

AGENDA ITEM #: \_\_\_\_\_

DATE: August 26, 2019

CAR #: 2019-6749



## CITY COUNCIL ACTION REPORT

**SUBJECT: Approve Expenditure of \$110,401,000 for Construction Services for the Goodyear Water Treatment Facility and Raw Water Delivery Pipeline Project**

**STAFF PRESENTER(S):** Javier Setovich, Public Works Director  
Sumeet Mohan, Deputy Director of Engineering

**OTHER PRESENTER(S):** None

**Summary:** Authorize expenditures of up to \$110,401,000 for all fees and costs to complete the Goodyear Water Treatment Facility and Raw Water Delivery Pipeline project. This will allow the city to amend the existing contract with CH2M Engineers for construction services, for remaining land acquisitions, and to pay other vendors for remaining expenses for the project.

**Recommendation:** Approve expenditure authority up to \$110,401,000 for fees and costs for completion of the Goodyear Water Treatment Facility and Raw Water Delivery Pipeline project.

**Fiscal Impact:** The total project budget of \$129 million is provided from water revenue bonds, operating fund and impact fees plus developer reimbursements and property tax G.O. bonds.

|                                                                     |                      |
|---------------------------------------------------------------------|----------------------|
| <b>Total Project Budget</b>                                         | <b>\$129,000,000</b> |
| Council Approved Land Purchase<br>January 22, 2018                  | \$3,109,500          |
| Council Approved Pre-construction & Design,<br>April 23, 2018       | \$14,489,500         |
| Council Approved Owner's Representation Services,<br>April 23, 2018 | \$1,000,000          |
| <b>Total Previous Council Approvals</b>                             | <b>\$18,599,000</b>  |
|                                                                     |                      |
| <b>Remaining Budget Available for Authorization</b>                 | <b>\$110,401,000</b> |

The remaining budget available for authorization reflects City Council authorization for expenditures to vendors that exceed \$500,000. Expenditures not requiring Council

authorization such as project management have been incurred. With this authorization, expenditures will not exceed the \$129 million Total Project Budget.

The schedule for delivering clean drinking water from the facility to the distribution system is December 31, 2021. Before this date, staff will return to Council for approval of operational services to be provided by CH2M Engineers. These services will allow for the startup and operations of the Water Treatment Facility during its commissioning and transition to city staff. The costs for these services are not reflected in the CIP project funds. These costs will be part of the annual operations budget requests.

## **Background and Previous Actions**

On January 23, 2017, Council approved the agreement between the city of Goodyear and the Salt River Valley Water Users' Association and the Salt River Project (SRP) Agricultural Improvement and Power District to deliver the city's Central Arizona Project (CAP) water allocation through their canal system to a point of receipt. This agreement resulted in the need for Goodyear to move ahead with the current Water Treatment and Raw Water Delivery project.

On January 22, 2018, Council authorized the purchase of approximately 28 acres of land situated west of the existing Goodyear Water Reclamation Facility on 157th Avenue for the site of the surface water treatment facility.

On April 23, 2018, Council approved the expenditure of funds for design services and owner's representative for the Water Treatment Facility and Raw Water Delivery Pipeline.

On December 17, 2018, Council adopted Resolution No. 2018-1924 authorizing the acquisition of any property rights necessary for the Water Treatment Facility and Raw Water Delivery Pipeline.

## **Staff Analysis**

The facility will initially treat 8 million gallons per day with the ability to expand to 16 million gallons per day. The facilities required include a turnout structure at the SRP canal, raw water pump station, raw water transmission main, water treatment facilities, chemical storage, operations building, reservoirs, and a distribution system connection.

The design and construction of a surface water treatment facility is a multifaceted process. In the case of this project, schedule expectations, regulatory requirements, complex process design, specialized equipment, and integration of surface water into an existing groundwater system are all elements that add risk. In order to mitigate that risk, staff evaluated various industry supported project delivery methods, and decided to move forward with a Design Build method. This method expedites project delivery and creates performance expectations for the design build team that reduce risk to the owner. Another advantage is that it is an open book process that allows the owner to pay for costs based on cost to the contractor plus agreed fees unlike a Design/Bid/Build project where a lump sum agreement allows the contractor to keep any realized savings.

On July 12, 2019, the city received a Guaranteed Maximum Price (GMP) from CH2M Engineers, the Design Build firm for construction services. The GMP with CH2M Engineers includes construction services, startup, and commissioning.

## **Attachments**

1. Design-Build Services Contract Amendment
2. Design-Build GMP Summary Form
3. 60% Construction Cost Estimate and GMP Proposal – Final Report
4. Amended and Restated Design-Build Services Contract