

## AGENDA



Thursday, August 6, 2009

**Contract and Land Management  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 5**

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**Subject:** Authorize negotiation and execution of a Construction Manager at Risk (CM@R) contract with MWH CONSTRUCTORS, INC., Broomfield, CO, for preconstruction phase services including reimbursable expenses for an amount not-to-exceed \$5,385,000, which equals 1.5% of the Construction Cost Limitation for construction of a new water treatment plant facility (Water Treatment Plant 4).

**Amount and Source of Funding:** Funding is available in the Fiscal Year 2008-2009 Capital Budget of the Austin Water Utility.

**Fiscal Note:** A fiscal note is attached.

**For More Information:** Robert Hengst 974-3490; Rosie Truelove 974-3064; April Thedford 974-7141

**Purchasing Language:** Best value of six (6) offers received.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9A of the City Code (Minority and Women Owned Business Enterprise Procurement Program) by meeting the goals with 21.39% MBE and 5.17% WBE subcontractor participation (Pre-construction and general conditions phase).

**Boards and Commission Action:** Recommended by the Water and Wastewater Commission. Related to Item #6.

**Prior Council Action:** January 15, 2009 - Council approved use of Construction Manager at Risk delivery method.

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The City of Austin needs future incremental water treatment and distribution system capacity expansions to meet projected water demand growth. The objective of this project is to provide a municipal water treatment facility for the City of Austin.

The work to be performed consists of construction of a new water treatment plant facility including the intake, plant, pump stations and conveyance for both the raw and finished water. The initial capacity of the water treatment facility is 50 million gallons per day (MGD) with future expansion planned to 300 MGD. The environmental conditions inherent to the location of Water Treatment Plant 4 (WTP 4) facilities will be considered when designing, constructing, and operating WTP 4. During construction there will be a significant amount of coordination and communication with local agencies, boards/commissions, and other stakeholders. The City has selected several design teams for this project.

**CM@R SELECTION:** On January 15, 2009, the City Council approved the use of the Construction Manager At Risk (CM@R) methodology for the WTP 4 project, in compliance with Local Government Code Chapter 271. The CM@R methodology is considered an alternative project delivery method when compared to traditional design-bid-build methodology for capital projects. Key features of this methodology include the ability to evaluate and select a qualified CM@R firm who offers the best value for the City of Austin. This is achieved through a prescribed two-phase evaluation and selection process based on published evaluation criteria. The two-phases consist of Phase I, Request for Qualifications, and Phase II, Request for Proposals.

In brief, a City-staffed evaluation panel evaluates, scores, and short-lists firms based on their Statements of Qualifications. The short-listed offerors are requested to participate in Phase II, Request for Proposals. Following evaluations of Proposals and Interviews, the short-listed firms are ranked.

**OVERVIEW OF CM@R DELIVERY METHOD:** The role of the CM@R goes beyond performing construction services; it is to be on-board during the design phase to collaborate with the City and design team. Initially, services performed by the CM@R firm consist of constructability and scope reviews for optimal design and control of costs and budgets (Preconstruction Phase Services). Upon acceptance of a cost of construction (or Guaranteed Maximum Price), through an open-book process, the CM@R solicits and selects subcontractors and material suppliers to perform the work. It is foreseeable that a CM@R firm may self-perform some of the work. The CM@R has the responsibility for completing the work within the agreed-upon Guaranteed Maximum Price.

As part of the preconstruction phase for WTP 4, the CM@R firm will be required to work closely with the design teams and environmental commissioning consultants (ECC) to provide quality assurance-quality control and constructability services on design products. The CM@R firm shall work collaboratively with all project participants including the design teams, City of Austin staff, ECC, and the project team. The design teams and City staff are currently communicating with identified stakeholders about the design and future construction plans for the project.

**FUNDING AUTHORIZATION:** This authorization provides for funding in an amount not to exceed \$5,385,000.00 for pre-construction phase services, which is equal to 1.5% of the Construction Cost Limitation.

**RCA REQUEST:** This RCA is for pre-construction phase services only. When the design development phase is sufficiently complete and agreed-upon work packages for construction phase services have been sufficiently developed, staff will return to Council with recommended contract amendment(s) for construction of the WTP 4 project. The proposed cost of construction, called the Guaranteed Maximum Price, will also include the construction manager's fee and costs related to performing the general conditions of the work.

**SELECTION RANKING:** In compliance with Local Government Code Chapter 271, Chapter H, Sec. 271.118., Council's authorization of this request allows for negotiation and execution of a CM@R contract with the highest ranked firm that offers the best value to the City of Austin, based upon the evaluation criteria advertised. Should the City be unsuccessful in negotiating a satisfactory agreement with the selected firm, said firm will be notified in writing that negotiations will cease. Pursuant to statute, staff will then proceed to negotiate with the next firm in the order of selection ranking, returning to Council prior to contract execution.

Top Ranked: MWH CONSTRUCTORS, INC.

Second Ranked: CH2M Hill/Garney Construction Joint Venture