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Title: Actions pertaining to the Capital Project Management of the Urban Water Management Plan Annual Contract between the Department of Public Utilities and CH2MHILL Engineers, Inc.
1. ***RESOLUTION - 12th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$1,140,000 for Construction Management Services for the Wastewater Management Recycled Water Distribution Project (Requires 5 affirmative votes)
2. Approval the Fourth Amendment to the Professional Consultant Agreement with CH2M HILL Engineers, Inc., in the amount of \$1,140,000 increasing the approved fiscal year compensation from \$7,100,000 to a revised not-to-exceed amount of \$8,240,000 for Fiscal Year 2016 Program Management Services (Citywide)

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 12th Amendment AAR.pdf, 2. 4th Amendment CH2M.pdf, 3. Exhibit A Scope.pdf

Date	Ver.	Action By	Action	Result
9/24/2015	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

September 24, 2015

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SUBJECT

Actions pertaining to the Capital Project Management of the Urban Water Management Plan Annual Contract between the Department of Public Utilities and CH2MHILL Engineers, Inc.
1. ***RESOLUTION - 12th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$1,140,000 for Construction Management Services for the Wastewater

- Management Recycled Water Distribution Project (Requires 5 affirmative votes)
2. Approval the Fourth Amendment to the Professional Consultant Agreement with CH2M HILL Engineers, Inc., in the amount of \$1,140,000 increasing the approved fiscal year compensation from \$7,100,000 to a revised not-to-exceed amount of \$8,240,000 for Fiscal Year 2016 Program Management Services (Citywide)

RECOMMENDATION

Staff recommends that Council approve the appropriation resolution to allocate funding and Amendment No. 4 to the Professional Consultant Agreement (Agreement) with CH2MHILL Inc. for a not-to-exceed amount \$1,140,000. This amendment will be in addition to the previously approved \$7,100,000 for Amendment No. 3. The total not-to-exceed value for Program Management Services for Fiscal Year 2016 will be \$8,240,000 to support the implementation of the major water projects and construction management of the recycled water distribution system in the City of Fresno's 2010 Urban Water Management Plan using the Capital Project Management Delivery System developed by the Department of Public Utilities and CH2MHILL Inc.

EXECUTIVE SUMMARY

The Department of Public Utilities is seeking to adopt the 12th Amendment to the AAR No. 2015-104 and issue Amendment No. 4 to the Program Management Services Contract with CH2MHILL by an additional \$1,140,000 bringing the fiscal year 2016 compensation from \$7,100,000 to \$8,240,000. The amendment will add the construction management services to the five (5) Recycled Water Distribution System construction projects currently under design. The first of these projects is scheduled to be presented to the Fresno City Council for award on September 10, 2015. The first three projects will be completed and delivering recycled water before October 2016. The remaining two projects will be completed before October 2017.

BACKGROUND

On November 29, 2012, the Fresno City Council adopted the City's 2010 Urban Water Management Plan (2010 UWMP) in accordance with the Urban Water Management Planning Act (UMP Act) of 1983. In accordance with the UWMP Act, the City's 2010 UWMP describes current and future water uses, sources of water supply, water supply reliability, and existing and planned conservation measures.

For the City of Fresno, the 2010 UWMP was prepared specifically to present the City's water resources management strategy to provide a safe, reliable, and sustainable supply of water for the community; enhance water conservation; continue intentional groundwater recharge; repair and replace aging pipelines and wells; comply with the requirements of the recently enacted Sustainable Groundwater Management Act, and comply with soon-to-be-adopted groundwater quality regulations for 1,2,3-trichloropropane ("1,2,3-TCP" or "TCP"). To support the water resources management strategy presented in the 2010 UWMP, the City prepared a companion Recycled Water Master Plan that was completed in December 2010. The findings of the UWMP were incorporated into the Recycled Water Master Plan in the form a 25,000 acre-foot per year Recycled Water Program to enhance potable water conservation, and improve the reliability and sustainability of the City's groundwater resources and surface water resources.

