



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 16, 2019

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: DESIGN-BUILD AGREEMENT FOR THE REGIONAL WATER QUALITY CONTROL PLANT EXPANSION FOLLOW-UP WITH CDM SMITH, INC., OF LOS ANGELES, CALIFORNIA, IN ACCORDANCE WITH PURCHASING RESOLUTION 23256, SECTIONS 900 & 901 IN THE AMOUNT OF \$3,648,460 WITH 7.5% CHANGE ORDER AUTHORITY UP TO \$273,634 FOR A TOTAL AMOUNT OF \$3,922,094

ISSUES:

Approve the Design-Build Agreement with CDM Smith, Inc., of Los Angeles, California, in the amount of \$3,648,460 for the Regional Water Quality Control Plant Expansion Follow-Up, to construct necessary improvements at the Regional Water Quality Control Plant in accordance with Purchasing Resolution 23256, Sections 900 & 901, and authorize a 7.5% change order authority up to \$273,634, for a total amount of \$3,922,094.

RECOMMENDATIONS:

That the City Council:

1. Approve the Design-Build Agreement with CDM Smith, Inc., of Los Angeles, California, for the Regional Water Quality Control Plant Follow-Up Design-Build Services in the amount of \$3,648,460; and
2. Authorize a 7.5% change order authority up to \$273,634, for a total amount of \$3,922,094, to cover integration of the new equipment into the RWQCP Supervisory Control and Data Acquisition System and other minor construction work changes; and
3. Authorize the City Manager, or his designee, to execute the Design-Build Agreement, including making minor and non-substantive changes.

BACKGROUND:

The Regional Water Quality Control Plant (RWQCP) Phase I Rehabilitation and Expansion Project (Project) rehabilitated and/or replaced aged treatment facilities, installed new equipment and modified or improved processes to comply with regulatory requirements and increase treatment capacity from 40 to 46 million gallons per day. The Project construction contract

represented an investment value of \$192 million. The Project construction started in 2013 was completed in June of 2017.

The City hired CDM Smith, Inc., to complete engineering and design services for the Project. On February 7, 2012 the City Council approved the Second Amendment to the Professional Services Agreement with CDM Smith for a total contract price of \$19,767,746.

During construction, staff identified required corrections to engineering services that occurred during the Project that resulted in approximately \$400,000 to \$500,000 of additional work. In addition, over the past year of plant operation since completion of the project, staff has also identified additional improvements that are necessary for satisfactory operation and treatment efficiency of the plant.

In an effort to address the engineering corrections and avoid any potential litigation, CDM Smith Inc., offered additional design-build services as compensation to the City. City staff and CDM Smith, Inc., entered into settlement negotiations for additional design-build services to address the additional improvements identified since the completion of the project.

DISCUSSION:

Staff negotiated with CDM Smith, Inc., on a proposal for additional RWQCP design-build services based on the necessary post-Phase I construction improvements. The engineer's estimate of the project cost if bid through a standard design-bid-build process is estimated at \$3,998,247. CDM Smith's proposal is \$3,648,460. This represents a \$349,460 discount benefit to the City or an 8.7% cost reduction provided by CDM Smith, Inc. to account for the required corrections needed to Phase I engineering services. Staff is recommending a 7.5% change order authority to cover integration of the new equipment into the RWQCP Supervisory Control and Data Acquisition System (SCADA) and other minor construction work changes.

In addition to the cost reduction, the agreement with CDM Smith, Inc., is structured so that release of errors and omissions from the Phase I construction contract is effective with successful completion of the design-build project.

Below is a list of the proposed RWQCP design-build improvements:

1. MBR concrete divider walls installation and gate removal.
2. MBR and fine screen roof rehabilitation.
3. Installation of a fine screen system odor control package unit.
4. Installation of a larger hot water loop expansion tank.
5. Bio-methane gas collection system improvements to remove water condensation.
6. Installation of a bio-methane pressure booster for proper operation of the gas flare.
7. Other miscellaneous small system improvements.

Staff recommends approval of the Design-Build Agreement with CDM Smith Inc., since the project will complete necessary improvements at the RWQCP and it is in the best interests of the City. The design-build procurement method will save project costs in comparison to repackaging for a formal design-bid-build method. Lastly, this agreement satisfies the City's needs for a cost effective and timely solution.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. Sufficient funds are available for the Project in the WQCP Phase I Expansion Project account number 9821323-440301.

Prepared by: Kris Martinez, Public Works Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Design-Build Agreement
2. Presentation