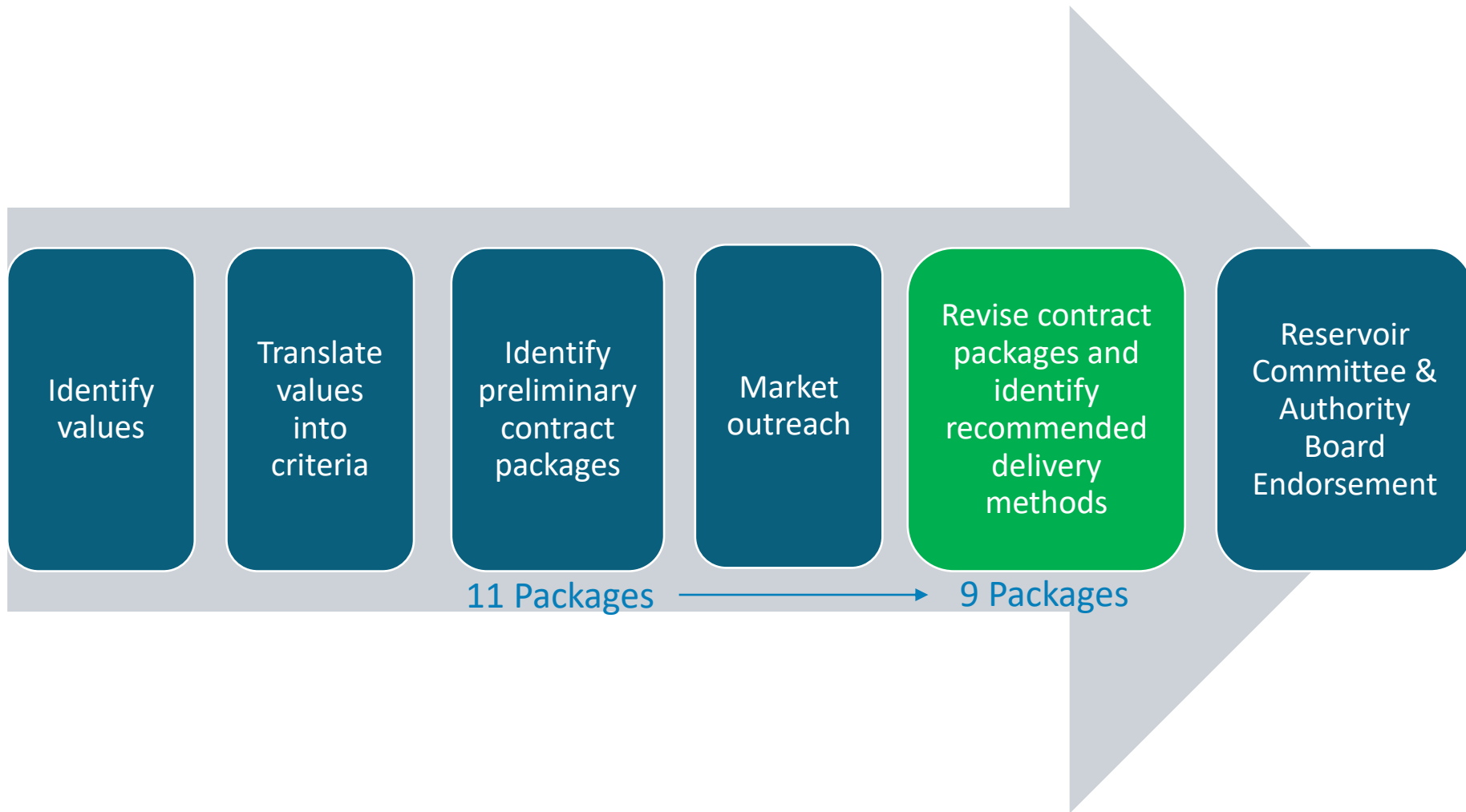


# Agenda Item 2.4

## Contracting Strategy

JP Robinette

# Process for Developing the Contract Strategy Recommendation



# Contract Strategy Values



**Oversight:** Given the Authority's size and desire to remain streamline, it will need to take an oversight role during design and construction. Recommend bringing an operations perspective for design input.