The overall objective of the 2010 UWMP is to provide sustainable and reliable water supplies to meet

the demands of existing and future customers consistent with the City's General Plan. The overall goals of the City's 2010 UWMP are to:

- Maximize use of available surface water supplies for direct treatment and use, and intentional groundwater recharge;
- Replenish groundwater basin storage when surplus surface water supplies are available;
- Balance the City's management of groundwater (extraction and intentional recharge) by 2025;
- Continue to implement and expand demand management strategies and water conservation measures to reduce potable water demands; and
- Incorporate tertiary-treated recycled water into the City's water supply portfolio to accommodate non-potable water demands and reduce demands on the potable water system.

2010 UWMP CAPITAL IMPROVEMENT PROGRAM

The implementation of the water resources management strategy presented in the 2010 UWMP will require the investment of approximately \$570 million in capital improvements. This investment plan was initiated during FY 2015 and will be complete during FY 2019. The major projects to be constructed by DPU through June 30, 2019 include:

1. Tertiary Treatment and Disinfection Facility (TTDF). The TTDF will be located at the Fresno-Clovis Regional Wastewater Reclamation Facility. The TTDF will be constructed in three phases: 5-mgd, 10-mgd, and 15 mgd. Phase 1 of the TTDF facility is currently under construction with a capacity of 5-mgd, and it is scheduled to be placed into service September 2016. The capital cost for the Phase I facility is \$35 million. The capital cost for the Phase II facility (10 mgd) is \$37.5 million.
2. 2-MW Solar Energy Facility. This facility will be located at the Fresno-Clovis Regional Wastewater Reclamation Facility and it will be used to offset a portion of the added electrical power demands of the 30-mgd TTDF. The full electrical power demand for the 30-mgd TTDF is estimated to be approximately 4-MW. The capital cost for the facility is \$10.4 million.
3. Recycled Water Distribution System. Recycled water from the TTDF will be delivered to the City's service area through a two-phased recycled water distribution system which will consist of recycled water transmission and distribution pipelines, booster pumping stations, and storage reservoirs. The recycled water transmission and distribution system will consist of pipeline sizes ranging from 54-inches in diameter to 12-inches in diameter. The capital cost for the transmission mains is \$83.9 million.
4. Satellite Recycled Water Treatment Facilities. DPU plans to construct up to three satellite recycled water treatment facilities in the eastern portion of the City's service area. The facilities will be used to capture raw wastewater for recycled water production in closer proximity to recycled water demands on the eastern portion of the City. The estimated capital cost for these facilities is \$56.1 million.
5. Raw Water Supply Facilities. These projects call for the construction of 18 miles of pipeline that will be used to deliver surface water from the Kings River and Friant-Kern Canal to the existing 30 mgd Northeast Surface Water Treatment Facility (NE SWTF) and the proposed new 80 mgd Southeast Surface Water Treatment Facility (SESWTF). The estimated capital cost for these projects is \$98.4 million.
6. Surface Water Treatment Facilities. This facility will be an 80 mgd surface water treatment facility that treats surface water from Pine Flat Reservoir and Millerton Lake. The capital cost for this project is \$186.4 million.
7. Finished Water Distribution Facilities. These facilities will connect the treated water produced

at the Surface Water Treatment Facility to the existing water distribution system. The estimated capital cost for this project is \$55.4 million.

8. Intentional Groundwater Recharge Facilities. These facilities will be planned, permitted, designed and constructed in cooperation with the Fresno Irrigation District, the Fresno Metropolitan Flood Control District, and the City of Clovis. The objective will be increase the number and effectiveness of intentional groundwater recharge facilities in the community available for surface water recharge, storm water recharge, and recycled water recharge. The estimated capital cost for these projects is \$6 million.

