ACEC Indiana reports water-related infrastructure needs at $15 Billion over next 20 years

ACEC Indiana presented “Water-Related Infrastructure Funding Needs for Indiana” to the Interim Legislative Study Committee on Environmental Affairs at its meeting on Oct. 28 at the invitation of Chairman Ed Charbonneau (R-Valparaiso.)

Needs for Drinking Water, CSO, Wastewater Conveyance/Treatment, Septic, and Stormwater totaled $15.72 Billion over the next 20 years. Concerns about Indiana’s 1,088 dams and 1,800 miles of levees were also highlighted.

Mike Cline, Beam Longest & Neff, made the presentation on behalf of ACEC Indiana, which was developed by select members of the Funding Sources Committee. Cline stressed that “the need is far greater than funds available.”

Demonstrating Indiana’s capabilities when additional revenue was available, Cline compared SRF projects completed during ARRA in 2010 vs. 2014 which was considered a “typical year” for funding. He reported that Indiana completed 4 times as many projects and spent proportionately, so if additional revenue could be created in future, many communities could benefit and ACEC Indiana firms can deliver.

“Without additional help, many communities will face economic impact, public health concerns, and environmental impact. SRF, OCRA, and USDA/RD funds are fully used now,” Cline reported.

ACEC Indiana recommends that the next step be an evaluation of new funding sources to supplement existing sources from federal and state programs, since they are not able to keep up with growing needs, with an eye on the next budget session in the 2017 General Assembly.

Thank you to the following members for lending their expertise to this important presentation: Zach Bishton, Laurie Christie, Mike Cline, Mike Hinton, Bob Holden, Sarah Hudson, Tim Miller, Jeremy Schmidt, Julie Surber, and Patti Yount. All presentations from the legislative hearing will be available at http://iga.in.gov/legislative/2015/committees/i_environmental_affairs_interim_study_committee_on

For more details on the IFA study, click here to visit ACEC Indiana’s website.

CEG Outlines “Master Services Agreement” Plan

In July of 2015, a Request for Information was developed by Citizens to collect information from existing inventory of Professional Service vendors who currently have Master Services Agreements (MSAs).

Although the current number of vendors with MSAs will likely be reduced, opportunities will still exist for unique or one-time service opportunities and additionally significant opportunities will still exist for firms working as sub-consultants, whether as a diversity firm or local vendor.

Second tier subcontracting opportunities allows Citizens to continue its commitment to the economic viability of its communities through support of local and diverse vendors.

For the full letter from Mark Jacob, Vice President of Capital Programs & Engineering, and Mary Owen, Director of Supply Chain, outlining the plan, please click here.

CEG encourages ACEC firms to support Purdue Partnership

Citizens believes that developing stronger partnerships with Purdue and other Indiana universities can create benefits for Citizens, consulting firms, the universities, as well as the students that attend those universities.

To those goals, Citizens encourages ACEC member firms to use Purdue interns; collaborate on infrastructure needs and trends; and support training opportunities on many of its active construction projects.

For more information on this partnership, click here.
October 30, 2015

Ms. Beth Bauer  
Executive Director  
American Council of Engineering Companies (ACEC)  
55 Monument Circle #819  
Indianapolis, Indiana 46204

Re: Category Management Request for Information

Dear Ms. Bauer:

We wanted to update your organization on this important initiative as it draws to a close by the end of 2015.

As you are aware, Citizens Energy Group’s mission is to contribute to the affordability and quality of life in our communities. One of the means to achieve this mission is leveraging our volume of purchases with qualified suppliers. Accordingly, Citizens has adopted the practices of Category Management, a strategic approach for examining and leveraging procurement needs by various services across a number of business units.

As you are aware from previous updates and conversations, a Request for Information (RFI) was developed and then issued on July 1, 2015. That RFI collected information from our existing inventory of Professional Service vendors who currently have Master Services Agreements (MSAs) with us. The response information is being evaluated by a cross-functional Category Management Team according to pre-established criteria. From that evaluation, highest scoring vendors will be identified.

The Category Management and RFI processes, coupled with our vendor evaluation process, gives Citizens the ability to have a much better understanding of our vendors’ technical capabilities and staffing levels, and to then establish a more efficiently sized, primary pool of vendors across which a significant portion of our professional services work can be accomplished.

Although the number of vendors with MSAs will likely be reduced, opportunities will still exist for unique or one-time service opportunities, as not all Citizens professional service needs will be satisfied through the primary pool of providers. Additionally, significant opportunities will still exist for firms working as sub-consultants, whether as a diversity firm or a local vendor. Second tier subcontracting opportunities will allow Citizens to continue its commitment to the economic viability of our communities through its support of local and diverse vendors.
We also recognize that the number of vendors being utilized by Citizens will vary over time due to issues such as changes in budgets, fluctuating workloads, vendor industry changes, and/or varying or evolving technical needs of Citizens. There are a number of other benefits to maintaining a more efficiently sized vendor pool that include:

1) a more predictable and consistent work volume with specific vendors;
2) reduced costs to Citizens through volume leveraging, less emphasis on marketing, and better allocation of supplier overhead across more work;
3) more consistent, higher quality deliverables for Citizens, as less variation in output across suppliers would be experienced; and
4) reduced supplier management efforts by Citizens.

Not being chosen for the final primary pool of providers does not necessarily reflect poorly on the firm; it only signifies that its scores were lesser in comparison to those of other respondents on this comprehensive evaluation.

