

Sites Project Contracting Strategy

The Sites Project Authority (the “Authority”) is developing the Sites Reservoir Project (the “Project”). If approved, the Authority will construct infrastructure including a new off-stream reservoir and a water conveyance system consisting of new pumping and generating facilities and pipelines. In addition to the new infrastructure, the Project makes use of improved existing infrastructure through various agreements with agencies. The Project is currently under environmental review and feasibility design has been completed to support environmental planning, permitting, affordability studies, and to secure funding sources.

A team of consultants from the Project Integration and Project Controls service areas, led by the Authority’s Engineering and Construction Manager (together, the “Staff”), have developed a strategy for the packaging of work and delivery methods (the “Contracting Strategy”). The Contracting Strategy is based on the below evaluation considerations:

- The values of the Authority as it relates to delivering the project.
- The available delivery methods established under legislation (California Assembly Bill No. 2551 Chapter 760).
- Market outreach to construction and mitigation contractors.

Staff has also considered the technical input of the Engineering service areas and evaluated key risk areas for the Authority, categorized by package. These activities are ongoing and may result in future modifications to the Contracting Strategy, which will be made consistent with the evaluation considerations.

The below table is a summary of the Contracting Strategy:

No.	Package	Estimated Value (2021\$)	Major Facilities	Recommended Delivery Method	Key Risk Areas
1	Reservoir	\$2.0 B	2 Main Dams 7 Saddle Dams 2 Saddle Dikes Sites-Lodoga Road & Bridge Construction/Access/O&M Roads	Construction Manager at Risk (CMAR)	Logistics Material Balance Schedule Community
2	Maxwell-Sites Pumping and Generating	\$1.15 B	Inlet/Outlet Tower Inlet/Outlet Tunnel Pipelines and Manifold 2 Pumping and Generating Plants 2 Power Interconnection Facilities Instrumentation and Controls Forebay/afterbay Improvements	CMAR	Hydraulics Power System Controls & Maintenance
3	Reservoir Clearing and Demolition	\$35 M	Clearing and Demolition within Reservoir Footprint	Design-Bid-Build (DBB)	Community
4	Huffmaster Road	\$50 M	Local Access Road	DBB	Community
5	Dunnigan Pipeline	\$100 M	Canal Turnout Pipeline Colusa Basin Drain Release	DBB	Operational Flexibility
6	Tehama Colusa Canal Authority	\$5 M	Existing Facility Improvements	Owner Agreements	Ownership & Operation
7	Glenn Colusa Irrigation District	\$7 M	Existing Facility Improvements	Owner Agreements	Ownership & Operation
8	Recreation	\$35 M	Peninsula Hills Stone Corral Creek Day-use Boat Ramp	DBB with concessions or Design-Build-Operate	Specialty
9	Mitigation	\$600 M	Implement Environmental Mitigation Commitments	Various	Schedule

Reservoir Committee and Authority Board Actions

Staff is requesting approval of the Contracting Strategy for the purpose of:

1. Developing schedules by package for the overall program and establish a baseline to efficiently advance design, coordinate with agencies, and begin considerations for establishing a procurement strategy (targeting approval by October 2022)
2. Adjusting the Project's work plan and current task orders to reflect packaging, delivery method, and overall schedule criticality (targeting approval by December 2022)

Staff is also requesting authorization to make changes to the Contracting Strategy consistent with the evaluation considerations identified below if future conditions under Amendment 3 work warrant a change in packages or delivery method.

Evaluation Considerations

Values

The Authority's Contracting Strategy values were established by members from the Budget and Finance Committee and Reservoir Operations and Engineering Workgroup, which reflects the high-level vision and preference for packaging of work and delivery methods:

- Oversight – to remain streamlined and efficient, the Authority will engage in an oversight role during design and construction.
- Construction Contracts – the number and size of construction contracts must prioritize qualified contractors and management of cost & risk.
- Project Cost – cost certainty must be established as soon as possible.
- Project Schedule – look for opportunities to expedite schedule to reduce Project Cost.
- Project Risks – balance risks with values.

Evaluation criteria were formulated based on the above values and presented as follows:

- Does the recommended strategy reduce the number of contracts for the Authority to manage while retaining flexibility to issue multiple construction packages?
- Does the recommended strategy allow for consideration of contractor qualifications and experience where it is most critical?
- Does the recommended strategy provide early cost certainty for elements that “move the needle” on overall affordability?
- Does the recommended strategy reduce potential interface risk between contractors and help the Authority manage other risks?
- Does the recommended strategy facilitate system-wide testing, commissioning, and logistical planning?
- Does the recommended strategy facilitate early engagement of operator and community perspectives?
- Does the recommended strategy provide opportunities for local contractors?

Project packaging and delivery method must meet the above criteria.

Available Delivery Methods

Pursuant to existing laws and California Assembly Bill No. 2551 Chapter 760, the project may use any of the following project delivery methods:

- Design-Bid-Build (DBB)
- Construction Manager At-Risk (CMAR)
- Design-Build, including conventional, progressive, and target price (DB)
- Design-Build-Operate (DBO)

Market Outreach

The Authority hosted a Sites Reservoir Construction Contractor Open House on June 9, 2022 to seek input from the contracting community on project delivery. Afterward, staff continued one-on-one conversations with contractors to validate interest and leverage construction expertise and insight. Key takeaways from discussions with the contractors are:

- There is substantial local, regional, national, and international market interest.
- There is multiple qualified and interested contractors for all recommended packages, including local constructors.
- Early contractor involvement/collaborative delivery is preferred where risk mitigation, logistical planning, innovation, cost, and schedule are most significant.
- Geotechnical investigation and access to properties for environmental surveys are top priorities.
- The 2030 milestone is aggressive.