

Division of Water

Request for Legislation

Determining the method of making the public improvement of performing the Suburban Water Main Renewal Program, years 2020 through 2024, including replacing or rehabilitating water mains and their related apparatus in various suburban communities; authorizing the Director of Public Utilities to enter into one or more public improvement contracts to construct the improvement.

Background/Purpose:

The Cleveland Division of Water has executed restated water service agreements with 37 of its 60 direct service suburban communities. The agreements were negotiated with the Suburban Water Council of Governments in 2007 and were further refined in 2012. The service agreements support regional cooperation and tax sharing.

Upon execution of these agreements, local water network assets in these suburban communities are turned over to the Division of Water for ownership. CWD becomes responsible for all capital improvements required by these assets.

The Division of Water allocates \$15M annually for these required capital improvements in its Suburban Water Main Replacement Program (SWMRP.) These funds are generated by water rates charged to and paid by suburban customers.

Scope of Work/Commodities/Services:

The restated water service agreements give the suburban communities the option to have the work performed one of two ways: they can have CWD administer the contracts, or the suburb can administer the contracts and be reimbursed by CWD. The majority of the SWMRP projects are bid and awarded by the suburban communities and are then reimbursed by CWD. CWD has standing authority to reimburse the communities when the suburbs administer the contracts.

In a few instances, the projects may need to be undertaken by CWD. Cleveland needs new authority to award such public improvement contracts. Legislative authority is requested for a five year period to authorize the public improvement projects necessary to complete those suburban water main renewal projects undertaken directly by CWD.

Justification/Urgency:

As new communities execute the restated water service agreements and become eligible to receive SWMRP funding, they may not have the expertise to undertake the projects directly, or they would rather have CWD undertake and manage their projects. In particular, Parma has recently signed the restated water service agreement and has requested that CWD administer their projects. Also, in certain circumstances, it may be beneficial for CWD to directly undertake and manage projects.

Anticipated Costs and funding source:

The Division of Water allocates \$15 million annually to this program. In recent years, most communities have chosen to administer the contracts themselves and be reimbursed. We anticipate the amount to be allocated

to public improvement contracts awarded and managed by CWD will be about \$1.5M per year. The funding sources will be various future bonds and/or operating revenue.

Schedule or Term of Contract:

Legislation is to lead to Public Improvement contracts for a period of five years.

Previous Contracts for Public Improvement:

Vendor	Work Done	Contract Info	CSB Participation (OEO Actual %s)
TY Inc. PO Box 330 Hinckley, OH 44233	Hickory Lane - Seven Hills	Contract #: 2013-082 Awarded Amt: \$221,355.20	27.558%
Terrace Construction 3965 Pearl Rd, Cleveland, OH 44109	Drakefield, Shoreview, Mallard, Oriole, and E. 266 th - Euclid	Contract #: 2013-083 Awarded Amt: \$3,133,300.67	30%
TY Inc. PO Box 330 Hinckley, OH 44233	Cherry and Starlight – Seven Hills	Contract #: 2010-66 Awarded Amt: \$1,173,056.84	20.8%
Utilicon Corp 888 E 70 St Cleveland, OH 44103	City of Euclid	Contract #: 2010-68 Awarded Amt: \$3,971,262.90	30%
Terrace Construction 3965 Pearl Rd, Cleveland, OH 44109	West Park, Lansmere, and Stockholm – Shaker Heights	Contract #: 2011-50 Awarded Amt: \$1,269,011.68	30%
Terrace Construction 3965 Pearl Rd, Cleveland, OH 44109	Winchell, Newell, Maynard, and Colton – Shaker Heights	Contract #: 2012-13 Awarded Amt: \$1,122,205.26	30%
Terrace Construction 3965 Pearl Rd, Cleveland, OH 44109	South Park, Broxton, and Morley – Shaker Heights	Contract #: 2010-51 Awarded Amt: \$918,100.98	30%
Terrace Construction 3965 Pearl Rd, Cleveland, OH 44109	Chalfant, Avalon, Latimore, and Helen – Shaker Heights	Contract #: 2010-50 Awarded Amt: \$1,446,192.00	30%
Monte Construction 9290 Amber Wood Dr Kirtland, OH 44094	E. 252 nd and E. 276 th - Euclid	Contract #: 2010-53 Awarded Amt: \$763,923.38	30%