

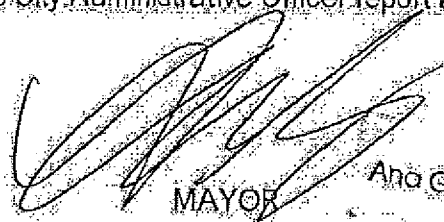
TRANSMITTAL

0150-05388-0000

TO David H. Wright, General Manager Department of Water and Power	DATE DEC 19 2017	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**ORDINANCE TO ESTABLISH CRITERIA FOR SELECTING CONTRACTS USING A
COMPETITIVE SEALED PROPOSAL METHOD AND THE USE OF ALTERNATE DELIVERY
METHOD CONTRACTS FOR VARIOUS WATER PROJECTS**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR Ana Guerrero

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 18, 2017

CAO File No. 0150-05388-0000

Council File No.

Council District: various

To: The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Communication from the Department of Water and Power dated June 28, 2017 (Revised submittal received on November 13, 2017)

Subject: **ORDINANCE TO ESTABLISH CRITERIA FOR SELECTING CONTRACTS USING A COMPETITIVE SEALED PROPOSAL METHOD AND THE USE OF ALTERNATE DELIVERY METHOD CONTRACTS FOR VARIOUS WATER SYSTEM PROJECTS**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution and Ordinance to establish criteria for selecting contracts using a competitive sealed proposal method and the use of alternate delivery method contracts pursuant to Charter Sections 371(a) and 371(b), for Water System projects including the Mainline and Trunk Line Infrastructure Replacement Program, Mid-Valley Operations and Maintenance Facility, Western District Operations and Maintenance Facility, Water Quality Laboratory, and the Fairmont Reservoir Water Quality Treatment Facility; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

Approval of the proposed resolution and Ordinance will provide the Department of Water and Power (DWP) criteria for selecting contracts using a competitive sealed proposal method with negotiations and allow DWP to use alternate delivery (AD) method contracts in support of various Water System projects. The projects consist of the Mainline and Trunk Line Infrastructure Replacement Program, Mid-Valley Operations and Maintenance (O&M) Facility, Western District O&M Facility, Water Quality (WQ) Laboratory, and the Fairmont Reservoir WQ Treatment Facility (collectively referred to as Water Projects).

Specifically in support of the Mainline and Trunk Line Infrastructure Replacement Program, DWP intends to release a Request for Qualifications (RFQ), which is the first step of a two-step Request for Proposal (RFP) process. To ensure oversight and a transparent contracting process, following an evaluation of the RFQ responses, a list of qualified contractors and the negotiated agreements will be submitted to City Council for approval with an initial term of five years and an

optional five-year extension.

DWP will subsequently issue RFPs to the list of qualified contractors on a task order basis (the second step of the RFP process) which is subject to approval by the DWP Board of Commissioners (Board). The RFP evaluation criteria may include various factors such as relevant experience, qualifications, approach, risk assessment, schedule, evidence of bonding capability, listing of subcontractors and/or plan for subcontractors that meets specified requirements, and a demonstrated financial ability to complete the work.

In support of the other Water Projects including the Mid-Valley O&M Facility, Western District O&M Facility, WQ Laboratory, and the Fairmont Reservoir WQ Treatment Facility, DWP will evaluate and select the AD method and contractors based on an ability to provide the best value to DWP. Again, to ensure oversight and transparency, agreements with contractors selected for these Water Projects will be submitted separately for City Council approval.

Alternate Delivery Methods – Utilizing AD methods such as Design-Build (DB), Construction Management at Risk (CMAR), and Progressive Design-Build generally affect the level of risk, management control, and ultimate project value. Accelerating project completion through greater coordination of the design and building process is also anticipated to be an additional benefit.

DWP states this request is necessary for achieving a timely completion of the Water Projects in addition to:

- Providing sufficient resources or expertise beyond DWP's capabilities;
- Accelerating project completion times through concurrently performing design, engineering, management, and construction activities; and
- Expanding opportunities to collaborate with vendors on anticipated design challenges.

Competitive Sealed Proposal Method – The Department states a competitive sealed proposal with negotiations is necessary to allow DWP to obtain the best value for the Water Projects. Furthermore, the technical details and complexity of the Water Projects make it not practical or feasible to write detailed specifications, advertise, open bids publicly, and award a contract without any clarifications, changes, or negotiations. Consistent with Charter Section 371(b) competitive bidding requirements, Design-Build or other appropriate project delivery method may be used when justified by the type of project and approved by the contracting authority.

Pursuant to Charter Section 371(b), for competitive sealed proposals, a vote of two-thirds the City Council approving the contract selection criteria by ordinance is required to let a contract using a competitive sealed proposal method. There is no time limitation on this action due to the ordinance approval requirement. The City Attorney has approved the proposed resolution and Ordinance as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution and Ordinance will not have a fiscal impact. However, the ensuing agreements, subject to separate City Council approval, may result in a cumulative expenditure not to exceed \$2.576 billion which is supported by the DWP Water System Capital Budget for fiscal years 2017-18 through 2021-22. The proposed resolution complies with the Department's adopted Financial Policies. There is no impact to the City General Fund.

RHL:RR:10180004