



Meeting: **Joint Reservoir Committee & Authority Board
Agenda Item 3.3**

March 17, 2023

Subject: **Activities and Considerations for Implementing the Contracting Strategy**

Requested Action:

Receive an update on the activities and considerations for implementing the Board adopted Contracting Strategy.

Detailed Description/Background:

Development and construction of the Sites Reservoir Project (“Project”) is a significant undertaking that requires significant planning and a strategized approach to meet the adopted 2020 Strategic Plan. In July 2022, the Sites Authority adopted the Contracting Strategy to define the Project construction packages and delivery methods while maximizing benefits and reducing risks for the Sites Authority. The two main packages (Reservoir and Maxwell Sites Pumping and Generating) in the adopted Contracting Strategy are currently envisioned to be delivered utilizing Construction Manager At Risk (CMAR) contracts. CMAR contracting allows for early selection of the contractor considering qualifications for construction work, provides earlier cost certainty and reduces the Sites Authority’s interface risk by combining operational elements under a single construction contract.

One of the critical follow-up activities from the Contracting Strategy includes development of procurement activities and specific contracting considerations for the two CMAR packages (the “Procurement Strategy”). The initial focus is on the estimated \$2B (2021 \$) Reservoir package because this package has the highest schedule criticality.

Staff, in conjunction with the Operations and Engineering Ad Hoc Sub-Workgroup, has identified the following important considerations and activities for the timing and scope of these procurements:

- Early contractor input to design, around the 30% design milestone, is an important risk management strategy for the Sites Authority related to improved cost certainty and schedule certainty.
- Maximizing the value of contractor outreach prior to formal procurement benefits the Sites Authority by leveraging market input.
- Selection of the first CMAR is a significant decision that will require substantial changes to existing policies and procedures and will have

significant implications on the future staffing and organization structure
– requiring time to evaluate and implement.

Staff is seeking Board input, if any, on these considerations. Staff will continue to develop the procurement strategy with O&E workgroup input and will bring a recommendation for the Board to consider in a few months.

Prior Action:

July 2022: Contracting Strategy adopted by Authority Board and Reservoir Committee.

Fiscal Impact/Funding Source:

The Amendment 3 Work Plan includes sufficient budget to cover required resources and activities supporting the Procurement Strategy. Any required adjustments to reflect overall schedule critical activities will be considered within the fiscal year budget development process.

Staff Contact:

JP Robinette

Primary Service Provider:

Brown & Caldwell

Attachments:

None.