



OFFICIAL MINUTES OF:

Meeting of:	CEO Committee Meeting
Date:	September 22, 2010
Time:	9:00 a.m.

MEMBERS PRESENT:

Michael Salvatore, CEO Chairman
Jonathan Farnum
Vincent J. Mesoella
Angelo Rotella
Leo Thompson
Richard Worrell

MEMBERS ABSENT:

Robert Andrade
John MacQueen
Al Montanari

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, Executive Director
Paul Nordstrom, NBC
Lori Vernon, NBC
Tom Brueckner, NBC
Tom Uva, NBC
Joe Pratt, Louis Berger Group
Linda George, Senate Fiscal Office
Jennifer Harrington, NBC
Karen Musumeci, NBC
Kathryn Kelly, NBC
Karen Giebink, NBC
Pat Boucher, Bacon & Co., LLC
Anamaria Clarkin, NBC

Laurie Horridge, NBC
Deborah Samson, NBC
Leah Foster, NBC
Phil Albert, NBC
Richard Bernier, NBC
Meg Goulet, NBC
Pamela Luey, NBC
Jamie Samons, NBC
Joanne Maceroni, NBC
John Zuba, NBC
Mark Thomas, NBC

1. Call to Order

Recognizing a quorum, Chairman Salvatore called the September 22, 2010 Construction/Engineering/Operations (CEO) Committee Meeting to order at 9:11 a.m.

2. Approval of Minutes – June 23, 2010 CEO Committee

Chairman Salvadore asked for a motion to approve the June 23, 2010 CEO Committee Meeting minutes as written. Commissioner Rotella moved to approve the minutes of the June 23, 2010 CEO Committee as written. Commissioner Farnum seconded the motion. The vote taken by the CEO Committee was unanimous. The motion carries.

3. Items for Action

A. Review and Approval of Resolution 2010:23; Authorization to Increase Funding for Contract 304.34-Interceptor Cleaning and Inspection Services, Seekonk River Interceptor (Amount of Increase \$6,500)

Executive Director Raymond Marshall advised that on November 4, 2009 the Board approved Resolution 2009:36 for National Water Main in the amount of \$270,500 to perform cleaning and inspection of the Seekonk River Interceptor. The project involved the cleaning and inspection of an estimated 3.2 miles of interceptor in Providence ranging in size from 30 inches to 48 inches.

The unit cost to perform these services was based on a measured grit accumulation in manholes. This method does not provide an exact measurement of the accumulation throughout the entire length of the pipe segment, therefore the unit rate for several pipe segments needed to be adjusted to compensate the contractor for the actual grit removal. These adjustments to the original cost amounts to an additional funding need of \$6,500. The total contract cost would be \$277,000, still below the other bids received through the original bidding process.

Commissioner Rotella made a motion to approve Resolution 2010:23; Authorization to Increase Funding for Contract 304.34-Interceptor Cleaning and Inspection Services, Seekonk River Interceptor (Amount of Increase \$6,500). Commissioners Thompson and Farnum seconded the motion and the vote taken by the CEO Committee was unanimous. The motion carries.

B. Review and Approval of Resolution 2010:24; Authorization to Award bids for Contract 706.00C Improvements to the Omega Pump Station Rack Room (Amount \$104,764)

Raymond Marshall stated the Omega Pump Station Rack Room was constructed in 1950 and is in need of improvements. The improvements consist of replacing the electrical wiring and fixtures, replacement of the heating system and painting the interior of the building. Because each of these contracts was expected to be for a small amount, NBC decided to procure the services for each of the three items through separate competitive bids rather than one contract. NBC will act as the construction manager and our staff will oversee the work of each specialty contractor.

There were two bidders for the electrical work:

E.W. Audet & Sons	\$98,000
Pajan Services	\$52,345

Purchasing reviewed the bids and determined that Pajan Services, being the lowest bidder meeting NBC specifications, be awarded the bid for \$52,345.

There was one bidder for the replacement of the heating system:

Lincoln Energy Mechanical Services	\$27,500
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Purchasing reviewed the bid and determined that Lincoln Energy, being the sole bidder meeting NBC specifications, be awarded the bid for \$27,500.

