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Title: Approve use of Fresno Municipal Code Section 4-502(d), Design-Build Qualification Method of procurement for the Senior Activity Center Project at 4343 North Blackstone Avenue (Council District 4)

Sponsors: Public Works Department, Parks, After School, Recreation and Community Serv, Planning and Development Department

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REPORT TO THE CITY COUNCIL

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SUBJECT

Approve use of Fresno Municipal Code Section 4-502(d), Design-Build Qualification Method of procurement for the Senior Activity Center Project at 4343 North Blackstone Avenue (Council District 4)

RECOMMENDATION

Staff recommends City Council approve the use of Fresno Municipal Code (FMC) Section 4-502(d), Design-Build Qualification Method of procurement for the Senior Activity Center Project and authorize

the Public Works Director to initiate the Request for Qualifications (RFQ) process for Design-Build Entity procurement.

EXECUTIVE SUMMARY

The successful delivery of complex capital improvement projects requires careful management of the project scope, schedule and budget. Both the Public Works and PARCS Departments have traditionally utilized the traditional design-bid-build method of project delivery, which requires the management of two separate contracts (designer and builder). With the traditional method, the owner (City) solicits bids from builders to perform the documented scope of work as specified in the approved design package, and awards the construction contract to the lowest responsive, responsible bidder. The traditional approach is very well-suited to small to medium-size projects, and straightforward projects such as paving, bridges, traffic signals, pipelines, landscaping or new tot lot installations. By utilizing the progressive design-build method of project delivery, City staff manages only one contract with a single Design-Build Entity with the designer and builder working collaboratively from the beginning of the project. Unified project recommendations that fit the City's schedule and budget are provided from the beginning, and any necessary changes are addressed by the entire team. Staff recommends the use of the Progressive Design-Build method of project delivery due to the size and complexity of the project, as well as the City's desire for an expedited schedule for design and construction.

The City intends to procure the design-build entity with the necessary qualifications to not only build the Senior Activity Center, but also develop the remaining portion of the City owned site with affordable housing. The qualification-based selection will be completed for the full scope of the site development (Senior Activity Center and Affordable Housing) with the intent to award a progressive design-build contract for the Senior Activity Center and enter negotiations for a long-term ground lease for the affordable housing development.

BACKGROUND

The City is seeking to procure a qualified design-build entity for the opportunity to develop two contiguous City owned properties. Development will consist of a 30,000 square foot Senior Activity Center as well as up to 100 units of Senior Affordable Housing. The City intends to own, manage and operate the Senior Activity Center; while the Developer will manage and operate the Senior Affordable Housing.

Staff recommends using the Progressive Design-Build (PDB) delivery method and qualifications-based selection process to ensure that the Senior Activity Center project has the best opportunity to be completed on time and within the specified budget. Using the PBD delivery method, the City and the design-build entity will progress to a final design and Guaranteed Maximum Price (GMP) for construction.

Upon completion of the solicitation process and design/preconstruction contract negotiations with the most qualified Design-Build Entity, staff will request Council approval to execute a contract for Phase One Preliminary Services which includes budget-level design development, preconstruction services and the development of a firm construction price and schedule. After completion of approximately 80% design and establishment of the GMP in Phase One, staff will return to Council for approval to execute a contract for Phase Two Services, also called Final Design and Construction Services. Phase Two completes the final design and construction of the Project for the agreed upon contract

price and schedule.

The qualifications-based design-build procurement method will provide the City with the best opportunity to deliver the Senior Activity Center project on time and within budget, provides for the highest possible level of collaboration, and incorporates additional attributes such as, (i) ongoing cost estimating and value engineering during the design process to ensure the projects stay within prescribed budget and schedule constraints, (ii) the ability to exercise an “off ramp” if cost and terms cannot be met, and, (iii) reduction in claims and delays due to the high level of collaboration from project inception.

As with any design-build, the fundamental procurement objective is to select the right team that will, (i) work collaboratively with City staff, (ii) offer the best chance to meet project goals and required outcomes, and (iii) is trustworthy, fair, qualified, and transparent. The use of a qualification-based design-build project delivery method for the Senior Activity Center Project will help the City meet those objectives.

ENVIRONMENTAL FINDINGS

Approval of project delivery method is not a “project” pursuant to California Environmental Quality Act (CEQA) Guidelines § 15378.

LOCAL PREFERENCE

Local preference does not apply because approval of project delivery method and Design-Build Entity selection process does not include a bid or award of a construction or services contract.

FISCAL IMPACT

The approval to use the Design-Build Qualification Method of procurement will have no fiscal impact to the General Fund. Projects delivered using a progressive design-build approach, which is focused on achieving a desired outcome within budget, will likely see a significant reduction in cost and schedule overruns.