



THE CITY OF KEY WEST

Post Office Box 1409 Key West, FL 33041-1409 (305) 809-3700

TO: Jim Scholl, City Manager
Greg Veliz, Asst. City Manager – Operations
Sarah Spurlock, Asst. City Manager - Finance

FROM: John Paul Castro, Utilities Director

CC: Elizabeth Ignoffo, Permit Engineer

DATE: October 27, 2014

SUBJECT: **Ratification of the City Manager’s Emergency Approval for Mechanical Integrity Testing of the Richard A. Heyman Environmental Protection Facility Injection Well System by the Layne Christensen Company, in the Amount of \$79,651.00**

ACTION STATEMENT:

This resolution will ratify the City Manager’s emergency approval of the contract with Layne Christensen Company for mechanical integrity testing on the injection wells located at the Richard A. Heyman Environmental Protection Facility, IW-1 and IW-2, in the amount of \$79,651.00, based on a cost of \$33,785.00 per well, \$6,081.00 for payment and performance guarantee and insurance, and \$6,000.00 water use charges allowances.

The agreement was executed pursuant to City of Key West Code of Ordinances Sec. 2-797(2), exemption for emergency procurement, which authorizes the City Manager to make emergency procurement to approve contractual services where the cost exceeds \$20,000.00 and when there exists a threat for substantial loss to the city.

BACKGROUND:

City of Key West operates an injection well system for disposal of treated effluent from the Richard A. Heyman Environmental Protection Facility, consisting of two (2) deep injection wells, IW-1 and IW-2, and associated monitoring wells.

Chapter 62-528, F.A.C. stipulates each injection well must undergo mechanical integrity testing (MIT) every five (5) years. Most recent MIT on injection wells, IW-1 and IW-2, was completed on December 1 and December 6, 2009, respectively. MIT is scheduled to be completed no later than December 1 and December 6, 2014, respectively.

It is recommended to utilize a well service company familiar with Class I injection well testing, to perform the MIT on both wells, prior to December 1, 2014.

MEMORANDUM

PURPOSE & JUSTIFICATION:

Sec. 2-797(2) advises emergency procurement shall be made with such competition as is practical under the circumstances. Broward County, Florida publicly advertised, received four competitive responsive bids with unit price per well ranging from high to low, \$54,000.00; \$35,600.00; \$35,000.00; and \$33,785.00, and awarded Solicitation No. Y1128904C1 for wastewater treatment plant injection well mechanical integrity testing on July 31, 2013. Five years ago, MIT cost per well was \$31,000.00.

The Broward County competitive procurement low bidder was Layne Christensen Company. The City of Key West is seeking to complete MIT prior to December 1, 2014 to avoid significant financial penalty for missing the scheduled completion date. The contractor has agreed to provide MIT services to the City of Key West for the Broward County bid price per well, \$33,785.00, plus the same payment and performance guarantee, insurance, and water use charges allowances and meet the specified deadline of December 1.

An informal solicitation was conducted and there were two respondents other than Layne Christensen Company. All Webbs Enterprises, Inc. and Southeast Drilling Services, Inc. prices matched the Broward County bid plus additional costs to mobilize to Key West. The price from Layne Christensen Company is fair and reasonable.

Mechanical integrity testing will include the following:

- Video survey from land surface to below base of casing and observable open-hole interval;
- Pressure test of the injection casing;
- Background geophysical logging, consisting of high-resolution temperature measurements, casing collar locator, and gamma ray logs; and
- Radioactive tracer survey.

The testing will start November 10th and complete on November 18th at which time it will be immediately reported to FDEP for permitting compliance.

FINANCIAL IMPACT:

Funds for the deep injection well MIT were budgeted in FY 13/14 and rolled into reserves. A budget transfer from reserves, account 401-3501-535-9700, to Renewal and Replacement, Repairs and Maintenance account 401-3503-535-4600 will be necessary to fund the testing.

RECOMMENDATION:

City staff recommends ratification of the City Manager's emergency procurement for Mechanical Integrity Testing services at the Richard A. Heyman Environmental Protection Facility in the amount of \$79,651.00