



Meeting: **Joint Reservoir Committee & Authority Board    September 22, 2023**  
**Agenda Item 3.5**

Subject: **Discuss Preparations for Phase 3/4/5 to coordinate with Board**  
**Adopted Contracting Strategy**

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**Requested Action:**

Review and comment on preparations for Phase 3/4/5 implementation related to Contracting.

**Detailed Description/Background:**

In July 2022, the Sites Authority adopted a Contracting Strategy that defined the Project construction packages and delivery methods. 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. It has also been identified that early procurement of the CMAR (at least for the Reservoir package) could assist in an earlier overall completion of the project construction. There are two areas that need attention prior to initiating a CMAR procurement. They are 1) procuring the assistance of legal counsel with a construction specialty, 2) determining the type of “owner role” that the Sites Authority wishes to implement in overseeing construction. Staff is asking for Board feedback on the direction being taken in these two areas.

**Procuring Legal Counsel Construction Support**

The Legal Counsel Construction Support is not covered under the scope of any of the existing Sites legal and specialty counsel. Therefore, the Sites Authority will need to initiate a procurement for Legal Counsel Construction Support to assist with the following:

- Establishing the limits of what the Sites Authority can allow with respect to CMAR team formation. Based on preliminary feedback from contractors, this will influence market response.
- Developing the Reservoir Package CMAR contracts consistent with statutory and funding requirements and the Sites Authority's policies and procedures.

The near-term schedule is as follows:

- November 2023: Initiate Legal Counsel Construction Procurement.

- January 2024: Receive authorization for Legal Counsel Construction Support contract.
- October 2024: Initiate procurement of CMAR Reservoir Package.

Staff is seeking Board input on the anticipated activities and the associated timing related to the procurement of the Legal Counsel Construction Support. Based on previous feedback, staff will check in with the Board on the status of CEQA, the water right, the Benefits & Obligations Contract, and funding prior to initiating procurement of the Reservoir Package CMAR.

### **Establishing the Authority’s Owner Role in Phase 3/4/5 Implementation**

The 2020 Strategic Plan established “effective organization” as an overarching goal area. Within this goal, there was direction to identify the organization needed to implement Phase 3/4/5. Staff has initiated this effort and is seeking Board feedback on building blocks for creating an organization. What is being presented has been reviewed with the O&E committee and their input is incorporated.

This is an opportunity to create a new public agency that brings the best of the 30+/- public agency experiences among the Board members to bear. There are many aspects of the typical owner role in civil works, with the primary being to oversee the project and receive the completed project. In creating an organization, we should establish fundamental objectives for the kind of organization we are trying to create along the lines of:

- Being lean, efficient and built on a culture of excellence.
- Has “owner-employees” in key roles overseeing construction.
- Establish operating and financial competencies to nurture and develop.
- Create a culture and structure that builds and retains institutional knowledge.
- Brings new talent to the region.

Phase 3 and 4 (Final Design and Construction) will include a significant ramp-up in personnel followed by a significant reduction in Phase 5 (Operations). Phase 3 and 4 also involve multiple specialty areas that are not necessarily required for Phase 5. This is why it is important that we determine early on “What are the unique abilities that the Sites Authority needs to possess that provide strategic advantage?”. Here is a starter list for consideration:

#### **Core Operating Competencies:**

1. Dam safety and dam monitoring.
2. In-depth knowledge of California and Delta water operations.

3. Understanding water measurement, monitoring, and reporting.
4. Understanding aquatic and terrestrial permit requirements, compliance, and regulatory reporting.
5. Understanding SCADA, controls and cybersecurity.
6. Coordinating with Facility Partners, State and Federal operations.
7. Managing large rotating and hydraulic equipment (mechanical).
8. Maintaining site security.
9. Preparing for and responding to emergencies.
10. Managing land holdings.
11. Understanding electrical power budgeting, purchasing and marketing.
12. Administering agreements and contracts.
13. Committed to respectful, supportive local community and tribal relations.

#### Business Competencies

1. Financial management and controls.

It should be noted that these building block concepts are not attempting to address the question of whether the Sites Authority should have independent contractors or employees perform services. Instead, we are looking at the needed functions of the organization and once established, then there can be an analysis of staff employment approaches.

Staff have created mock-up organization charts for Phase 3/4 and Phase 5 and will share these as part of the presentation. It is recommended that the Board defer further consideration of creating the organization to the Governance Ad Hoc Committee and seek to provide recommendations in this regard by December 2023.

**Prior Action:** March 2023: Informational Update on Implementing the Board adopted Contracting Strategy

#### **Fiscal Impact/Funding Source:**

The Amendment 3 Work Plan and FY24/25 Budget are being designed to include a sufficient budget to cover required resources and activities to implement these next steps for the adopted Contracting Strategy.

**Staff Contact:** JP Robinette

**Primary Service Provider:** Brown & Caldwell

**Attachments:** None.