

**Memorandum
Public Works Department**



To: City Manager
Subject: Utilities Privatization on the Rock Island Arsenal
Date: May 16, 2016
Number: 2016-098

Attached is a proposed agreement for professional services with Mead & Hunt; Middleton, Wisconsin; for consulting services on the Utilities Privatization on the Rock Island Arsenal Request for Proposal.

The Engineering Division solicited qualifications from firms to assist the City in studying the possibility of submitting on the Defense Logistics Agency (DLA) intention to release a Request for Proposal (RFP) to privatize the utilities on the Rock Island Arsenal in early 2017. Mead & Hunt was selected and approved by the City Council at their May 9, 2016 meeting.

Mead & Hunt proposes to provide their engineering services at an estimated total cost of \$82,660. This is based upon the completion of tasks 1 thru 5. Task 6 is optional and will be decided upon based on the results of the first five tasks and if it is decided to proceed with the RFP process.

Recommendation

The Public Works Department recommends that the City Council approve the agreement for professional services with Mead & Hunt; Middleton, Wisconsin; at a total estimated fee of \$82,660 and that the City Manager be authorized to sign the agreement on behalf of the City of Rock Island.

Vendor: Mead & Hunt; Middleton, Wisconsin
Contract Amount: \$82,660

Accounts Chargeable:

Fund:	501	Water Operations & Maintenance
Division:	618	Utilities Services
Cost Center:	356	Water Distribution Maintenance
Object Class:	53112	Consultant Services
Project Code:	2779	Utilities Privatization on the Rock Island Arsenal

Submitted by: Randall D. Tweet, Public Works Director
Michael J. Kane, P.E., City Engineer

Approved by: Thomas Thomas, City Manager



3000 Industrial Blvd.
Rock Island, IL 61201
Phone: 309.399.8800
Fax: 309.399.8801

May 13, 2016

Mr. Michael Kane
City Engineer
City of Rock Island
1309 Mill Street
Rock Island, IL 61201

Mr. Kane,

Thank you for selecting the Mead & Hunt team to work with you to prepare for the upcoming Utility Privatization process for the Rock Island Arsenal. I'm pleased to submit this proposal to assess the viability of this opportunity for the City. I will serve as the Project Manager (PM), with the support of my internal team and Stanley Consultants. The below scope of work and schedule will enable Rock Island to be a step ahead and better prepared once the request for proposals (RFP) is released by DLA.

SCOPE OF WORK

Assuming authorization to proceed by June 1, 2016, the following tasks will be executed:

Task 1 – KICKOFF and SYSTEM CHARACTERIZATION Initial kickoff call with City and Mead & Hunt team, followed by data request submitted to City to support remaining efforts. Estimate condition of systems and probable capital investment required over a 50-year contract term. Estimate size and make-up of systems (rough inventory) and assign age and value to system components. Calculate probable R&R of systems. **Deliverable:** Input to Task 2 (Due July 15).

PM hours – 16

Technical support hours – 86

Administration hours – 8

Task 2 – FINANCIAL DEVELOPMENT Estimate the financials for a Utility Privatization deal (revenues to the City) including O&M, R&R, initial system deficiency corrections (ISDCs) and transition. Develop tentative time and materials/equipment requirements for O&M, input R&R from Task 1, estimate ISDCs, and develop rough transition costs. **Deliverable:** Draft pricing model spreadsheet (Due August 15).

PM hours- 20

Technical support hours – 52

Administration hours – 4

Task 3 – RISK PROFILE Develop risk profile of the opportunity (what risks the City will need to consider and mitigate) considering likely terms and conditions of a Utility Privatization contract. Use previous experience to identify contract clauses, risks of such clauses, and options to mitigate/control risks. Includes one meeting with City staff and PM and Project Engineer in Rock Island. **Deliverable:** Word document with risks and mitigations (Due September 1).

PM hours – 56 including travel

Technical support hours – 48 including travel

Administration hours – 8

Expenses - \$550

Task 4 · SWOT Develop pros and cons of Utility Privatization for the City leadership. Based on outcomes of Tasks 1-3, document strengths, weaknesses, opportunities, and threats (SWOT) for the City.

Deliverable: Word document detailing strengths, weaknesses, opportunities, and threats (Due September 15).

PM hours- 28

Technical support hours – 24

Administration hours – 4

Task 5 – PRESENTATION Initial outline of "deal" to City Council (risks, pros and cons, financials).