There were two bidders for the painting:

Service Contracting -	\$29,969
Dennis Moffitt -	\$24,919

Purchasing reviewed the bids and determined that Dennis Moffitt, being the lowest bidder meeting the NBC specifications, be awarded the bid for \$24,919.

Commissioner Rotella made a motion to approve Resolution 2010:24; Authorization to Award Bids for Contract 706.00C Improvements to the Omega Pump Station Rack Room (Amount \$104,764).

Commissioner Thompson seconded the motion and the vote taken by the CEO Committee was unanimous. The motion carries.

C. Review and Approval of Resolution 2010:25; Authorization to Negotiate Architectural/Design Services for Contract 119.00D Regulatory Compliance Building at the Field's Point Wastewater Treatment Facility (Amount \$1,400,000)

Raymond Marshall advised that in July 2008, the NBC executed an agreement with Camp, Dresser and McKee, Inc., (CDM) for planning level services for a new Regulatory Compliance Building which is primarily composed of a brand new laboratory, site access and security issues and evaluation of storage requirements.

In March 2009 CDM produced a Planning Report that included conceptual design for a new building on the site of the existing dog pound. The building provided allocation of space to accommodate a new Analytical Laboratory, and the Pretreatment and Environmental Monitoring Data Analysis sections of the Policy, Planning and Regulation Division. The report also addressed site access and security as well as storage needs of the NBC. The engineer's opinion of probable construction cost of \$19.1 million at that time exceeded NBC's budgetary allowance and the project was placed on hold.

As a result of the increasingly pressing need for a new Analytical Laboratory, NBC and CDM staff met in recent months and determined that the construction cost estimate should be revisited after making certain adjustments to the project as follows:

- Revised building layout by utilizing 3-D model to reduce the footprint by eliminating the lower level storage area and reducing contingency for future space allocation
- Revised roof system to a constant slope
- Revised and updated cost estimate quantities to reflect changes to the building design
- Reviewed and eliminated project elements which are not directly required for the Regulatory Compliance Building (i.e. Perimeter Site Security Fencing and Gates not adjacent to the building)

Upon completion of these changes, CDM updated the opinion of probable construction cost to reflect the modified building layout and to reflect changes in bidding climate resulting from the current economic downturn. The updated opinion of probable construction cost for the Regulatory Compliance Building is approximately \$15.5 million.

Since this construction estimate is more aligned with budgetary expectations, the NBC staff recommends proceeding with the project. CDM has estimated the cost for the design of the modified building at \$1,309,127. NBC's staff review of the design budget concluded it was reasonable considering the project to be undertaken. In addition NBC's staff is requesting a contingency of \$130,873 (approximately 10%) to cover costs for unforeseen changes during the progress of the design. This would bring the total contract authorization to \$1,440,000 with CDM's initial design contract accounting of \$1,309,127.

It is recommended that the Board approve Resolution **2010:25** authorizing staff to negotiate an agreement with CDM for Architectural Design Services for Contract 119.00D for a new Regulatory Compliance Building at the Field's Point Wastewater Treatment Facility for an amount not to exceed \$1,440,000.

After a brief discussion regarding the changes and size of the new building Commissioner Farnum made a motion to approve Resolution 2010:25; Authorization to Negotiate Architectural/Design Services for Contract 119.00 D Regulatory Compliance Building at the Field's Point Wastewater Treatment Facility (Amount \$1,400,000) Chairman Mesolella seconded the motion and the vote taken by the CEO Committee was unanimous. The motion carries.

D. Review and Approval of Resolution 2010:26; Authorization to Award Design Services-Biogas Cogeneration System at the Bucklin Point WWTF (Amount \$366,620)

Mr. Marshall stated that the Bucklin Point Wastewater Treatment Facility (WWTF) currently uses digester biogas supplemented with natural gas as fuel for its three boilers that are used to heat the digesters. The NBC is considering utilizing the biogas in cogeneration equipment such as microturbines or reciprocating engines to generate electricity and heat for the WWTF.

