



COUNCIL AGENDA: 5/22/18

FILE: 18-657

ITEM: 3.5

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: SEE BELOW

DATE: May 17, 2018

Approved

D. D. Syl

Date

5/18/18

SUPPLEMENTAL

SUBJECT: ADOPTION OF A RESOLUTION FINDING THAT THE CONTRACT WITH STEVE P. RADOS FOR THE DESIGN AND CONSTRUCTION OF THE 4880 – FOURTH STREET INTERCEPTOR PHASE VI-A PROJECT WILL RESULT IN LOWER COSTS AND FASTER PROJECT COMPLETION THAN IF THE CITY USED A TRADITIONAL DESIGN-BID-BUILD PROCESS

REASON FOR THE SUPPLEMENTAL

In addition to the request for contract award for the Fourth Street 84-inch Interceptor Phase VI-A project (Project), this supplemental memo will support the City Council's finding that the benefits of using a design-build delivery method will result in lower project costs and faster project completion as required by San José Municipal Code, Section 14.07.660.

ANALYSIS

On December 15, 2015, the City Council adopted Resolution No. 77627 approving the use of the design-build project delivery method for the 4880-Fourth Street 84-inch Interceptor Phase VI-A Project pursuant to Section 1217 of the City's Charter and Chapter 14.07 of the San José Municipal Code. To date, staff has completed the Request for Qualifications and Request for Proposals processes, and negotiated a contract with the most qualified design-build firm, Steve P. Rados, Inc., who will be supported by Stantec Consulting Services, Inc., as the Project designer.

Due to the complexity of the work, the Project will be more efficiently constructed by a single design-build firm since it will have direct control over design, operations and construction activities with the intention to maximize the productivity while minimizing the delay in construction schedule. The following benefits are expected when this Project is delivered using the design-build approach:

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- a. Risk Reduction: Under the design-build approach, Steve P. Rados, Inc. is accountable for both design and construction; therefore, the risk of cost overruns from design error or poor coordination are more likely to be transferred from the City to Steve P. Rados, Inc. This should result in reduced risks to the City and is expected to mitigate claims, disputes, or potential litigation. In addition, as the designer and contractor are working together as a single entity, their fluid coordination can also yield innovative solutions to project challenges that would be more difficult to overcome in a design-bid-build environment.
- b. Time Savings: The schedule for this Project will be carefully planned for by Steve P. Rados, Inc. and Stantec Consulting Services, Inc. as a single entity, and it is anticipated that some of the construction activities including Caltrans permitting, can be performed concurrently or even during the design phase without impacting the scope of the Project. The estimated time savings to be achieved from the work of the Steve P. Rados, Inc. team using the design-build approach versus design-bid-build will be approximately three months.
- c. Cost Savings: During the negotiation process, City staff worked closely with the Steve P. Rados, Inc., team to identify potential savings to lower the Project cost. As a result, the initial cost estimate for the Project proposed by Steve P. Rados, Inc. was lowered from the original amount of \$46,494,328 to \$42,470,896, for a total savings of \$4,023,432. This type of negotiation is only available when delivering a project utilizing an alternative to the traditional design-bid-build project delivery approach such as the design-build process.

/s/

MATT CANO

Director of Public Works

For questions, please contact Michael O'Connell, Deputy Director, Department of Public Works at (408) 535-8300.