Deliverable: Package of Task 2, 3, and 4 deliverables along with Executive Summary, and one on-site presentation of opportunity to City leadership by Jeff Sorenson and Stanley Consultants (1 person) on or about October 1.

PM hours – 32 including travel

Technical support hours – 28

Administration hours – 6

Mr. Michael Kane
May 13, 2016
Page 3

Task 6 – COMMODITY CONTRACT (Optional) Advise the City regarding options to provide water service to the Rock Island Arsenal in addition to or in lieu of Utility Privatization. Options include adding the commodity in the UP proposal as an incentive, or offering a separate unsolicited proposal to sell water to the Government. **Deliverable:** Draft and final pros and cons report, and financial comparison of commodity vs. privatization. (Due date TBD)

PM hours-48

Technical support hours – 60

Administration hours – 8

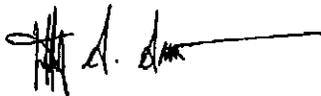
Expenses - \$550

The lump-sum fee for proposed for scope of work Tasks 1-5 is \$82,660. Task 6, if selected, is an additional \$22,960. Our general terms and conditions are attached. Upon approval, Mead & Hunt will subcontract with Stanley Consultants for local technical support.

I look forward to your response and to working with you.

Sincerely,

Mead & Hunt, Inc.

A handwritten signature in black ink, appearing to read "Jeffrey S. Sorenson", with a long horizontal line extending to the right.

Jeffrey S. Sorenson, PE, CFM, DBIA
Vice President

Attachment: IL General Terms and Conditions

Cc: Mike Helms, Stanley Consultants

Mead & Hunt, Inc.
General Terms and Conditions ("General Terms") for Engineering,
Architectural, or Consulting Services
Illinois