PROGRAM MANAGEMENT SERVICES

The DPU capital improvement program to implement the major elements of 2010 UWMP is the largest construction program ever undertaken by the City of Fresno in the history of the City. Recognizing the nature, scope, and scale of the construction requirements, in February 2013 the Water Division of DPU initiated a competitive consultant selection process to retain the services of a professional Program Management Services firm. Five firms submitted responses to the solicitation and two firms were short-listed for interviews. At the completion of the interview process, the firm CH2MHILL Inc. was selected as most qualified to meet the City's need for Program Management Services.

On July 25, 2013, the Fresno City Council awarded a Phase I, four-month, professional services contract for Program Management Services to CH2MHILL Inc. to assist the City with the development of an implementation plan for the City's adopted 2010 Urban Water Management Plan. On October 31, 2013, the City Council awarded a multi-year (three-year base term, with options for two, one-year extensions) contract to CH2MHILL Inc. to provide professional Program Management Services to support DPU's implementation of the water resources management strategy presented in the 2010 UWMP.

Since being selected, CH2MHILL has been working closely with DPU Water staff to develop and implement a Capital Project Management Delivery System. 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 has been developed by DPU and CH2MHILL Inc. in such a manner that it can be used in the Water Division and Wastewater Management Division to deliver major capital projects, and can be readily used by other Departments of the City that also deliver large, complex, multi-disciplinary capital projects.

The Capital Project Management Delivery System is a set of systems, tools, and processes for 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. The Capital Project Management Delivery System is fully-functioning and operational and is currently being used by DPU staff, consultants, and contractors.

PROGRAM MANAGEMENT SERVICES COSTS

The contract with CH2MHILL Inc. requires that the compensation for Program Management Services be negotiated annually based on the forecasted workload and support needs for the DPU capital improvement program. The initial multi-year contract with CH2MHILL Inc. was approved by City

Council on October 31, 2013, for \$6,993,000 for Program Management Service for fiscal year 2014. To date, the Fresno City Council has approved three amendments to the CH2MHILL Inc. Program Management Services contract.

- Amendment No. 1 was executed on August 5, 2014 to extend the term date of the first-year appropriation from June 30, 2014 to July 31, 2014. No scope or compensation changes were amended for the contract, only the term date.
- Amendment No. 2 was approved by City Council on August 28, 2014 to provide funding (\$6,900,000) for fiscal year 2015 for Program Management Services.
- Amendment No. 3 was approved by City Council on June 19, 2015 to provide funding (\$7,100,000) for fiscal year 2016 for Program Management Services.

Since Amendment No. 3 was approved in June 2015, DPU has determined that it is in the best interest of the City and the ratepayers to apply the Capital Project Construction Management Delivery System to the Wastewater Management Division's Recycled Water Distribution System Project, which is an element of the 2010 UWMP and consists of large-diameter, welded-steel, pressure mains, which are identical to the pipeline projects being constructed for the Water Division.

Staff has completed negotiations with CH2M HILL Inc. to provide construction management services for the Wastewater Management Division's Recycled Water Distribution Project. DPU staff recommends the Fresno City Council approve Amendment No. 4 for the CH2MHILL Program Management Services contract for \$1,140,000 to provide the first-year of construction management services for the Wastewater Management Division's Recycled Water Distribution Project. The total not-to-exceed value of Program Management Services to be provided by CH2MHILL Inc. during fiscal year 2016 for Amendment No. 3 and Amendment No. 4 totals \$8,240,000. The term date for Amendment No. 3 and Amendment No. 4 will be June 30, 2016.

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. The Recycled Water Construction Projects covered under this Amendment are identified in the current sewer enterprise financial plan and the five year CIP model. The funds do exist for this project in the sewer enterprise fund number 40501. The AAR will fully fund the construction management for this fiscal year however, upon return of the fully executed SRF loan agreement from the state an additional AAR will be brought before Council to create a new bond fund to ensure the reporting and accounting is acceptable to the Clean Water SRF managers.

Attachments:

12th AAR No. 2015-104

Amendment No. 4

Exhibit A - Scope of Services (original agreement)