A study completed by SCS Engineers in 2008 evaluated two cogeneration technologies, microturbines and reciprocating engines, that utilize biogas to generate electricity and heat and concluded that a reciprocating engine with the appropriate gas-treatment equipment was the more cost-effective way to generate energy.

Since the study was completed, the concentration of siloxanes in the biogas has decreased substantially. Siloxanes, a compound found within the digester biogas, can cause problems with cogeneration equipment if the biogas is not properly treated. This decrease may change the treatment equipment required for successful operation of the cogeneration equipment and may make microturbines the more cost-effective technology. Therefore, the NBC wishes to hire a consultant to reevaluate the two cogeneration technologies, microturbines and reciprocating engines, and then design the recommended cogeneration system to provide electricity and heat for the Bucklin Point Wastewater Treatment Facility.

A Request for Qualifications and Proposal (RFQ/P) was developed and issued on June 9, 2010. The NBC received three (3) responses to the RFQ/P. The respondents were:

- 1.) Brown and Caldwell
- 2.) CHP Clean Energy
- 3.) SCS Energy

In accordance with NBC Procurement Regulations, the Executive Director designated Thomas Brueckner, P.E., NBC Engineering Manager, to coordinate a review committee to conduct a review and rating of the statements of qualifications and proposals.

Brown & Caldwell was the highest rated proposal but was also the highest cost. However, the Review Committee agreed that Brown & Caldwell's proposal was far more comprehensive than the other two. Brown and Caldwell's higher cost was justified based on their understanding of the project and was reflected in the level of effort proposed. The Review Committee recommendation is that Brown and Caldwell be awarded this design contract at the Bucklin Point Wastewater Treatment Facility for an amount not to exceed \$366,620.

Commissioner Thompson made a motion to approve Resolution 2010:26; Authorization to Award Design Services-Biogas Cogeneration System at the Bucklin Point WWTF (Amount \$366,620) Commissioner Farnum seconded the motion and the vote taken by the CEO Committee was unanimous. The motion carries.

(Chairman Mesolella is now not present)

E. Review and Approval of Resolution 2010:27; Authorization to Award Contract 121.00C Fields Point Wastewater Treatment Facility Wind Turbines (Amount \$12,168,511)

Raymond Marshall advised that on July 2, 2010 the NBC advertised a Request for Qualification/Proposals (RFQ/P) for a Guaranteed Maximum Price (GMP) Design/Build contract to design, install and provide a two year monitoring and maintenance agreement for up to three utility sized Wind Turbine Generators (WTG) at our Fields Point Wastewater Treatment Facility. The proposers could submit up to three design solutions. On August 12, 2010 proposals were received from:

1. Daniel O'Connell's Sons
2. J. L. Marshall & Sons, Inc.
3. J. K. Scanlan Company, Inc.
4. Gilbane Building Company

A review of proposals showed that a wide range of prices exists depending on the size and number of turbines involved. It was determined that the twenty year average \$/kW Hr is the best basis upon which to evaluate the submissions. The cost ranged from a high of \$0.1665 to a low of \$0.0949 per kW Hr. Interviews were conducted with the four proposal teams on August 25, 2010.

A review team composed of NBC staff members and an outside consultant evaluated the proposals and interview content. The evaluation results were unanimous with Gilbane's proposal for three Vensys 77 units being the best value at \$0.0949/kW Hr. As part of the interview process Gilbane proposed an upgraded option from the Vensys 77, to the Vensys 82. The contractor would supply and install Vensys wind turbines with 82 meter blades in lieu of the 77 meter blades. The Vensys 82 will generate 11.3% more power for our site. The increased cost for the updated turbines is \$225,000 but it does not change the rankings of the proposals. Inclusion of this increase into the analysis shows that the twenty year average \$/kW Hr decreases from \$0.0949 to \$0.0868.

