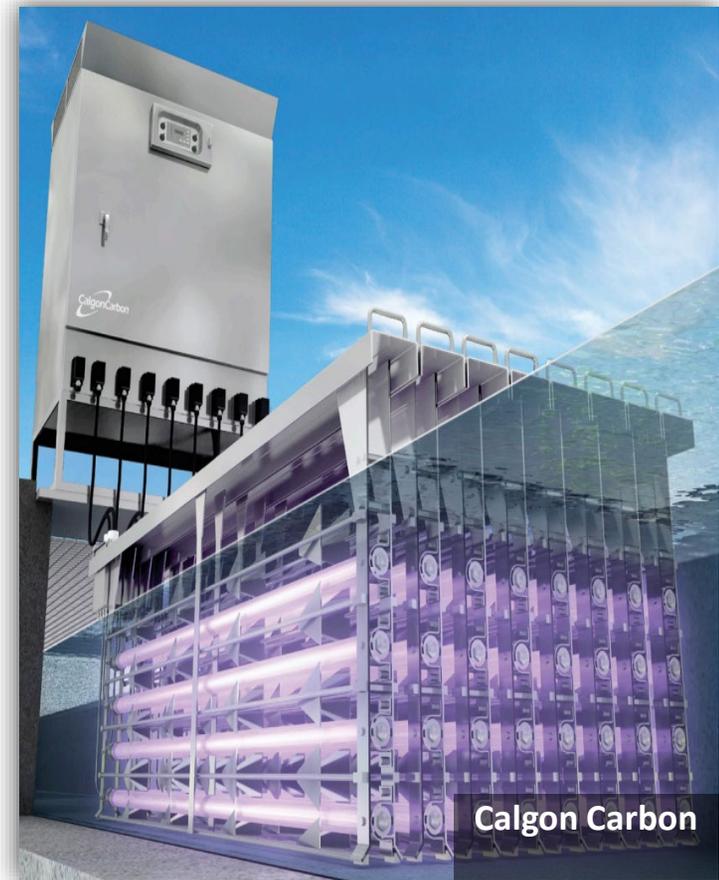
# Original MOU with Calgon Carbon - 2016

- Guaranteed equipment price of \$4,656,500 for 18 months to be included in contractor bids
- Included provision for \$70,000 PSA for design support services and shop drawings
- 2017 VE Study put design on-hold as alternative technologies were evaluated
- After reviewing alternatives, decision was made in 2018 to replace UV system
- During this time, original MOU pricing term expired



# Amended and Restated MOU with Calgon - 2020

- Design commenced in 2019 with assistance from Calgon
- In 2020, an updated price was submitted by Calgon and an Amended and Restated MOU was executed
- Price increase of Guaranteed equipment price of \$5,634,700 for 22 months
- Equipment price to be included in all contractor bids
- Included provision for \$86,000 PSA for continued design support services



# Timeline:

## August, 2020 to December, 2021

- Aug 2020 – May 2021: Design progressed from 90% - 100%
- June 2021: Best and Final Price solicited from Calgon to account for design changes
- July 2021: Calgon Carbon UV Technologies, LLC changed to De Nora UV Technologies, LLC via an entity name change

# Timeline:

## August, 2020 to December, 2021 (cont.)

- Sept – Dec 2021: City staff negotiated with De Nora a Best and Final Price to include increased steel prices totaling \$288,791.28.
- December 1, 2021: Best and Final Offer letter received from De Nora to include increased price of steel and new Final Price of \$5,923,491.28 for the UV System

# Second Amended and Restated MOU with De Nora

<u>(First) Amended and Restated MOU</u>	<u>New MOU Provisions</u>
<ul style="list-style-type: none"> <li>• Binding commitment between City and Supplier</li> </ul>	
<ul style="list-style-type: none"> <li>• Guaranteed equipment price: \$5,634,700</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment price: \$5,923,491.28</li> </ul>
<ul style="list-style-type: none"> <li>• Price held for 22 months (July 10, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• Price held until December 31, 2022</li> </ul>
<ul style="list-style-type: none"> <li>• No payment at this time</li> </ul>	
<ul style="list-style-type: none"> <li>• Equipment price to be included in each of the contractor's bids</li> </ul>	<ul style="list-style-type: none"> <li>• Contractor to pass reduction in material cost to City</li> </ul>
<ul style="list-style-type: none"> <li>• Included \$86,000 PSA with Supplier for support services</li> </ul>	

# Impacts and Schedule

- **Fiscal Impact**

- Funds for purchase of equipment not required at this time.
- Overall construction estimate approximately \$50M as previously reported (includes equipment cost)

- **Environmental Impact**

- Requires no action under CEQA Guideline Section 15378, in that this is not a project resulting in direct or indirect physical change in the environment

- **Schedule**

- Final review of Bid Documents is in progress
- Should BPU approve this MOU, we estimate issuing the Construction Contract for Bid in early January, 2022.
- Construction estimated Spring 2022 through 2024 (possibly into 2025).

# Remaining Critical Milestones

<u>Item</u>	<u>Estimated Date</u>
BPU Approval of Second MOU	December 2021
Issue Construction Contract for Bids	January 2022
Construction notice to proceed	March 2022
<b>De Nora MOU Price Expiration</b>	<b>December 2022</b>

# Recommendation

It is recommended by the Transportation and Public Works Department and the Water Department that the Board of Public Utilities, by resolution, approve a Second Amended and Restated Memorandum of Understanding with De Nora UV Technologies, guaranteeing an equipment purchase price of \$5,923,491.28 until December 31, 2022.

# Thank You

