

INTRODUCED: June 23, 2025

A RESOLUTION No. 2025-R031

To authorize the utilization of the design-build procurement method for the construction of the Canoe Run Park CSO Storage Tank project.

\_\_\_\_\_  
Patron – Mayor Avula

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: JUL 28 2025 AT 6 P.M.

WHEREAS, pursuant to Resolution No. 2024-R030, adopted September 23, 2024, the Council approved procedures for utilizing construction management or design-build contracts for City construction projects; and

WHEREAS, the project procurement method for utilizing the design-build procurement method must be approved by Council for certain projects pursuant to Section 50-7.1.1 of the City of Richmond Department of Procurement Services Policy and Procedure No. 50 (“Design-Build and Construction Management Contracting”), concerning design-build and construction management contracting; and

NOW, THEREFORE,

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTAIN: \_\_\_\_\_

ADOPTED: \_\_\_\_\_ REJECTED: \_\_\_\_\_ STRICKEN: \_\_\_\_\_

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That, in accordance with City of Richmond Department of Procurement Services Policy and Procedure No. 50 (“Design-Build and Construction Management Contracting”), the Council hereby approves the utilization of the design-build procurement method for the construction of the Canoe Run Park CSO Storage Tank project.



# City of Richmond

## Intracity Correspondence

### O&R Transmittal

**DATE:** May 27, 2025

**TO:** The Honorable Members of City Council

**THROUGH:** The Honorable Danny Avula, Mayor

**THROUGH:** Sabrina Joy-Hogg, Interim Chief Administrative Officer

**THROUGH:** Rene Almaraz, Director of Procurement Services

**FROM:** Scott Morris, Director of Public Utilities

**RE:** To request the use of Design-Build (D-B) Project Delivery Method for design and construction of the Canoe Run Park CSO Storage Tank Project

**ORD. OR RES. No.** \_\_\_\_\_

**PURPOSE:** To adopt a resolution to authorize the use of the D-B delivery method for construction of the Canoe Run Park CSO Storage Tank Project.

**BACKGROUND:** The 2020 Virginia General Assembly passed SB1064 which required the City to update its CSO Long Term Control Plan and requires completion of construction of that plan by July 1, 2035. The City has submitted and received approval for the updated CSO Long Term Control Plan (i.e. the Final Plan). The Final Plan contains four discrete CSO construction projects, one of which is the Canoe Run Park CSO Storage Tank Project. The Canoe Run Park CSO Storage Tank Project is being predominately funded with \$100 million of grant funding from the Commonwealth of Virginia which must be obligated for construction before June 30, 2026. Due to this schedule constraint, the normal design, bid, build construction procurement delivery method will not allow DPU to initiate a construction contract by the end of fiscal year 2026, resulting in the loss of up to \$100 million of grant funding which will shift that financial burden onto City customer's wastewater bills.

This project is a complex project and a major infrastructure investment to reduce bacteria from entering the James River from the City's combined sewer system. The major components for this project include the installation of a 6-million-gallon underground storage tank, large underground diversion structures, large diameter sewer piping, an odor control facility, modulating gates, and appurtenant mechanical and electrical equipment. In addition, the construction of the project in Canoe Run Park offers the opportunity to provide recreational enhancements to the park as a public benefit. To successfully execute this project, the City will need multidisciplinary expertise and collaboration in the areas of project management, construction, structural engineering, geotechnical engineering, hydraulics, and landscape design.

Competitive sealed bidding is not practicable and not fiscally advantageous because the linear nature of the design-bid-build process—i.e., contracting for design services via the RFP process, the completion of design, followed by a construction procurement by competitive sealed bidding would preclude DPU from encumbering State grant funding, via the initiation of a construction contract, by the end of fiscal year 2026. Additionally, D-B 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, D-B delivery will provide better sub-contracting 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 D-B project delivery method means that the project owner executes a two-step procurement (RFQ followed by RFP) to contract with a team comprised of both an engineering firm and a construction general contractor. The design build team manages the project through both the design and construction phases, ensuring it stays on budget and on schedule. The D-B delivery method establishes a single fixed-price contract which covers both design and construction services.