As is the case with many industries, it is expected that this approach will bring greater value to Citizens, its suppliers, and our customers. We anticipate this process will be completed by the end of 2015. At that time, there will be communication to all respondents as to their supplier status and next steps. Additionally, all RFI participants will have the ability to know which vendors qualified as a part of the primary pool so that communication, subcontracting, and teaming opportunities may be enhanced.

In closing, this process will allow for vendor information updates that may be required in the future. Accordingly, if significant changes occur within or with your company, an update process will be allowed so that we have the most current information in our system. As this process and outcomes are evaluated by Citizens, we may also decide that an overall update may be warranted in the future. However, scoring and pending awards by Citizens is anticipated to be final at this time and not subject to re-evaluation.

Thank you for your partnership on this initiative, and we look forward to the continued relationships with ACEC and your key vendors.

Sincerely,

Mark C. Jacob, Vice President
Capital Programs & Engineering
Citizens Energy Group

Mary Owen, Director
Supply Chain
Citizens Energy Group

cc: File
September 21, 2015

Purdue University
Mr. Stephen P. Wanders, PE
A.A. Potter Engineering Center
Room 114
500 Central Drive
West Lafayette, IN 47907-2022

Re: Joint Partnership Meeting

Dear Mr. Wanders:

First of all, we at Citizens wanted to thank you for arranging our meeting on September 2, 2015. It was such an enthusiastic and fruitful meeting and although I know we are in the infancy of these discussions, the ideas and enthusiasm thus far are exciting. We believe the visions outlined by your President, Mitch Daniels and Citizens’ values of environmental, business, and community enhancement align well.

As we discussed, Citizens has a workforce of approximately 1,100 employees. Additionally, with annual operating revenues of over $800 million and an annual capital improvement program in excess of $300 million, we utilize hundreds of vendors to accomplish our missions. To that point, we have asked the American Council of Engineering Companies (ACEC) to also be a partner with Citizens as we develop and / or strengthen this relationship with Purdue. In this way, we leverage not only our employee base, but the employee base of the companies we do business with creating a much larger team between Purdue, Citizens, as well as our business partners.

Citizens believes that developing stronger partnerships with Purdue and other Indiana universities can create benefits for Citizens, the universities, as well as the students that attend those universities. To those goals, we discussed a number of topics as well as what I believe may be some potential next steps.

Some of the hi-level goals we discussed in this first meeting included:

1. Enhanced consideration and use of Purdue’s Co-Op program;
2. Enhanced consideration and use of interns;
3. Evaluate partnership opportunities for senior design projects;
4. Utilize Purdue’s research abilities and data on regional water supply;
5. Evaluate use of technologies Purdue has such as their Soilermaker product (Soilermaker);

Page 1 of 3
6. Consider potential research partnerships on topics such as sustainability initiatives, energy efficiencies, GIS applications, water reuse, water-quality modeling, and water and wastewater treatment alternatives;
7. Collaborate on infrastructure needs, trends, and investment levels;
8. Provide training opportunities on many of our active construction projects; and
9. Sharing of data on utility infrastructure.

Other (joint) key goals we discussed included helping to create more opportunities for our future business leaders and technical talent, and to encourage more students to remain in Indiana after graduation. We believe Citizens can assist in those goals through involvement in some of the unique infrastructure and business investments we have planned and are making over the next 20+ years which include a massive $2 billion, 28 mile, 20’ diameter tunnel system currently being constructed 250’ below Indianapolis; or our 2.7 billion gallon water storage basin currently being evaluated; or our diversified, largest-in-the-state water supply and wastewater systems.

One of your colleagues (Kathy Heath) also suggested that we come to Purdue and present to a class of students some evening, after classes, to discuss project learning potentials; we would like to discuss those opportunities in more detail and will work with Ms. Heath on those events.

Depending upon the nature of the collaboration and because of the intricacy of some of the data we may share, we also believe some form of non-disclosure statement may be appropriate; we will develop a draft of such an agreement for review.

As we identify more ways in which we can connect and work more collaboratively, whether with Citizens or our business partners, we believe the most effective model will be for the Purdue professors, as applicable, to work directly with the staff or business, depending upon the specific issue(s). As an example, Dr. Blatchley discussed alternatives on wastewater treatment and also how to more effectively operate a UV disinfection process. We would envision Dr. Blatchley working directly with a specific Citizens staff member that is working on that particular project. Additionally, it is important to recognize that many of our business partners already work with Purdue on initiatives. However, as Citizens encourages our business partners to consider expanded relationships with Purdue, they will work directly with Purdue on those matters.

We very much appreciated our first meeting and look forward to this evolving partnership. As was suggested, perhaps we should work towards a regularly scheduled series of meetings with a second one planned sometime in December or January.
In the interim, please feel free to contact me at mjacob@citizensenergygroup.com or at (317) 429-3962 if you have any questions going forward, and thank you again for your efforts towards this relationship.

Sincerely,

Mark C. Jacob
Vice President, Capital Programs and Engineering

cc:     Dr. Rao (GS) Govindaraju, Purdue
        Don Fry, Purdue
        Dr. Bob Jacko, Purdue
        Kathy Heath, Purdue
        Dr. Garrett Jeong, Purdue
        Dr. Eckhard Groll, Purdue
        Aimee Griggs, Purdue
        Dr. Chip Blatchley, Purdue
        Dr. Chad Jafvert, Purdue
        Dr. Amisha Shah, Purdue
        Dr. Andrew Whelton, Purdue
        Dr. George Zhou, Purdue
        Jeffrey Willman, CEG
        Ann McIver, CEG
        Mark Vogler, CEG
        Tim George, CHA / ACEC