



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-098

SYNOPSIS -

AGENDA:

MARCH 15, 1999

SUBJECT:

PROFESSIONAL
SERVICES
AGREEMENT TO
PROVIDE
ENGINEERING
SERVICES RELATED
TO THE CHANGE
MANAGEMENT
PROGRAM AT THE
WRA

The professional engineering firm of EMA Services, Inc., George Mathes, President, 1970 Oakcrest Avenue, St. Paul, MN 55113, has an amended agreement with the City, 98-242, to design a Change Management Program and a replacement for the Process Control System at the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) Wastewater Reclamation Facility. An Agreement Amendment Number Three has been negotiated based on actual cost plus a fixed fee to provide for Professional Engineering Services for the second part of the Phase II Competitive Strategic Plan. The proposed fee for Amendment Number Three is \$375,364 plus a fixed fee of \$47,496.

TYPE:

FISCAL IMPACT -

Funds to support this project are budgeted in Capital Improvement Program (CIP) Index Code 396267, WRA Regional Wastewater Treatment Plant - General Replacement and Facility Modifications, Account 521020, Fund EN267, Organization ENG990000, Project/Grant WRA 062.

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

SUBMITTED BY:

Approval of the proposed Engineering Services Agreement Amendment Number Three with EMA Services, Inc.

FLOYD BENTZ
ACTING CITY
ENGINEER

BACKGROUND -

The original agreement (Roll Call No. 97-2709) passed on August 4, 1997, was to conduct an assessment of the WRA relative to private contract operations for an estimated \$25,000 total fee and evaluate the Process Control System for the balance of \$71,500. Amendment Number One was for

\$444,450 to design the PCS replacement system, which is approximately 50 percent complete. Amendment Number Two was to conduct the first part of Phase II as shown on the first attachment ("Change Management Process") from the EMA proposal for Amendments Number One and Two. This work was to design the preliminary Change Program through development of the Steering Team and the first Design Teams identified in level two of the pyramid shown on the second attachment ("A Solid Foundation Yields A Solid, Competitive Utility"). The total fee for this Amendment Number Two is \$172,080. These amendments were passed on June 15, 1998, Roll Call No. 98-1930, and the work is essentially complete.

This Amendment Number Three is to conduct the second part of Phase II shown on the same page that includes tasks three and four and to finish task two on the pyramid. The Change Management Program activities for this work is to facilitate meetings and the agenda of the Steering Team, Total Productive Operations Team, Program Driven Maintenance Team, and forming the Computer Technology and Work Force Flexibility Teams. This phase of Change Management will initiate re-engineering business practices developed by the initial design teams. These new practices will result in:

- Less attended operations made possible through the new PCS;
- Increased proactive, predictive maintenance with 75 percent of all work planned and performed prior to failures;
- Changes in employee's skills, training, and incentives; and
- Improved processes for purchasing goods and services.

These improved business practices will provide the WRA customers with the highest quality products and services at the lowest possible costs and do so in an environmentally responsible manner.

This amendment will also address the Laboratory Information Management System and the Computerized Maintenance Management System. The total fee for this effort is \$422,860; and this amendment will take the project through June 30, 2000. The WRA is still in the Design Change Program area shown on the third attachment ("Involvement on a Continual Basis Leads to Self-Sufficiency"). As can be seen, the involvement of EMA is scheduled to reduce until the WRA is

self-sufficient in the new ways of doing business.

The final Phase III, estimated between \$200,000 and \$400,000, may include a share of savings clause for the consultant's fee and will last one to two years. The teaming approach and change in cultural attitudes resulted in a cost reduction of \$470,000 in 1997/1998 over 1996/1997 as previously reported. Similar savings are anticipated for 1998/1999. Other communities have had great success working with EMA in lowering costs through this process. Colorado Springs, Houston, Phoenix, Toronto, and other communities and special districts or commissions have realized return on investments of less than two years. The potential payback for the Des Moines metropolitan area is very significant and over the life of the facility will result in millions of dollars in savings.

There will also be an amendment for the construction services and application configuration of the replacement Process Control System scheduled for advertising for Requests for Proposals later this fiscal year for an estimated \$595,000.

The funds for the Change Management Program are from the minor improvements funded in the CIP. EMA's contract also includes the Process Control System design, construction services, application configuration, and the new system funded in the CIP Fund EN267, Organization ENG990000, Project WRA066, which is supported entirely from Renewal and Replacement Fund transfer from the accumulated balance.

Attachments