**Construction Contracts:** The number and size of construction contracts should prioritize qualified contractors and management of cost & risk.



**Project Costs:** Cost certainty must be established as soon as possible.

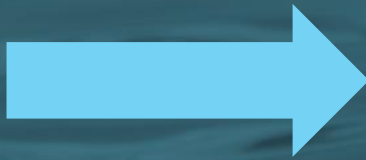


**Project Schedule:** Look for opportunities to expedite schedule in order to reduce Project costs.



**Project Risks:** Balance risks with values – *share* risks with partners.

# Values



# Evaluation Considerations (1 of 2)

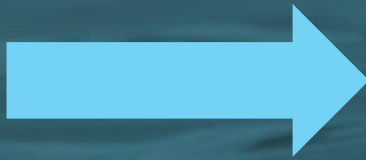
Does the recommended strategy reduce number of contracts for the Authority to manage while retaining flexibility to issue multiple construction packages?

Does the recommended strategy allow for consideration of contractor qualifications and experience where it is most critical?

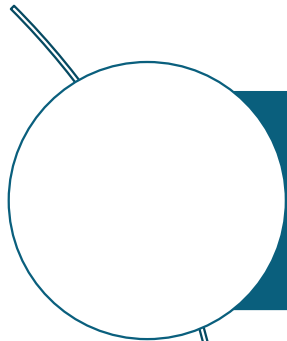
Does the recommended contract strategy enhance early cost certainty for elements that “move the needle” on overall affordability?

Does the recommended contract strategy reduce potential interface risk between contractors and help the Authority manage other risks?

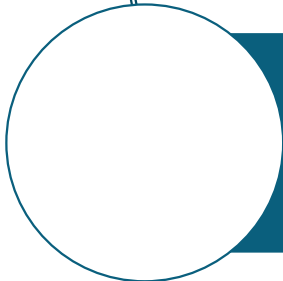
# Values



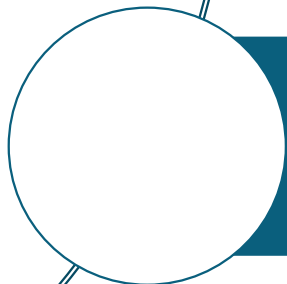
# Evaluation Considerations (2 of 2)



Does the recommended contract strategy facilitate system-wide testing and commissioning, and logistical planning?



Does the recommended contract strategy facilitate early engagement of operator and community perspectives?



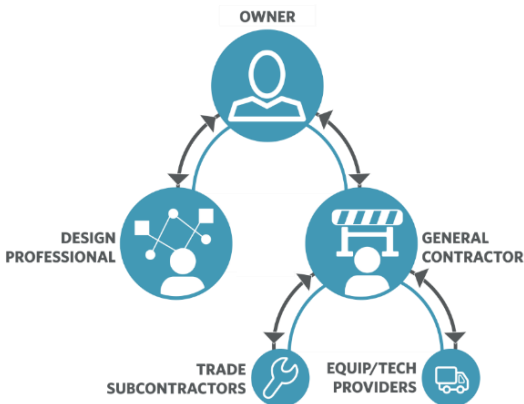
Does the recommended contract strategy provide opportunities for local contractors?

# Contract Procurement: Surface Storage Projects receiving State funding

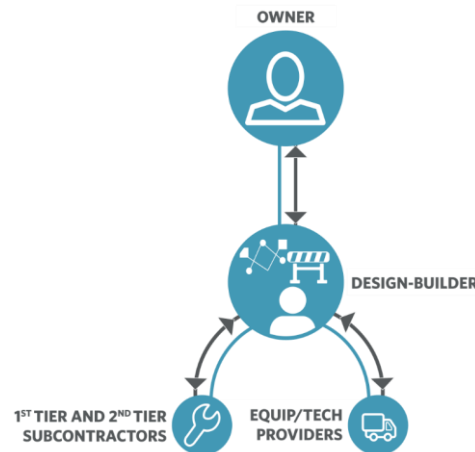
- Traditionally, Design-Bid-Build (DBB) has been the general approach for surface storage projects.
- **AB 2551** Chapter 760 authorizes the Sites Project to implement alternative delivery:
  - Construction manager at-risk (CMAR)
  - Design-build (DB: conventional, progressive, or target price)
  - Design-build-operate