Another factor to consider is Gilbane's GMP contained a qualification that a portion of the purchase cost for the Vensys wind turbine is based on the exchange rate at the date the proposal was submitted of \$1.29 U.S. per Euro. Each payment would reflect the prevailing exchange rate in effect at the time of payment. This adjustment would be based on \$3,120,000 Euro. We asked the manufacturer if they would submit a fixed price in US dollars based a December 1, 2010 purchase order and they have quoted an additional cost of \$290,200. The inclusion of the fixed price provision would bring the twenty year average \$/kW Hr up from \$0.0868 to \$0.0887; still, that would be the lowest cost of all the options submitted. It is important to note that we would not have to decide on accepting the fixed price option until December 1, 2010 and Resolution 2010:27 reflects that fact.

Mr. Marshall advised that as with all projects of this size and complexity there will be ancillary costs for the project including but not limited to: advertising, printing, specialty engineering consultants (maximum contract ceiling of \$20,000), soil/material testing firms and staff time to do field inspections and administer the contract. Specific to this project and as a separate procurement process, the NBC will need to hire an independent testing firm to perform vibration monitoring, settlement monitoring and post installation testing during foundation installation estimated at \$100,000. The latter will be brought to the Board at a later meeting for separate review and approval. This Contract will be funded through Capital financing.

We respectfully request your approval of the attached Resolution **2010:27** Authority to Award Contract 121.00C – Fields Point Wastewater Treatment Facility Wind Turbines to Gilbane Building Company of

Providence, RI for a cost not to exceed \$12,168,511 (\$11,653,311 plus \$225,000 for the Vensys V82 model and \$290,200 to establish a fixed cost for turbines) because they have been determined to have submitted the proposal that is in best interest of the NBC. The contract is subject to the approval of the Contractor's MBE/WBE plan and EEO requirements by the Rhode Island Department of Administration. This authority will allow the Chairman and Executive Director to decide at the time of contract execution which would be the better way to structure the contract, accept the fixed price option or pay the prevailing exchange rate at the time of payments.

Commissioner Farnum made a motion to approve Resolution 2010:27; Authority to Award Contract 121.00C – Fields Point Wastewater Treatment Facility Wind Turbines to Gilbane Building Company of Providence, RI for a cost not to exceed \$12,168,511. Commissioner Thompson seconded the motion. Chairman Mesolella was not present. The vote taken by the remaining members of the CEO Committee was unanimous. The motion carries.

F. Review and Approval of Resolution 2010:28; Authorization to Increase the Authorized amount for the Owner Controlled Insurance Program for the Phase I CSO Facilities (Amount of Increase \$2,300,000)

Mr. Marshall stated that in May 2001, the Board approved Resolution 2001:15 authorizing the award of a contract to provide an Owner Controlled Insurance Program (OCIP) for the CSO Phase I Facilities in an amount of \$15 million.

The OCIP provided for Workers Compensation, General Liability, Builders Risk and Umbrella coverage for all contracts and contractors involved in Phase I work. The cost of the program was based on a March 2001 estimate of a 70 month Phase I construction program and an expected construction payroll of \$61,250,000. After construction was completed the workmen's compensation carrier Liberty Mutual, conducted a payroll audit and determined the final payroll was \$70,613,438 over an 87 month time period.

(Chairman Mesolella returns)

Mr. Marshall advised that OCIP costs increased based upon the documented payroll increase, the cost of worker's compensation claims and the additional 17 months of program exposure. Mr. Marshall noted that 12 months were part of an approved DEM extension based on a differing site condition claim and 5 months were attributable to project demobilization, site cleanup and punch list work. The OCIP cost is now expected to finish at \$17.3 million.

We respectfully request approval to increase the authorized amount for the OCIP by \$2.3 million based upon the actual Phase I statistics resulting in a total authorized amount of \$17.3 million.

Commissioner Thompson made a motion to approve Resolution 2010:28; Authorization to Increase the Authorized amount for the Owner Controlled Insurance Program for the Phase I CSO Facilities (Amount of Increase \$2,300,000). Commissioner Worrell seconded the motion. The vote taken by the members of the CEO Committee was unanimous. The motion carries.

4. Other Business

None.

5. Adjournment

A motion to adjourn was made by NBC Chairman Mesoella, seconded by Commissioner Farnum and the CEO Committee meeting adjourned at 9:47 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Raymond J. Marshall".

Raymond J. Marshall, P.E.
Executive Director/Secretary