

CITY OF BETHLEHEM
INTER-DEPARTMENTAL CORRESPONDENCE

SUBJECT: Request for Approval by City Council of Contract Award or Contract Price Increase Pursuant to City Ordinance, Article 121.05 (a)

Project or Contract Reference: Update of Capital Value and Depreciation of the City's Water System

TO: City Council, all members, and Council Solicitor

FROM: Edward J. Boscola, P.E. Director of Water and Sewer Resources

DATE: January 2, 2019

On behalf of the Administration, pursuant to City Ordinances, Article 121.05, I request City Council's approval of the following recommendation of the referenced contract award or price increase.

- Check Type of Contract or Change:

 The contract is for over \$50,000 and required to be bid under the Third Class City Code. We have advertised the above referenced project and received qualified bids. We recommend award of the contract to the bidder identified and for the reasons stated below.

 The recommendation is for a price increase of 10% or more for an existing contract over \$50,000 that was previously bid and awarded under the Third Class City Code.

 X The contract is for the engagement of professional services. We have received one (1) proposal for professional services in connection with above referenced requirement for professional services. We recommend award of the contract to Gannett Fleming Valuation and Rate Consultants, LLC.

- Is the contract appropriation or price increase included in this year's budget? X yes no
2019 Water Fund Operating Budget.

- Identify contract funding sources (general fund, grants, loans, etc.....):

Account #2006-42055 – Water General Expenses – Professional Services

- The name and address of the recommended Professional Service Provider are:

Gannett Fleming Valuation and Rate Consultants, LLC

P.O. Box 67100
Harrisburg, PA 17106-7100

- Term of contract or estimated completion date, subject to standard extensions:

The contract shall run from the Notice to Proceed until April 30, 2019.

- Description of project or scope of services to be provided:

The update of the capital value of the water system will include a bring-forward of the original cost of utility plant by account as of December 31, 2018, including an estimate of the retirements associated with the plant additions. In addition, the book reserve will be determined as of the same date, and calculations of annual and accrued depreciation will be performed. A summary schedule presenting the results of the calculations will be provided by April 19, 2019.

- State the actual or estimated price to the City or the proposed Department budget allowance for the initial term; and state payment rate per unit of service if applicable:

\$5,800.00

- Number of renewal term options and duration of each renewal, if any:

GFVRC, LLC is agreeable to renewal of this contract for up to four (4) additional 1 year terms with mutual consent of the City. (2020-2023). The contract price may be increased by no more than 5% for each renewal year.

- Maximum dollar value of all renewals provided for beyond the original term as if all renewals were exercised:

\$26,249

- Reasons for recommendation of Administration and Council approval of contract Amendment:

- Gannett Fleming has provided this service annually to the City for well over 33 years.
- Gannett Fleming has maintained and updated the database which includes the original cost of plant installed by year for over 100 years for each type of plant account.
- Gannett Fleming calculates the remaining life depreciation using their proprietary software based on service life estimates for each plant account that have been approved by the PA PUC.

Please approve this recommendation by passing the accompanying resolution. A vote of final approval is requested at the first City Council agenda listing of this matter.

By: 
Department Head

Copies To: Mayor
Director of Administration
Director of Budget and Finance
Law Bureau
Purchasing Bureau
Controller

Attachment: proposed resolution

RESOLUTION NO. _____

Authorization for Contract or Amendment under Article 121.05(a)

BE IT RESOLVED by the Council of the City of Bethlehem that the Mayor and the Controller and/or such other City officials as deemed appropriate by the City Solicitor, are hereby authorized to execute a Contract or Amendment and such other agreements and documents as are deemed by the City Solicitor to be necessary and/or related thereto, with the following named contractor, for the uses and purposes indicated in the supporting Recommendation of Award of Bid or Contract dated January 2, 2019:

1. Name of Contractor: Gannett Fleming Valuation and Rate Consultants, LLC.
2. Project or Contract Reference: Update of Capital Value and Depreciation of the City's Water System

Sponsored by _____

ADOPTED by Council this _____ day of _____, 20__.

President of Council

ATTEST:

City Clerk