# Delivery Models Contracts & Communications

## Design-Bid-Build (DBB)

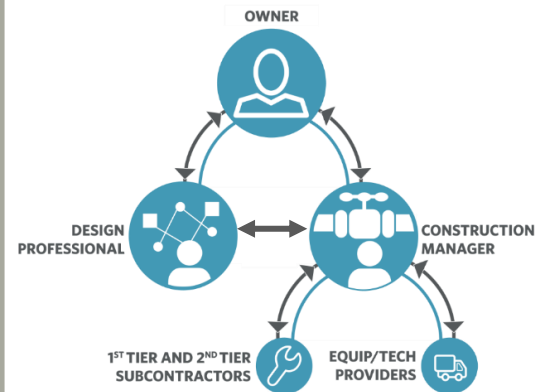


## Fixed Price Design-Build (FPDB or DB)



## Progressive Design-Build (PDB)

## Construction Manager at Risk (CMAR)



Contract

Communication

# Construction Manager at Risk (CMAR) Overview

- Qualification based selection of two independent contracts
  - Construction Manager / General Contractor
  - Design Professional (Engineer of Record)
- Manages interface risks such as construction logistics, material management, and level of service performance
- Ability for phased construction packages
  - Sequencing and execution of critical path activities
- Benefits of early contractor engagement
  - Constructability and value engineering input
  - Open book pricing / development of Guaranteed Maximum Price



