



Valley Water

Clean Water • Healthy Environment • Flood Protection

Valley Water PPT Template
Version Release v.3



CONSTRUCTION PROJECT DELIVERY METHODS

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CONSTRUCTION PROJECT DELIVERY METHODS OVERVIEW

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1. Design-Bid-Build (DBB)
2. Design-Build (DB)
3. Progressive Design-Build (PDB)
4. Public-Private Partnerships (P3)
5. Best Value Selection Method
6. **New: Construction Manager/General Contractor (CM/GC)**

DESIGN-BID-BUILD (DBB) (TRADITIONAL METHOD)

- Design and construction are procured separately
- Agency completes full design before bidding construction
- Award typically based on lowest responsive, responsible bidder
- Best for: well-defined, low-complexity projects
- Risk Allocation: Higher risk retained by the Agency
- Agency is responsible for design completeness and errors
- Greater exposure to change orders and coordination gaps between designer and contractor

DESIGN-BUILD (DB)

- Single contract for both design and construction services
- One entity is accountable for project delivery
- Allows overlap of design and construction phases
- **Best for:** Projects with a simple scope, needing faster delivery or streamlined coordination
- **Risk Allocation: Moderate risk transferred to Design-Builder**
 - Design-builder assumes responsibility for design errors and coordination
 - Valley Water retains risk related to scope definition and performance requirements
- **Example:** Transportation (freeways, ramps), Vertical Buildings (Office, Schools, Parking Garages)

PROGRESSIVE DESIGN-BUILD (PDB)

- Two-phase, collaborative approach to Design-Build
- Phase 1: Contractor selected early to assist with design and cost development
- Phase 2: Final price negotiated before construction begins
- **Best for:** complex or high-risk projects with evolving scope
- **Risk Allocation: Shared risk between Valley Water and Design-Builder**
 - Risks are collaboratively identified and managed during design
 - Greater transparency reduces unknowns but requires active Valley Water involvement
- **Example:** Coyote Pumping Plant Adjustable Speed Drives Replacement Project

PUBLIC-PRIVATE PARTNERSHIPS (P3)

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- Long-term contractual partnership with a private entity
- Private partner may design, build, finance, operate, and/or maintain the asset
- Transfers certain risks (cost, schedule, performance) to private sector
- **Best for:** large-scale projects or when alternative financing is needed
- **Risk Allocation: Significant risk transferred to Private Partner**
 - Private entity assumes lifecycle risks (delivery, cost, operations)
 - Agency shifts from direct delivery to oversight and contract management
- **Example:** Carlsbad Desalination Plant – P3 project delivering a 50 MGD desalination plant supplying approx. 10% of San Diego’s water. Completed in 2015

BEST VALUE SELECTION METHOD

- **What It Is**

- **Not a delivery method** but an evaluation approach used to select the most qualified contractor based on a combination of price and non-price factors
- Commonly used with Design-Build (DB), Progressive Design-Build (PDB), and P3
- Can also be used with traditional delivery when allowed by law
- Moves beyond “**lowest bid**” to focus on **overall project value**

- **How It Works and Why It’s Used**

- Proposals are evaluated using weighted criteria (Technical approach, Experience, Project understanding, and Price)
- Results in the selection of the highest overall scoring proposer
- Supports the selection of teams best suited to manage project risks
- Reduces risks associated with low-bid selection

SB 598 – EXPANDED AUTHORITY FOR CM/GC DELIVERY METHOD

- Effective January 1, 2026, expands use of Construction Manager/General Contractor (CM/GC) for public agencies, including to Special Districts
- Applies to regional recycled water project or other water infrastructure undertaken to alleviate water supply shortages attributable to drought or climate change
- Streamlines delivery of projects
- Allows early contractor involvement during the design phase
- Improves delivery of complex, high-risk projects with better cost control and constructability
- Limited to 15 projects per agency; authority sunsets January 1, 2031

HOW THE CM/GC DELIVERY METHOD WORKS

| CM/GC Selection Phase | Preconstruction Phase | Pricing Phase | Construction Phase |
|--|--|---|---|
| <p>Board approves use of CM/GC delivery method for the project</p> <p>Procurement is conducted using Lowest Responsible Responsive Bidder or a Best Value selection process</p> <ul style="list-style-type: none">• Best value evaluates objective criteria related to price, features, functions, life-cycle costs, experience and past performance <p>Valley Water selects a CM/GC.</p> | <p>Board awards preconstruction Contract</p> <p>CM/GC collaborates with VW staff and designer</p> <ul style="list-style-type: none">• Provides input on constructability, cost estimates, phasing, and schedule <p>Identifies risks and helps refine project scope and design</p> | <p>CM/GC develops a Guaranteed Maximum Price (GMP)</p> <p>VW staff reviews and negotiates GMP</p> <p>Board awards Construction Contract and approves GMP</p> | <p>CM/GC serves as the general contractor</p> <ul style="list-style-type: none">• Delivers the project in accordance with agreed scope, schedule, and GMP |

WHAT IF GMP AGREEMENT IS NOT REACHED?

Final construction pricing (GMP) must be mutually agreed upon before moving forward. The preconstruction phase does not obligate Valley Water to proceed with construction.

- **What Happens Next**
 - Competitively bid the project, delay the project, or reassess the project delivery strategy
 - Revise project scope, budget, or phasing
- **Procurement Integrity**
 - The CM/GC is typically not eligible to bid on the project if it is competitively rebid
 - Ensures a fair and transparent procurement process
- **Financial Considerations**
 - The CM/GC is compensated for preconstruction services only
 - No obligation to award the construction contract

KEY BENEFITS TO VALLEY WATER

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- Greater flexibility in project delivery methods
- Improved constructability through early contractor input
- Enhanced cost control via negotiated Guaranteed Maximum Price (GMP)
- Reduced schedule risk through phased delivery
- Well-suited for complex water infrastructure projects such as treatment plants, pump stations, dams, and large water infrastructure capital projects
- Board retains approval authority for:
 - Use of CM/GC delivery method
 - Preconstruction Contract award
 - Construction Contract award and GMP approval

PROPOSED LIST OF PROJECTS FOR CM/GC DELIVERY METHOD

| No. | Project Name | CIP Project No. | SB 598 Alignment |
|-----|---|-----------------|--|
| 1 | Calero Dam Seismic Retrofit-Design & Construction | 91874004 | Maintains safe operation of critical water storage facility |
| 2 | Guadalupe Dam Seismic Retrofit - Design & Construct | 91894002 | Protects reservoir operations essential to water supply |
| 3 | Coyote Dam Seismic Stability | 91884003 | Ensures long-term operability of storage infrastructure |
| 4 | Almaden Dam Improvements | 91854001 | Improves outlet/spillway functionality supporting reservoir storage operations |

RECOMMENDATION

- A. Receive information on construction project delivery methods, including Design-Bid-Build (DBB), Design-Build (DB), Progressive Design-Build (PDB), Public-Private Partnerships (P3), and Best Value selection approaches; and
- B. Receive information on Senate Bill (SB) 598 and the expanded authority for the Construction Manager/General Contractor (CM/GC) delivery method; and
- C. Approve the list of projects for delivery using the CM/GC method, authorizing staff to proceed with CM/GC delivery for the identified projects; and
- D. Provide feedback to staff as needed.

QUESTIONS





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