



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Master

File Number: Admin-2024-0751

File ID: Admin-2024-0751

Type: Request for Ordinance or Resolution

Status: Regular Agenda

Version: 1

Reference:

In Control: City Clerk Waiting Room

Department:

Cost:

File Created: 07/03/2024

Subject:

Final Action:

Title: To adopt a resolution to authorize the use of the CMAR delivery method for construction of the Wastewater Treatment Plant Main Pump Station Improvement Projects.

Internal Notes:

Code Sections:

Agenda Date: 07/22/2024

Indexes:

Agenda Number:

Patron(s):

Enactment Date:

Attachments: Res - CMAR Wastewater Treatment Plant AATF, DPS Director CMAR Determination WWTP Main Pumping Station 5-28-24

Enactment Number:

Contact:

Introduction Date:

Drafter: Adam.Hohl@rva.gov

Effective Date:

Related Files:

Approval History

| Version | Seq # | Action Date | Approver | Action | Due Date |
|---------|-------|-------------|------------------|----------------|-----------|
| 1 | 1 | 7/3/2024 | April Bingham | Approve | 7/4/2024 |
| 1 | 2 | 7/3/2024 | Adam Hohl - FYI | Notified - FYI | |
| 1 | 3 | 7/3/2024 | Robert Steidel | Approve | 7/4/2024 |
| 1 | 4 | 7/5/2024 | Rene Almaraz | Approve | 7/5/2024 |
| 1 | 5 | 7/9/2024 | Jeff Gray | Approve | 7/9/2024 |
| 1 | 6 | 7/11/2024 | Lincoln Saunders | Approve | 7/10/2024 |
| 1 | 7 | 7/15/2024 | Mayor Stoney | Approve | 7/29/2024 |

History of Legislative File

Master Continued (Admin-2024-0751)

| Ver- sion: | Acting Body: | Date: | Action: | Sent To: | Due Date: | Return Date: | Result: |
|-----------------------|---------------------|--------------|----------------|-----------------|------------------|-------------------------|----------------|
|-----------------------|---------------------|--------------|----------------|-----------------|------------------|-------------------------|----------------|

Text of Legislative File Admin-2024-0751

Title

To adopt a resolution to authorize the use of the CMAR delivery method for construction of the Wastewater Treatment Plant Main Pump Station Improvement Projects.

Body

O & R Request

DATE: July 16, 2024 **EDITION:** 3

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: Lincoln Saunders, Chief Administrative Officer

THROUGH: Rene Almaraz, Director of Procurement Services

THROUGH: Robert C. Steidel, Deputy Chief Administrative Officer

FROM: April Bingham, Director of Public Utilities

RE: To request the use of Construction Management at Risk (CMAR) Project Delivery Method for the construction of the Wastewater Treatment Plant Main Pump Station Improvement Projects

PURPOSE: To adopt a resolution to authorize the use of the CMAR delivery method for construction of the Wastewater Treatment Plant Main Pump Station Improvement Projects.

BACKGROUND: The WWTP Main Pumping Station Improvements Project is being partially funded with ARPA grant funding, which, by Virginia DEQ guidance, must be completed and the grant closed out by December 31, 2026. DEQ is advising that to meet this deadline, project construction work will need to be effectively completed by June 30, 2026, to be considered for ARPA reimbursement. Due to this schedule constraint, the normal design, bid, build construction procurement delivery method will not allow DPU to substantially complete this project within the timeframe required by the ARPA funding, resulting in the loss of up to \$ \$14,129,541 of grant funding which will shift that financial burden onto customer’s wastewater bills.

This project will be a major refurbishment of the 65-year-old Main Pumping Station that will replace pumps, valves, and electrical equipment, all while maintaining the operation of the WWTP. This is a complex project that will require pre-purchase of major long lead time equipment and carefully planned construction sequencing. The major pieces of equipment required for this project, such as large pumps, motors, medium-voltage variable frequency drives, switchgear, and large power transformers, are all experiencing significantly longer than normal fabrication and delivery lead times.