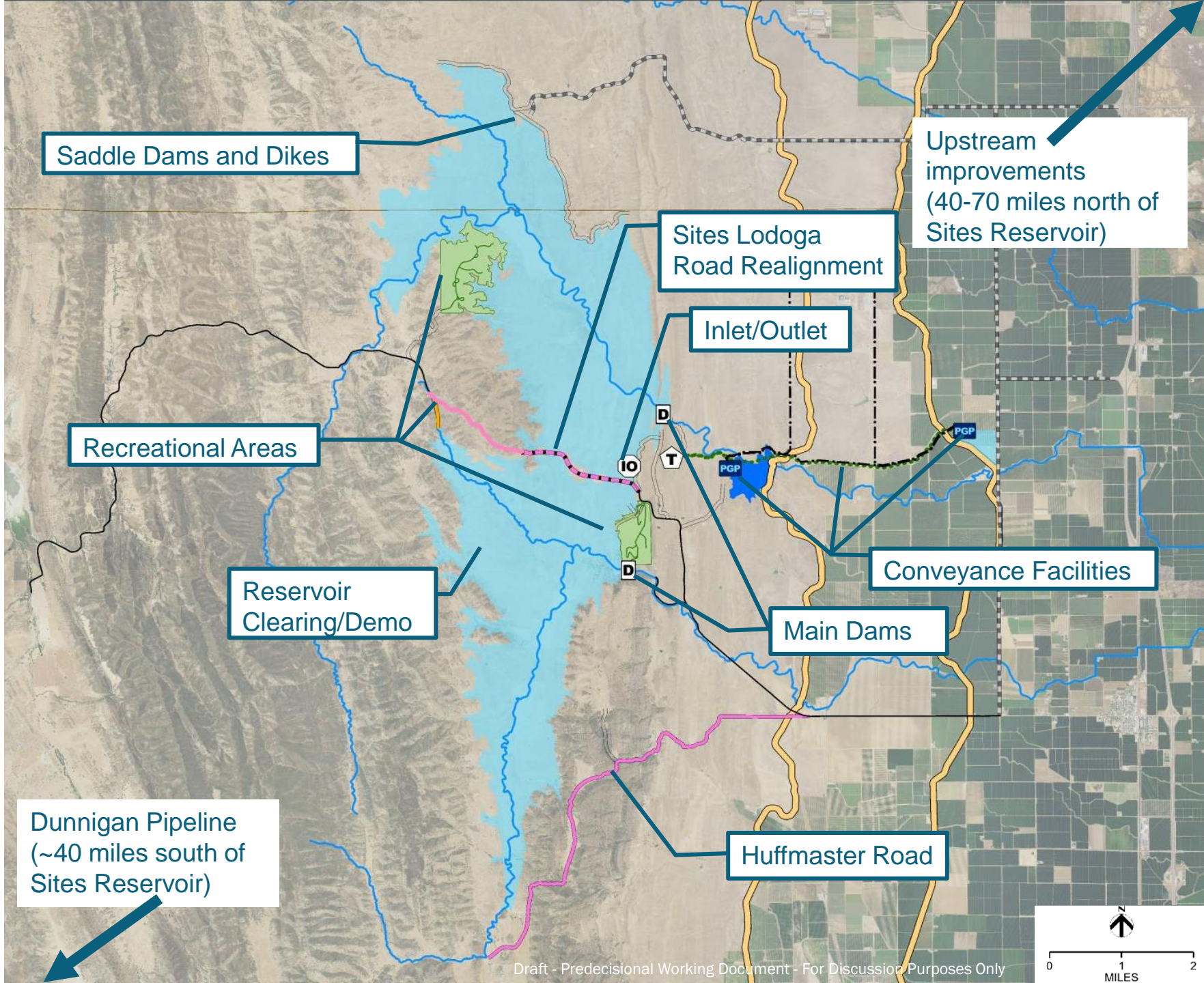
# Pricing under CMAR Contract

- May involve multiple Guaranteed Maximum Prices (GMPs) for construction
- GMP(s) typically negotiate when a discrete portion of the work package (e.g., phased construction package) is 60-90% complete
  - Timing may vary depending on regulatory approval requirements
- GMP is essentially a “cap” on the cost to the owner for construction and includes:
  - Cost of work
  - Contingency
  - Overhead and profit factors
- If actual costs come in under the GMP, CMAR contracts can provide for “sharing of savings” to incentivize cost savings

# Market Outreach Takeaways



# Project Map



Saddle Dams and Dikes

Upstream improvements  
(40-70 miles north of Sites Reservoir)

Sites Lodoga Road Realignment

Inlet/Outlet

Recreational Areas

Conveyance Facilities

Reservoir Clearing/Demo

Main Dams

Dunnigan Pipeline  
(~40 miles south of Sites Reservoir)

