

REPORT

DATE: June 16, 2022

TO: Governing Board Members & Alternates

FROM: Marisa Creter, Executive Director

RE: **AB 1845 (CALDERON) – METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA: ALTERNATIVE PROJECT DELIVERY METHODS**

RECOMMENDED ACTION

Adopt Resolution 22-35 in support of AB 1845 (Calderon).

BACKGROUND

The Metropolitan Water District of Southern California (MWD) provides clean water to 19 million people in Southern California, including the City of Pasadena, City of San Marino, and all of the cities that are serviced by the Upper San Gabriel Municipal Water District and Three Valleys Municipal Water District. MWD develops, builds, and maintains complex infrastructure projects to treat water and transport it to its member agencies. Currently, MWD is limited to the Design-Bid-Build method of procurement for its projects, including the Regional Recycled Water Project and their other drought infrastructure projects. Under this process, a public agency fully completes the design of a project prior to awarding a construction contract and must award the contract to the “lowest responsible bidder.” This process is intended to ensure that the project is built for the lowest possible cost.

This bill would authorize MWD, upon approval by its governing body, to use design-build, progressive design-build, and CM/GC project delivery methods for a regional water recycling project or other water infrastructure project undertaken to alleviate water supply shortages attributable to drought or climate change.

Under the design-build method, a single contract covers the design and construction of a project with a single company or consortium that acts as both the project designer and builder. The design-build entity arranges all architectural, engineering and construction services, and is responsible for delivering the project at a guaranteed price and schedule based upon performance criteria set by the public agency.

The CM/GC project-delivery method allows an agency to engage a construction manager during the design process to provide assistance to the design team. When design is nearly complete, the agency and the construction manager negotiate a guaranteed maximum price for the construction of the project. If this price is acceptable to both parties, they execute a contract and the construction manager becomes the general contractor. Caltrans and some regional transportation agencies are authorized to use the CM/GC method to construct certain projects.

Progressive design-build is a stepped project delivery method where a qualified design builder is retained early in the life of the project for design and preconstruction activities. Generally, once the design is 40% to 60% complete, the public agency and design-builder negotiate a total

maximum price and, if there is agreement, both parties proceed to the second phase of the project to complete project design and construction. If the public agency cannot come to terms with the design-builder, the public agency may use the design developed by the first design-builder, but enter into a new contract with another design-builder to complete the project. The Department of General Services has limited authority to use the progressive design-build project delivery method.

The bill would require a progressive design-build contract be awarded on a best value or qualifications basis or to the lowest responsible bidder. The bill would require MWD, if using this process, to prepare and issue a request for qualifications in order to select a design-build entity based on certain factors.

DISCUSSION

MWD and other proponents of AB 1845 (Calderon) assert that the Regional Recycled Water Project could be completed up to three years faster if they are authorized to use the Design-Build, Progressive Design-Build, and CM/GC methods, as AB 1845 would permit. They assert that the traditional Design-Bid-Build method is inefficient and inflexible for large water infrastructure projects. The bill would amend the Public Contracting Code to permit MWD to use Design-Build, Progressive Design-Build, and Construction Manager/General Contractor. These methods have the potential to expedite construction of critical new water infrastructure projects and reduce their overall costs.

Other supporters of the bill include—but are not limited to—the following:

- Azusa Chamber of Commerce
- El Monte/South El Monte Chamber of Commerce
- Glendora Chamber of Commerce
- Los Angeles County Sanitation District
- Pasadena Water and Power
- San Gabriel Valley Legislative Coalition of Chambers
- Three Valleys Municipal Water District

As of April 22, 2022, there were no opponents listed on file with the State Assembly.

The bill was passed unanimously in the Assembly and is currently being reviewed in Senate Committee on Governance & Finance.

At the Water Policy Committee/TAC meeting on May 10, 2022, the committee unanimously approved recommending the Governing Board support AB 1845 (Calderon).

Prepared by:



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Management Analyst

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Approved by:



Marisa Creter
Executive Director

ATTACHMENTS

[Attachment A – AB 1845 \(Calderon\) Text](#)

[Attachment B – Resolution 22-35 in Support of AB 1845](#)