



LEGISLATIVE MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Scott Morgan, Interim City Manager

THRU: Gabriel Bowden, Utilities Director; George Barber, Chief Procurement Officer

DATE: April 3, 2025

RE: Miscellaneous: Construction Manager at Risk (CMAR), Reverse Osmosis Treatment Plant and Reclamation Facility expansion – 14-RFQ-25 – Utilities Department; and enter negotiations with the top-ranked firm, Wharton-Smith, Inc., for a Master Agreement and Phase 1 of the North Reverse Osmosis Treatment Plant expansion.

SUMMARY:

Background:

At the request of the Utilities Department, the Procurement Department solicited qualifications for the Reverse Osmosis Treatment Plant and Reclamation Facility Expansion. The intent of this solicitation is for the phased construction of a Reverse Osmosis (RO) Water Treatment Plant, raw water lines, deep wells, and related infrastructure. This initial construction phase is for the North Reverse Osmosis Treatment Plant however, the intent is to negotiate future identified phases as an GMP (guaranteed maximum price) addendum under this contract. Please see the attached scope of work for phases and GMP addendum document.

Procurement Process:

A Request for Qualifications (RFQ) for Reverse Osmosis Treatment Plant and Reclamation Facility Expansion was broadcast to 1634 Firms, advertised for fifty-three (53) calendar days, and forty-six (46) Firms downloaded the solicitation. A total of one (1) firm responded. Attached in the Project Executive Summary (Pages 3-5), you will find the Firm responses for the limited competition for this project. Though not required, the Procurement Department conducts outreach when one (1) submittal is received. The Procurement Department staff reviewed the submittal for responsiveness and was deemed responsible. On March 19, 2025, the Evaluation Selection Committee evaluated the qualification package to determine the highest ranked firm. The qualification package was evaluated by the Evaluation Committee that assigned points for non-price factors to include Firm's History and Project Team, Construction Management Approach, Qualification and Experience, and Qualifications of Proposed Staff. The scoring can be found in the attached Project Executive Summary (Page 12).

CMAR Delivery Method:

The Construction Manager at Risk (CMAR) delivery method offers alternative advantages over the traditional design-bid-build approach. One of the primary benefits of CMAR is the reduced risk of change orders during the construction phase, largely because the Construction Manager (CM) collaborates closely with the project owner and the designers from an early stage, fostering a more integrated and well-coordinated project plan. This early involvement allows for more accurate cost estimates and project scopes, which are agreed upon before construction begins, thus minimizing the need for changes during construction. Change orders will still occur for unforeseen conditions and owner-directed changes. Furthermore, unlike the traditional method, which often selects contractors based solely on the lowest bid, CMAR allows project owners to choose a CM based on qualifications, experience, and the ability to manage risks effectively. This selection criteria tends to result in higher quality outcomes and better adherence to timelines, as the CM is contractually obligated to deliver the project within the guaranteed maximum price (GMP), thereby aligning the interests of the CM with those of the project owner. The GMP is a risk shift to the Contractor. In addition, CMAR also varies from a traditional design-bid-build in approach in that negotiations of the GMP only occur with one firm; that is, there is no resultant bid tabulation. As such, the initial GMP may be higher than an engineer's estimate, if the engineer's estimate did not factor in the CMAR delivery method.

Evaluation Selection Committee:

The evaluation selection committee included the following individuals:

- Assistant Parks and Facilities Director
- Utilities Engineer
- Project Manager

After rankings concluded, the highest ranked firm was Wharton-Smith, Inc. Staff is requesting approval to enter into negotiations with the top ranked firm, Wharton-Smith, Inc. for a Master Agreement and Phase 1 of the North Reverse Osmosis Treatment Plant. The negotiated GMP (guaranteed maximum price) for this phase and addendums for future phases will be presented to Council for approval. The estimated project cost for Phase 1 is \$60 million. The Department will be seeking council approval to secure bond funding for this phase at a future meeting.

REQUESTING DEPARTMENTS:

Utilities

Procurement

FISCAL IMPACT:

Funds are available in the Utilities Department's Connection Fee Fund for CMAR services with Wharton Smith.

STAFF RECOMMENDATION:

Motion to approve award of 14-RFQ-25, Reverse Osmosis Treatment Plant and Reclamation Facility Expansion and authorize to enter negotiations with the top ranked firm, Wharton-Smith, Inc. for a Master Agreement and Phase 1 of the North Reverse Osmosis Treatment Plant Expansion.

ATTACHMENTS:

1. Scope Work - Phases
2. GMP Addendum
3. Project Executive Summary