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 D-B is an appropriate procurement delivery method.

**COMMUNITY ENGAGEMENT:** None

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

**FISCAL IMPACT:** Loss of up to \$100,000,000.00 in Virginia CSO grant funding if Design-Build delivery is not approved.

**DESIRED EFFECTIVE DATE:** Upon adoption

**REQUESTED INTRODUCTION DATE:** June 23, 2025

**CITY COUNCIL PUBLIC HEARING DATE:** July 28, 2025

**REQUESTED AGENDA:** Consent

**RECOMMENDED COUNCIL COMMITTEE:** Government Operations (June 25, 2025)

**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:** Laura Bendernagel, Deputy Department Director, Senior, Department of Public Utilities,  
804-754-6578

Bob Stone, Deputy Director, Department of Public Utilities, 804-646-8557



## DEPARTMENT OF PROCUREMENT SERVICES

### *MEMORANDUM TO FILE*

**DATE:** May 1, 2025

**FROM:** Rene M. Almaraz, Director of Procurement Services

**SUBJECT:** Advance Written Determination for Design Build Canoe Run

The Department of Public Utilities (DPU) is in the planning stages of fixed-price design-build contract for the construction of the Canoe Run Park Storage Tank Project. In accordance with Va. Code § 2.2-4382(D) and Policy 50 - Design-Build and Construction Management Contracting, Paragraph 50-7.2.1 (c), I am providing this memorandum to support the identification and determination of the project as “complex”.

Pursuant to Policy 50 - Design-Build and Construction Management Contracting, Paragraph 50-7.1 the Department of Public Utilities (DPU) requested approval for the procurement of a fixed-price design-build contract for the construction of the Canoe Run Park Storage Tank Project.

In their request they identified that in support of the City’s Combined Sewer Overflow (CSO) Program, the Virginia General Assembly appropriated state grant funds (HB1600 and SB800) to the City of Richmond for fiscal years 2025 and 2026, in the amounts of \$75 million and \$25 million, respectively. The budget bills do not guarantee the appropriated funds beyond June 30, 2026 – the end of fiscal year 2026 (FY26).

DPU has determined that the normal design, bid, build construction procurement delivery method will not allow the agency to encumber the appropriated grant funds before the end of FY26, which could result in the loss of approximately \$100,000,000 of State grant funding which will shift the financial burden for the cost of this project onto customer’s wastewater bills.

A fixed-price design-build procurement benefits the City by accelerating the procurement of a construction contract with an estimated value between \$110 million and \$125 million. This procurement approach will allow the City to establish a grant agreement with the Virginia Department of Environmental Quality and ensure that the grant funds are obligated and available to the City through the design and construction of the project.

As stated in the DPU request, the project is a complex project and a major infrastructure investment to reduce bacteria from entering the James River from the City’s combined sewer system. The major components for this project include the installation of a 6-million-gallon underground storage tank, large underground diversion structures, large diameter sewer piping, an odor control facility, modulating gates, and appurtenant mechanical and electrical equipment. In addition, the construction of the project in Canoe Run Park offers the opportunity to provide recreational enhancements to the park as a public benefit. To successfully execute this project, the City will need multidisciplinary expertise and collaboration in the areas of project management, construction, structural engineering, geotechnical engineering, hydraulics, and landscape design.

I agree with DPU’s assessment that 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 the City’s ability to execute a construction contract and encumber the appropriated state grant funds before the end of FY26.



## DEPARTMENT OF PROCUREMENT SERVICES

### *MEMORANDUM TO FILE*

In consideration of the evaluation performed by DPU on the elements above, Canoe Run Park Storage Tank Project can be defined as a complex project and that the design-bid-build procurement approach is not practicable and may be fiscally prohibitive.

*Rene M Almaraz*

Rene M. Almaraz, Director Procurement Services

May 1, 2025

Date