



# City Council Report

**Date:** July 1, 2024  
**To:** City Council  
**Through:** Marc Heirshberg, Deputy City Manager  
**From:** Beth Huning, City Engineer  
Lance Webb, Assistant City Engineer  
**Subject:** Signal Butte Water Treatment Plant Expansion – GMP 2  
City Project No. CP0372  
Council District 6

## Purpose and Recommendation

The purpose of this report is to present the Guaranteed Maximum Price (GMP) for the Signal Butte Water Treatment Plant (SBWTP) Expansion, a Construction Manager at Risk (CMAR) project (See Exhibit “A” for project location).

Staff recommends that Council award a contract for this project to McCarthy Building Companies, Inc. in the amount of \$111,973,648.69 (GMP 2), and authorize a change order allowance in the amount of \$3,359,209.46 (3%).

This request is for GMP 2 for the SBWTP Expansion project. GMP 1 was approved by the Council on September 11, 2023 and includes construction of a second 8 million-gallon (MG) storage reservoir at the SBWTP site, as well as other improvements needed to meet growing demand in this area of the City. GMP1 scope was accelerated ahead of GMP 2 as the additional reservoir capacity would allow for redundancy in the distribution system and supplement supply during high demand months.

GMP 2 will include expansion of the existing plant by adding facilities to increase capacity of the SBWTP from 24 million gallons per day to 48 million gallons per day (MGD) of treated water.

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## Background

The SBWTP was constructed in 2018 to deliver 24 MGD to meet the growth in southeast Mesa. As growth has continued at a rapid pace, additional water treatment capacity is needed to meet current and future demands. GMP 2 will increase its capacity from 24 MGD to 48 MGD which is necessary to meet the growth in water demands.

Currently, the SBWTP is operating at the full 24 MGD rated capacity during peak demand periods of the year to serve residences and businesses of southeast Mesa.

## **Discussion**

In September 2021, Staff received three “Statements of Qualifications” (SOQ) from contractors proposing to act as the CMAR for this project. Based on an evaluation of the SOQs, McCarthy Building Companies was recommended as the most qualified CMAR and was awarded a Pre-Construction Services contract. McCarthy Building Companies performed pre-construction services during the design development including reviewing the design for constructability, preparing cost estimates, and developing the project schedule and phasing.

Community Impact – The expansion of the Signal Butte Water Treatment Plant is vital to meet water demand due to growth in southeast Mesa. City of Mesa’s current Master Planning efforts project that water demand will continue to grow in southeast Mesa as the City moves toward buildout. Since the existing 24 MGD plant is operating at its maximum rated capacity, it is imperative that the plant expansion proceed so that continued growth can be served by surface water resources and groundwater pumping can be minimized. All construction will occur behind the existing treatment plant walls and any impacts to the public will be minimized.

The following is the current schedule and anticipated value of the GMPs:

<b>Project</b>	<b>Scope of Work</b>	<b>Council Date</b>	<b>Estimated Construction Cost w/o Contingency</b>
SBWTP Expansion – GMP 1	8 MG Reservoir and SBWTP Redundancies	September 11, 2023	\$56,603,484
SBWTP Expansion – GMP 2	Balance of the Expansion Scope	July 1, 2024	\$111,973,649

Once underway, construction of this project (GMP 2) is anticipated to last no more than 36 months.

## **Alternatives**

An alternative to the approval of a Construction Services contract for this CMAR would be to construct this project using the traditional Design/Bid/Build method. This is not recommended due to the size and complexity of the project. The majority of all work in this project will be competitively bid by McCarthy Building Companies to multiple subcontractors, and staff will ensure that Mesa-based businesses, including affiliated businesses, are given an opportunity to bid on the work.

Another alternative is to not perform the work. This is not recommended given the need for added plant capacity to meet current and continued growth in southeast Mesa. The added plant capacity conforms with Master Planning efforts by the Water Resources Department.

### **Fiscal Impact**

The total authorized amount recommended for GMP 2 of the project is \$115,332,858.15, based upon a GMP of \$111,973,648.69, plus an additional \$3,359,209.46 (3%) as a change order allowance. This allowance will only be utilized for approved change orders.

This project is funded by Utility Systems Revenue Obligations.

### **Coordinated With**

The Water Resources Department concurs with this recommendation.