



Meeting: **Reservoir Committee & Authority Board
Agenda Item 3.2**

July 19, 2024

Subject: **Construction Manager At Risk (CMAR) Request for Qualifications
(RFQ)**

Requested Action:

Review and comment on the process and timeline for procuring the first Construction Manager at Risk for the Sites Project. The first Construction CMAR selected for Sites is planned to cover the reservoir and roads elements of the Project.

Detailed Description/Background:

Development and construction of the Sites Reservoir Project (“Project”) is a significant undertaking that requires rigorous planning and a strategic approach to meet the adopted October 2023 Program Schedule, establishing an end of 2032 completion date. 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 adopted Construction Contracting Strategy envisioned two main packages (reservoir and roads and Maxwell Sites pumping and generating) delivered utilizing 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.

The initial focus is on the estimated \$2B (2021 \$) Reservoir and Roads package because it has the highest schedule criticality. A second Construction CMAR contractor will be selected later to cover major conveyance, mechanical and electrical elements of the Project. CMAR is also being considered as the delivery mechanism for terrestrial biological mitigation contracting.

This report is intended to 1) examine Project developments over the last two years in order to identify any modifications or refinements to the Construction Contracting Strategy that may be warranted and 2) identify the necessary preparations to be undertaken before the release of the Construction CMAR package for procurement.

Revisiting the Contracting Strategy

Staff has completed a reassessment of the Construction Contracting Strategy in light of project activity over the past 2 years and has concluded that CMAR project delivery continues to be best approach based on the following reasons:

- The nature of the work (primarily major earth work for the dams and road construction) has not changed. This work will require significant logistical coordination and would benefit from having a single CMAR contractor responsible for logistical coordination and integration.
- Another benefit of CMAR contracting for the reservoir and road work is that it would allow for early construction related input to the design work as the design progresses. This will allow for more efficient construction.
- Based on outreach to major construction contractors, staff have confirmed that there is market interest in this work from major construction firms in the United States and potentially internationally.
- The CMAR approach aligns well with the Board reviewed plans for the future organization of the Authority as recommended by the Governance Ad Hoc Committee. Recall that agency objectives and core competencies were determined (October 2023 Procurement Strategy Staff Report) and these align well with the CMAR approach for the following reasons: CMAR contracting brings a “culture of excellence” by inclusion of staff, designer (Engineer of Record) and constructor during the development phase of the project. This allows efficiencies to be developed during the design and allocation of resources to the best party to minimize risk and duplication of effort.
- CMAR allows early engagement of the contractor (before major work commences) to align the culture with the local community inclusive of training and job creation.
- CMAR utilizes significant local resources and can assist in developing the necessary skill sets for operating and maintaining the project after construction is complete, providing the potential Sites Staff an understanding of the inner workings of the facilities and retaining institutional knowledge.
- The draft B&O Contract terms align with the CMAR approach and nothing in the comments received from Participants to date points to a need for change in this regard. For example, the draft B&O defines “Construction Contract” to mean a contract between the Sites Authority and a contractor to perform construction work for all or a portion of the Project. The selection of a CMAR would not constitute awarding a construction contract as the initial scope will not include construction so the Board would retain its decision-making for initiating construction using the proposed approach.

Staff's reassessment has identified a possible benefit from making minor scope adjustments to the work to be conducted by the first and second CMAR contractors. Potential areas of work that might benefit from such a readjustment include packaging the tunnels under one CMAR contract or having the Reservoir CMAR excavate material from the TRR for use in the dam to avoid double handling or splitting responsibility between two contractors. Staff is continuing to evaluate potential scope adjustments and will have a recommendation regarding any changes prior to issuing the RFQ for the first CMAR contractor.

Necessary CMAR RFQ Preparations

In moving forward with the first CMAR procurement for the Reservoir, staff, with the input of the Operations and Engineering Workgroup, will continue to bring topics to the full Board over the next couple of months as listed below.

- RFQ/Request For Proposals selection and process (including Participant involvement).
- Determining the Reservoir Committee (RC)/Authority Board (AB) role in the procurement and negotiation process.
- Construction contract general conditions and supplemental (job-site specific) conditions.
- Project Labor Agreement and Workforce Training Program in Alignment with the Board adopted Local Community Work Group recommendations.
- CMAR responsibilities for environmental compliance, including the CMAR's responsibilities for coordination and implementation commitments.
- Refining CMAR Package Scope with input from Jacobs and AECOM.
- Defining contract allowance for Self-perform vs. Subcontracting scope
- Updated Procurement Policy to include construction services (minor updates expected).

Staff is seeking Board input, if any, on these considerations. These preparations will allow us to proceed into procurement of the Reservoir CMAR later this year following completion and RC/AB buy-in of items above.

Prior Action:

May 2024: Received an update on the activities related to implementing the Reservoir CMAR contracting strategy and process centering on the Phase 1 and Phase 2 scope of services and development of Guaranteed Maximum Price.

Fiscal Impact/Funding Source:

The Amendment 3 Work Plan includes sufficient budget to cover required resources and activities to implement these next steps for the adopted Contracting Strategy.

Staff Contact:

JP Robinette/Jeff Kivett/Pat Tangora/Cheyenne Harris

Primary Service Provider:

Brown & Caldwell

Attachments:

None.