Competitive sealed bidding is not practicable and not fiscally advantageous because the linear nature of the design-bid-build process-i.e., the completion of design preceding a construction procurement by competitive sealed bidding-would preclude substantial completion of the project in time to utilize the available ARPA grant funding. Additionally, construction manager at risk delivery will provide better opportunity for construction contractor input into the value engineering process, more accurate pre-construction cost estimates, accelerated advance ordering of key long lead time equipment and is expected to reduce potential change order costs during construction in comparison to design-bid-build delivery. Finally, construction manager at risk delivery will provide better bidding opportunities for local, minority and emerging small business sub-contractors and will achieve significant meaningful minority business participation in the construction of this project.

The CMAR project delivery method means that the project owner hires a construction manager early on in the process - typically in the design phase - to serve as a representative and consultant during the project. The Construction Manager also manages the project through each phase, ensuring it stays within budget and on schedule.

The CMAR method establishes a Guaranteed Maximum Price (GMP), or price limit the project cannot exceed. The construction manager is contractually bound to adhere to the GMP and is financially liable if the project goes over budget (hence the term “at risk”).

In accordance with the City of Richmond Department of Procurement Services Policy and Procedure No. 50 (“Design-Build and Construction Management Contracting”), the Director of Procurement Services has determined the CMAR is an appropriate procurement delivery method.

COMMUNITY ENGAGEMENT: None

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: Resolution No. 2023-R030

FISCAL IMPACT / COST: Loss of up to \$14,129,541 in Virginia CSO ARPA grant funding if Construction Manager at Risk delivery is not approved.

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: July 22, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 9, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Governmental Operations Standing Committee (July 24, 2024)

AFFECTED AGENCIES: Department of Public Utilities, Department of Procurement Services

RELATIONSHIP TO EXISTING ORD. OR RES.: None

ATTACHMENTS: Written Determination from Director of Procurement Services

STAFF: Eric Whitehurst, Deputy Department Director, Senior, Department of Public Utilities, x3780
Bob Stone, Deputy Director Senior, Department of Public Utilities, x8557



DEPARTMENT OF PROCUREMENT SERVICES

INTRACITY CORRESPONDENCE

DATE: May 28, 2024

TO: Eric Whitehurst, Deputy Director, Department of Public Utilities

FROM: Rene M. Almaraz, Director of Procurement Services

SUBJECT: Written Determination for Procurement of Construction Management Contract

The Wastewater Treatment Plant (WWTP) Main Pumping Station Improvements Project will involve a major refurbishment of the 65 year old Main Pumping Station that will replace pumps, valves and electrical equipment all while maintaining the operation of the WWTP.

Virginia Code § 2.2-4379 states a "Complex project" means a construction project that includes one or more of the following significant components: difficult site location, unique equipment, specialized building systems, multifaceted program, accelerated schedule, historic designation, or intricate phasing or some other aspect that makes competitive sealed bidding not practical.

The unique equipment and intricate phasing of this effort validates that this is complex project which will require pre-purchase of major long lead time equipment and carefully planned construction sequencing. The major pieces of equipment required for this project such as large pumps, motors, medium voltage variable frequency drives, switchgear, and large power transformers are all experiencing significantly longer than normal fabrication and delivery lead times.

In addition to the technical and construction requirements which create this complexity, the project is partially funded with ARPA grant funding which must be completed and the grant closed-out by December 31, 2026, per Virginia DEQ guidance. Further, DEQ has advised the City that to meet this deadline, project construction work will need to be effectively complete by June 30, 2026 to be considered for ARPA reimbursement.

Due to the above facts, complexities and constraints, the normal design, bid, build construction procurement delivery method will not allow DPU to substantially complete this project within the timeframe required.

In accordance with Policy 50 - Design-Build and Construction Management Contracting, Paragraph 50-7.2.2, I am providing this written determination required for the procurement of a construction management contract.

Authorization to move forward: Approve Decline

Rene M. Almaraz
Rene M. Almaraz, Director Procurement Services

May 28, 2024
Date