Huffmaster Road



# Recommended Packages and Delivery Methods (1 of 2)

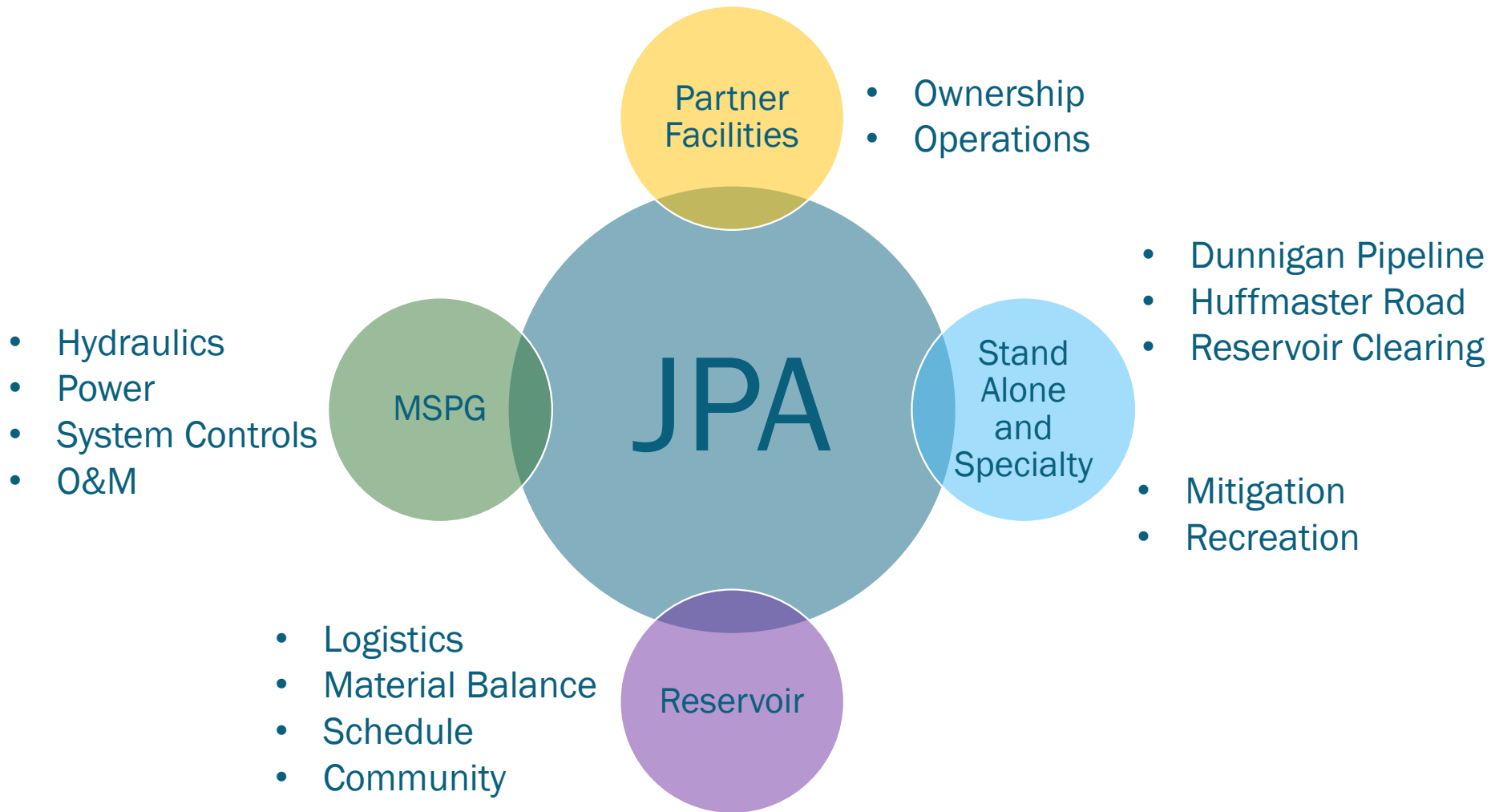
No.	Package	Estimated Value (2021\$)	Major Facilities	Recommended Delivery Method	Key Risk Areas
1	Reservoir	\$2.0 B	2 Main Dams 7 Saddle Dams 2 Saddle Dikes Sites-Lodoga Road & Bridge Construction/Access/O&M Roads	Construction Manager at Risk (CMAR)	Logistics Material Balance Schedule Community
2	Maxwell-Sites Pumping and Generating (MSPG)	\$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 Operation & 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



# Recommended Packages and Delivery Methods (2 of 2)

No.	Package	Estimated Value (2021\$)	Major Facilities	Recommended Delivery Method	Key Risk Areas
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

# Contract Strategy Risk Summary



# Contract Strategy Recommendation



Proceed to develop schedules by package and for the overall program

Make adjustments to the Amendment 3 work plans to reflect packaging and overall schedule criticality

If future conditions warrant a change in packages or delivery method, then authorize Authority staff to make modifications consistent with the evaluation considerations identified in today's presentation

# Procurement Strategy Considerations

## (next step)

- **Values** - what are the most important values to consider in selecting a contractor?
- **Timing** - are there required assurances (ROD/NOD, Water Right, financial commitments) before initiating procurement based on the Contract Strategy recommendations?
- **Guidelines** - what is the Authority's preferred target/guideline for the following criteria, and what is required by state and federal funding partners?
  - Self performance vs. subcontracting
  - Local contractor involvement
  - Workforce development and local office requirements (i.e. sales tax)
  - DBE, MBE, WBE, etc.
- **Market outreach** - what is the policy for market outreach and communication with contractors after initiation of the procurement process?
- **Authority representation** - what representation is needed on procurement evaluation committees and/or selection panels?



# Questions?

