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Title: Approval of Amendment No. 2 to the Professional Consultant Agreement with CH2MHILL Engineers, Inc., for an amount not-to-exceed \$6,900,000 for Fiscal Year (FY 2015) Program Management Services (Citywide)

Sponsors: Department of Public Utilities

Indexes:

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Attachments: 1. -Amendment No. 2.pdf, 2. -Exhibit A - Scope of Services (original agreement).pdf, 3. -Summary Report of Program Management Activities for FY 2014.pdf, 4. -Water Capital Program Activity Report Summary.pdf

Date	Ver.	Action By	Action	Result
8/28/2014	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

August 28, 2014

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

THROUGH: MARTIN A. QUERIN, PE, Assistant Director
Department of Public Utilities - Water Division

BY: MICHAEL CARBAJAL, Chief Engineering Technician
Department of Public Utilities - Water Division

SUBJECT

Approval of Amendment No. 2 to the Professional Consultant Agreement with CH2MHILL Engineers, Inc., for an amount not-to-exceed \$6,900,000 for Fiscal Year (FY 2015) Program Management Services (Citywide)

RECOMMENDATION

Staff recommends that Council approve Amendment No. 2 to the Professional Consultant Agreement (Agreement) with CH2MHILL Engineers, Inc., in the amount not to exceed \$6,900,000 for FY 2015

Program Management Services to support implementation of the City of Fresno Metropolitan Water Resources Management Plan (Metro Plan), infrastructure rehabilitation and replacement program, and a Capital Project Management Delivery System.

EXECUTIVE SUMMARY

On October 31, 2013, the City Council appropriated \$6,993,000 for the first-year (FY 2014) of a three-year agreement (with the option of two one-year extensions) with CH2MHILL for professional Program Management Services to support the Water Division's implementation of the City's Metro Plan, infrastructure rehabilitation and replacement program, and a Capital Project Management Delivery System. The term date for the first year appropriation was June 30, 2014, and Amendment No. 1 was executed with CH2MHILL to extend the term date of the first year appropriation to July 31, 2014.

The Agreement requires that the compensation for Program Management Services be negotiated annually based on the forecasted workload and support needs of the Water Division. Staff has completed the negotiations with CH2MHILL for FY 2015, and the value of Amendment No. 2 has been established with a not-to-exceed value of \$6,900,000.

BACKGROUND

The Water Division has developed recommended capital projects to provide a sustainable and reliable water supply for the community; repair and replace aging infrastructure; and eliminate the over drafting of the City's groundwater resources by the year 2025. The recommended capital projects are planned to be implemented throughout the City's service area with the investment of approximately \$100 million per year. At this time, the Water Division does not have sufficient project management processes and systems, or technical staff, to successfully deliver \$100 million per year of capital improvement projects. Accordingly, on October 31, 2013, the City Council approved a three-year professional consultant agreement (with the option of two one-year extensions) with CH2MHILL to manage the projects required for the City's Metro Plan and infrastructure rehabilitation and replacement program. Collectively, the project management processes and systems being developed by CH2MHILL will create a Capital Project Management Delivery System for the Water Division.

The overall objective of the Capital Project Management Delivery System is to deliver high quality capital projects on schedule and on budget for the community. The Capital Project Management Delivery System will be developed by CH2MHILL in such a manner that it can be used by Water Division staff in the future to deliver capital projects, and can be readily applied to capital projects in the Wastewater Management Division as well as other Departments of the City that deliver capital projects.

The base three-year Agreement has been planned to be implemented in the following sequence.

Year 1 (FY 2014): CH2MHILL staff worked with City staff to plan, design, build and test new project management processes and systems to deliver capital projects for the Metro Plan and the infrastructure rehabilitation and replacement program. In addition, CH2MHILL reviewed and validated the City's recommended capital projects, identified opportunities for capital cost savings, and provided technical staff to provide project management support for current capital projects. Year 1 activities are substantially complete, and CH2MHILL has successfully delivered the essential

building blocks of the Capital Project Management Delivery System.

The most critical project management processes and systems planned, designed, built and tested during Year 1 include, but are not limited to, project management and administration; project engineering and design management; project cost estimating; project scheduling (planning, permitting, and design); project financial accounting, monitoring, and reporting; project document control; project construction management and administration; permitting and land acquisition management; and public outreach and education.

City Council appropriated \$6,993,000 for Year 1 of the Program Management Services Agreement.

Year 2 (FY 2015): CH2MHILL staff will work with City staff to apply the new Capital Project Management Delivery System for specific projects. For FY 2015, there are approximately 90 projects that will be managed in the Water Division using the project management processes and systems constructed during FY 2014. For FY 2015, the project management focuses for CH2MHILL staff and City staff will be in the areas of project management and administration; engineering and design; permitting and land acquisition; project financial accounting, monitoring, and reporting; and public education and outreach. There are several projects that have been, or will be, bid for construction during FY 2015, but most of the construction activity is currently scheduled to occur during FY 2016.

City staff has negotiated a fee of \$6,900,000 for Year 2 of the Program Management Services Agreement. Amendment No. 2 has been “approved to form” by the City Attorney’s Office, and is ready for Council consideration.

Year 3 (FY 2016): CH2MHILL staff will work with City staff to continue to implement the Capital Project Management Delivery System for specific projects. Similar to FY 2015, CH2MHILL staff and City staff will apply learned project management techniques in the areas of project management and administration; engineering and design; permitting and land acquisition; project financial accounting, monitoring, and reporting; and public education and outreach. However, as currently planned, several large capital projects will be bid for construction during FY 2016. Accordingly, during FY 2016, greater emphasis will be placed on applying project management skills in the areas of project cost estimating; project scheduling (construction, startup and commissioning); project document control; and project construction management and administration.

City staff will work with CH2MHILL to develop a workload forecast for Program Management Services for FY 2016, and submit that to City Council for consideration in approximately May/June 2015.

ENVIRONMENTAL FINDINGS

Approval of the consultant service agreement amendment is not a “project” within the meaning of Public Resources Code Section 21803 (CEQA Guidelines § 15378) because the organizational and administrative activities as identified in the consultant agreement will not result in direct or indirect physical changes in the environment.

LOCAL PREFERENCE

Local preference was not implemented because this action pertains to an amendment of an existing service contract.

FISCAL IMPACT

The amendment will not have any impact to the General Fund. Funds are included in Water Division's FY 2015 Capital Improvement Program budget within the Water Enterprise Fund (40101). Funding for this project is not impacted by the City Council's action to rescind the water rate increase (Resolution 2013-143) on July 31, 2014.

Attachments:

- Amendment No. 2
- Exhibit A - Scope of Services (original agreement)
- Summary Report of Program Management Activities for FY 2014
- List of capital projects to be delivered with Capital Project Management Delivery System