



Tom Heikkinen – General Manager  
119 E. Olin Avenue  
Alan L. Larson P.E., Principal Engineer  
Madison, Wisconsin 53713  
Telephone: 608 266-4651

## **MEMORANDUM**

**Date:** July 20<sup>th</sup>, 2016

**To:** Water Utility Board

**From:** Seth McClure, PE  
Asset Manager

Al Larson, PE, BCEE  
Principal Engineer

**Re:** Strategic Asset Management Plan, RFP # 8537-0-2016-BP  
Recommendation to the Board for Consulting Services

### **Background**

Although Madison Water Utility is under increasing pressure to reduce capital expenditures, the Utility is dedicated to maximizing the service life and value of its assets and to optimizing its capital improvement process. Even though the Utility has been focused for some time on the life-cycle costs and sustained performance of its assets it nevertheless requires a systematic integration of those efforts. To that end, the Utility advertised for professional managerial consulting services to assist in the creation of a high-level, strategic asset management plan (SAMP) that will allow the utility to implement asset management as an on-going business practice. This plan will incorporate the multiple strands of asset management presently practiced by the utility into a comprehensive system and explicit set of policies to guide the practice of asset management across different asset classes. The goal of the eventual SAMP is to serve as a real-time assessment tool for the condition of the utility's physical assets that can be used to guide operations and maintenance, water quality, and capital improvement planning.

### **Request for Proposal (RFP) and Advertising**

A request for consultant services was prepared for the project. The RFP was electronically transmitted to the standard engineering firm distribution list which includes over 30 different companies. The RFP was also posted by the City on VendorNet and Bid Express.

### **Proposals**

Six proposals were received on June 3<sup>rd</sup>, 2016 and distributed to a review committee of three Water Utility employees from the asset management team: Seth McClure and Peter Braselton from Engineering and Dan Rodefeld from Operations and Maintenance. Proposals were also given to Claudia Haack, Sustainable Infrastructure Manager for Madison Metro Sewerage District.

## Review

After reviewing the proposals independently the committee met on June 23<sup>rd</sup> to discuss what firms would be invited to interview. The proposals were evaluated within four main categories:

1. Project Understanding
  - a. Clear understanding of asset management as a business practice or strategic framework
  - b. Clear understanding of project
  - c. Clear understanding of utility needs
2. Asset Management Experience
  - a. Experience working with water/wastewater utilities of Madison's size and complexity
  - b. Experience guiding or developing strategic asset management practices
  - c. Inclusion of relevant examples for other utilities
  - d. Organizational chart showing project team and respective duties
  - e. Clear indication of project team's individual expertise
  - f. Knowledge of technical issues related to asset management
3. Quality of Proposal
  - a. Presentation of detailed and realistic timeline for completion of project
  - b. Discussion of any challenges related to project scope of work and/or budget
  - c. References provided
  - d. Proposal correctly formatted
  - e. Proposal clearly and concisely written
4. Other
  - a. Local contractor or sub-contractor
  - b. Emphasis placed on partnership and transfer of duties to utility
  - c. Intangibles

The proposals varied widely in their quality and focus, but two (from EMA and GHD) were clearly superior.

<b>FIRM</b>	<b>REVIEWER 1</b>	<b>REVIEWER 2</b>	<b>REVIEWER 3</b>	<b>REVIEWER 4</b>	<b>AVERAGE</b>
GHD	95	87	81	61	81.00
EMA	<b>90</b>	<b>90</b>	<b>69</b>	<b>58</b>	<b>76.75</b>
Stantech	86	77	48	61	68.00
<b>Turner Townsend AMCL</b>	<b>83</b>	<b>56</b>	<b>20</b>	<b>48</b>	<b>51.75</b>
Schumaker	80	37	30	36	45.75
<b>Graef</b>	<b>34</b>	<b>71</b>	<b>41</b>	<b>35</b>	<b>45.25</b>

The committee decided that the Utility would need to interview the two firms to get a better sense of which would be the appropriate candidate for the strategic asset management plan. The firms were asked to give a 30 minute presentation that discussed the following topics:

- How will GHD/EMA educate three divisions of MWU: water board, management, and staff on the topic of asset management?
- How will GHD/EMA incorporate the aforementioned divisions of MWU into the AM planning process?

- At the end of this contract, what deliverable will MWU possess that will enable MWU to move forward with our asset management system with or without GHD's/EMA's assistance.
- Discuss, in detail, how you foresee the division of responsibility for creating and promoting the SAMP between GHD/EMA and MWU
- Present what you feel to be a realistic 5 year plan/schedule for implementing an asset management system at MWU. In this plan please address the roles of both GHD/EMA and MWU as the system progresses.

Four Water Utility employees were asked to serve on the interview panel: Seth McClure, Asset Manager; Al Larson, Principal Engineer; Joe Grande, Water Quality Manager; and Amy Barrilleaux, Public Information Officer. The cost/time estimates submitted by the consultants were also considered as a part of the evaluation. These submittals were opened and reviewed following discussion and ranking of the applicants. Submitted hours and costs are as follows:

<u>FIRM</u>	<u>HOURS</u>	<u>COST</u>
GHD	486	\$ 99,216.00
<b>EMA</b>	<b>460</b>	<b>\$ 99,975.00</b>

### **Recommendation**

Based on the quality of the proposals, the quality of their presentation, the responses from their provided references, and their focus on education and training, all members of the interview panel agreed that GHD was the best fit for this project.

In particular:

- GHD presented a month-by-month work plan and roadmap that clearly detailed all tasks involved in the delivery of a strategic asset management plan.
- GHD's cost estimates were similarly detailed, allowing the committee to see just who of the proposed staff would be interacting with the Utility on a day-to-day basis.
- GHD clearly delineated in their proposal and their presentation the difference between strategic and tactical asset management
- GHD clearly delineated in their proposal and their presentation the division of responsibility between the consultant and the Utility. In addition, they emphasized the necessity of training and educating Utility staff such that, eventually, MWU would run its asset management program without assistance from consultants.
- Conversations with GHD's references (Madison Metropolitan Sewerage District, Washington Suburban Sanitary Commission) confirmed the high quality of their work and their ability to engage staff in the overall asset management program as well as their experience with similar projects
- GHD's presentation demonstrated their ability to conduct engaging, informative workshops—a key element in establishing an asset management program at the Utility

Following a comprehensive review of GHD's references, proposal, and presentation the committee unanimously recommends the hiring of GHD for the creation and implementation of the Utility's strategic asset management plan.