



# City Council Report

**Date:** June 20, 2022  
**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  
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).

GMP No. 1 includes procurement of long lead items that would cause a delay to the project's end date if the procurement was delayed until a later GMP. Long lead items include large custom valves, pipe and fittings, stainless steel watertight roll up doors, large pumps, and variable frequency drives.

Staff recommends that Council award a contract for this project to McCarthy Building Companies in the amount of \$5,237,028.00, (GMP No. 1) and authorize a change order allowance in the amount of \$523,702.80 (10%).

## Background

The Signal Butte Water Treatment Plant (SBWTP) was constructed in 2018 to deliver 24 million gallons per day (MGD) to meet the growth in southeast Mesa. As growth has continued at a rapid pace, additional water capacity is needed to meet current and future demands. This project will further expand the SBWTP to produce 48 MGD of treated water. The project will also include the construction of a second 8-million-gallon reservoir to store and distribute the treated water.

## 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 SOQ's, McCarthy Building Companies, was recommended as the most qualified CMAR

and was awarded a Pre-Construction Services contract. McCarthy Building Companies continues to perform 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 the water demand due to the growth in southeast Mesa. It will support the City's two additional water treatment plants as a source of redundancy in the City's water distribution system. This will help to sustain the growth that is happening and provide adequate water to the community while reducing the need to draw on the City's wells to make up the difference.

There is no physical construction associated with GMP No. 1.

This GMP for procurement of long lead items is the first of a series of GMP's relating to the Signal Butte Water Treatment Plant Expansion. The table below illustrates the anticipated timeline of future GMP's for Council review.

<b>Project</b>	<b>Scope of Work</b>	<b>Anticipated Date</b>
SBWTP Expansion – GMP 1	Procurement of long lead items	June 20, 2022
SBWTP Expansion – GMP 2	Installation of long lead items and site work	November 21, 2022
SBWTP Expansion – GMP 3	Remaining balance of work	May 8, 2023

## **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, complexity, and aggressive schedule 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 business, are given an opportunity to bid on the work.

Another alternative is to not perform the work. This is not recommended given the critical schedule needs of this project to produce much needed water for southeast Mesa growth.

## **Fiscal Impact**

The total authorized amount recommended for this project is \$5,760,730.80, based upon a GMP No. 1 of \$5,237,028.00, plus an additional \$523,702.80 (10%) 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.