1. Receipt of the attached signed Contract (Contracts, Proposal, or Letter) will be considered written authorization to proceed.
2. Mead & Hunt, Inc. will bill the Client monthly, according to the payment method set forth in the Contract, with net payment due within thirty (30) days. Past due balances shall be subject to an interest charge at a rate of 1% per month. In addition, Mead & Hunt, Inc. may, after giving ten (10) days' written notice, suspend service under any agreement until the Client has paid in full all amounts due it for services rendered and expenses incurred, including the interest charge on past due invoices. The fees or rates stated in the attached contract does not include any applicable state and local sales or use taxes or gross receipts taxes. Any such taxes shall be the sole responsibility of the Client to pay.
3. The fees and scope of services stated in the attached document constitute an estimate of the fees and tasks required to perform the services as defined. For those projects involving conceptual or process development service, activities often cannot be fully defined during initial planning. As the project progresses, facts uncovered may also reveal a change in direction which may alter the scope. If the Client requests modifications or changes in the scope of the project, the time of performance of Mead & Hunt, Inc.'s services and the fees shall be adjusted before Mead & Hunt, Inc. undertakes the additional work. Mead & Hunt, Inc. is not acting as a Municipal Advisor as defined by the Dodd Frank Act.
4. The Client shall be liable for and shall indemnify and hold Mead & Hunt, Inc. harmless for all costs and damages incurred by Mead & Hunt, Inc. for delays caused in whole or in part by the Client's interference with Mead & Hunt, Inc.'s ability to provide services, including, but not limited to, the Client's failure to provide specified facilities or information, or inaccuracies in documents or other information required to be provided by the Client to Mead & Hunt, Inc. Mead & Hunt, Inc. reserves the right to renegotiate the contract because of any unforeseen delays caused by events beyond Mead & Hunt, Inc.'s control, such as funding for the project.
5. The Client agrees to provide such legal, accounting and insurance counseling services as may be required for the project.
6. Mead & Hunt, Inc. will maintain insurance coverage for: worker's compensation, general liability, automobile liability, and professional liability. Mead & Hunt, Inc. will provide information as to specific limits upon written request. If the Client requires coverages or limits in addition to those that Mead & Hunt currently has in effect as of the date of the agreement, premiums for additional insurance shall be paid by the Client.
7. The limit of liability of Mead & Hunt, Inc. (including its current or former employees, officers, directors, or shareholders) to the Client for any damages will be for a period of twelve (12) months from the date of the last bill from Mead & Hunt being first submitted to the Client regardless of whether or not such bill was paid by Client, and the extent any liability including all damages (direct, consequential, indirect, incidental, or other damages), claims, costs, expenses and legal fees of Mead & Hunt, Inc. (including its current or former employees, officers, directors, or shareholders) and its sub-consultants to the Client or any and all third parties is limited to the amount of the fees billed by Mead & Hunt, Inc. to the Client during the 12-month period prior to the date of the last bill being first submitted to the Client.
8. Mead & Hunt, Inc. and the Client agree that the ultimate liability for contaminants or pollutants regardless of its source, and for the actual, alleged, or threatened discharge, dispersal, release, or escape of pollutants, mycotoxins, spores, smoke, vapors, soot, fumes, mold, acids, alkalis, toxic chemicals, mildew, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, buildings, the atmosphere, or body of water shall remain with the Client; and the responsibility and/or liability for any of the foregoing and for the ownership and maintenance of any toxic, hazardous, or asbestos materials relating to the project shall remain with the Client.
9. Client and Mead & Hunt, Inc. shall not, during the term of the Contract or after the termination of the Contract for a period of one year disclose any Confidential Information to any person or entity, or use any Confidential Information to any person or entity, or use any Confidential Information for the benefit of Client or Mead & Hunt, Inc. as the case may be, or any other person or entity, except with the prior written consent of Mead & Hunt, Inc. or the Client, as the case may be, or as required by law. The term "Confidential Information" means information marked or designated by Mead & Hunt, Inc. or the Client as confidential. Confidential Information includes, but is not limited to, ideas, specifications, techniques, models, data, programs, documentation, processes, know-how, and financial and technical information.
10. Termination of the Contract by the Client or Mead & Hunt, Inc. with or without cause, shall be effective upon ten (10) days' written notice to the other party. The written notice may or may not include the reasons and details for termination. Mead & Hunt, Inc. will prepare a final invoice showing all charges incurred through the date of termination; payment is due as stated in Paragraph 2. If the Client breaches the Contract or if the Client fails to carry out any of the duties contained in these General Terms, Mead & Hunt, Inc. may, upon ten (10) days' written notice, suspend services without further obligation or liability to the Client.
11. Mead & Hunt, Inc. may release data, models, plans, CAD files, and/or drawings electronically or by any other means to any other party involved in the project; and if such release is not provided for in the Scope of Services, fees may be adjusted before the documents are prepared for electronic submittal. Data and image files, both electronic and hard copy (hereinafter "files") are part of Mead & Hunt, Inc.'s instruments of service and shall not be used for any purpose other than for the described project. Any reuse of files or services pertaining to this project or any other project shall be at the Client's sole risk and without liability or legal exposure to Mead & Hunt, Inc. Mead & Hunt, Inc. makes no representation as to compatibility of electronic files with the Client's hardware or software. Differences may exist between these electronic files and corresponding hard-copy documents. Mead & Hunt, Inc. makes no representation regarding the accuracy or completeness of the electronic files provided. In the event that a conflict arises between the signed or sealed hard-copy documents prepared by

Mead & Hunt, Inc. and the electronic files, the signed or sealed hard-copy documents shall govern. Because information presented on the electronic files can be modified, unintentionally or otherwise, Mead & Hunt, Inc. reserves the right to remove all indicia of ownership and/or involvement from each electronic display. Under no circumstances shall delivery of the files for reuse be deemed a sale by Mead & Hunt, Inc. and Mead & Hunt, Inc. makes no warranties, either express or implied, of merchantability and fitness for any particular purpose. In no event shall Mead & Hunt, Inc. be liable for any loss of profit, delayed damages, or any consequential damages as a result of reuse or changes to files or any data therein.

12. Mead & Hunt, Inc. will provide services in accordance with ordinary generally accepted standards of professional practices. Mead & Hunt, Inc. disclaims all warranties and guarantees, express or implied. The parties agree that this is a contract for professional services and is not subject to any Uniform Commercial Code. Similarly, Mead & Hunt, Inc. will not accept those General Terms offered by the Client in its purchase order, requisition, notice of authorization to proceed, or any other contractual document except as set forth herein or expressly agreed to in writing. Written acknowledgment of receipt or the actual performance of services subsequent to receipt of such other contractual document is specifically deemed not to constitute acceptance of any terms or conditions contrary to those set forth herein. Nothing in the Contract and/or General Terms is intended to create, nor shall it be construed to create, a fiduciary duty owed by either party to the other party.
13. Mead & Hunt, Inc. cannot and does not guarantee that proposals, bids or actual project or construction costs will not vary from the actual and/or final project or construction costs or that the project or construction costs will not vary from the final costs of the project. The Client agrees to indemnify and to hold Mead & Hunt, Inc. harmless for any claim arising out of or related in any way to project or construction costs even if such claim arises out of and/or has been caused in whole or in part by negligence on the part of Mead & Hunt, Inc.
14. If the Client is a municipality or state authority or any government authority/agency, the Client agrees to indemnify and hold harmless Mead & Hunt, Inc. for all claims arising out of or related in any way to acts done by Mead & Hunt, Inc. in the exercise of legislative or quasi-legislative functions.
15. Neither the Contract nor these General Terms shall be construed as imposing upon or providing to Mead & Hunt, Inc. the responsibility or authority to direct or supervise construction means, methods, techniques, sequence, or procedures of construction selected by the contractors or subcontractors or the safety precautions and programs incident to the work of the contractors or subcontractors.
16. Mead & Hunt, Inc. shall not be liable, in contract or tort or otherwise, for any special, indirect, consequential, or liquidated damages including specifically, but without limitation, loss of use, loss of profit or revenue, loss of capital, delay damages, loss of goodwill, claim of third parties, or similar damages. Mead & Hunt, Inc. shall not be liable for any loss due to terrorism.
17. The Contract and these General Terms contains the entire understanding between the parties on the subject matter hereof and no representations, inducements, promises or agreements not embodied herein shall be of any force or effect, and these General Terms supersedes any other prior understanding entered into between the parties on the subject matter hereof. The Contract and General Terms do not create any benefits for any third party. No waiver of compliance with any provision or condition hereof shall be effective unless agreed in writing duly executed by the waiving party.

18. The parties agree that Mead & Hunt, Inc.'s services in connection with the Contract and General Terms shall not subject any of Mead & Hunt, Inc.'s current or former employees, officers, directors or shareholders to any personal legal liability for any breaches of this agreement or for any negligence in performing any services in connection with this agreement even if such claim arises out of and/or has been caused in whole or in part by negligence on the part of Mead & Hunt, Inc.'s current or former employees, officers, directors or shareholders. Therefore, notwithstanding anything to the contrary contained herein, the Client agrees that the Client's sole and exclusive remedy, for any breach of contract or any negligent performance of services in connection with this agreement shall be a claim against Mead & Hunt, Inc., and any claim, demand, suit, or judgment shall be asserted only as against Mead & Hunt, Inc.'s corporate entity, and not against any of Mead & Hunt, Inc.'s current or former employees, officers, directors, or shareholders, and the Client covenants not to sue these individuals. Each of Mead & Hunt, Inc.'s current and former employees, officers, directors or shareholders are made express beneficiaries of this Paragraph.
19. None of the rights and/or obligations of either party hereunder may be assigned except with the prior written consent of the other party, and any attempted assignment without such consent shall be void.
20. The limitations and indemnity provided herein shall not apply to the willful or intentional acts of Mead & Hunt, Inc. or its employees, shareholders, officers, or directors. The Client acknowledges and agrees that it has had an opportunity to negotiate with respect to the limitations of the General Terms and understands and agrees that if those Paragraphs were not included herein the fees for the services provided in connection with the General Terms and Contract would be significantly higher. The Client further acknowledges that it is a sophisticated party with experience in the acquisition of design services.
21. If a dispute arises out of or relates to the Contract and/or General Terms, or its breach, the parties shall endeavor to settle the dispute first through direct discussions. If the dispute cannot be settled through direct discussions, the parties shall endeavor to settle the dispute by mediation. If mediation is unsuccessful, then the parties may exercise their rights at law.
22. If any term or provision of this Contract is held unenforceable, then such provision will be modified to reflect the parties' intention. All remaining provisions of this Contract shall remain in full force.
23. Nothing contained in the Contract or the General Terms shall create a contractual relationship with or a cause of action in favor of a third party against Mead & Hunt, Inc. Mead & Hunt, Inc.'s services under the Contract are being performed solely for the Client's benefit, and no other party or entity shall have any claim against Mead & Hunt, Inc. because of the Contract or General Terms or the performance or nonperformance of services hereunder.
24. The General Terms and the Contract shall be construed and interpreted in accordance with the laws of the state of Wisconsin. No action may be brought except in the state of Wisconsin.
25. Each provision of this agreement which contains an indemnification obligation is hereby amended to limit such indemnification obligation so as not to exceed the amount and/or extent of such obligations permitted by applicable law including the limitations provided by Illinois Statute 740 ILCS 35(1-3, as applicable.