



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/12/2018

Agenda Placement: 7A

Napa County Legislative Subcommittee Board Agenda Letter

TO: Napa County Legislative Subcommittee

FROM: Molly Rattigan for Minh Tran - County Executive Officer
County Executive Office

REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112

SUBJECT: SB 914 (Dodd)- Construction Manager At-Risk Contracting for Counties

RECOMMENDATION

County Executive Office and Director of Public Works request discussion and possible action on SB 914 (Dodd), a bill that expands the tools counties have to plan and deliver infrastructure projects by extending construction manager at-risk (CMAR) authority to all types of infrastructure projects.

EXECUTIVE SUMMARY

California's counties currently have construction manager at-risk (CMAR) authority for the erection, construction, alteration, repair, or improvement of any building owned or leased by the county. Before construction can begin on a project, the owner and construction manager must agree on either a fixed price or "guaranteed maximum price" for the project. The construction manager is responsible for delivering the project within the agreed upon price, thereby assuming the risk for cost-overruns. The result is better-designed, properly-phased, and cost-effective county infrastructure project.

SB 914 (Dodd) expands county authority to use the CMAR method for all infrastructure projects. The bill maintains the existing project cost threshold of an amount in excess of \$1 million and skilled and trained workforce requirements.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Local Agency Public Construction Act generally requires local officials to invite bids for construction projects and then award contracts to the lowest responsible bidder. This design-bid-build method is the traditional approach to public works construction.

The method known as construction manager at-risk is another approach to public works construction and project delivery which combines elements of the design-bid-build and design-build methods. CMAR allows the owner of a project to retain a construction manager who provides pre-construction services during the design period and becomes the general contractor during the construction process. A CMAR contract is a competitively procured contract with an entity that guarantees the cost of a project and furnishes construction management services, including, but not limited to, preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services and construction administration.

Before construction can begin on a project, the owner and construction manager must agree on either a fixed price or "guaranteed maximum price" for the project. The construction manager is responsible for delivering the project within the agreed upon price, thereby assuming the risk for cost-overruns. The result is better-designed, properly-phased, and cost-effective county infrastructure project. California's counties currently have CMAR authority for the erection, construction, alteration, repair, or improvement of any building owned or leased by the county. Besides counties, the California Administrative Office of the Courts, University of California, California State University System, school districts, and some cities have used the CMAR method for building construction projects.

SB 328 (Knight, 2013) authorized counties to use construction manager at-risk method for projects costing in excess of \$1 million, and allowed the county to award the contract to the lowest responsible bidder or by the best value method until January 1, 2018.

AB 851 (Caballero, 2017) extended the sunset date for county authority for five years to January 1, 2023. AB 851 also added skilled and trained workforce requirements for projects built with county CMAR authority.

Napa County's Director of Public Works reviewed this bill and supports it.

CSAC: Sponsor
RCRC: Support

SUPPORTING DOCUMENTS

- A . SB 914 (Dodd) - BILL TEXT - CMAR construction at-risk
- B . SB 914 - RCRC support letter - construction at-risk

Recommendation: Approve

Reviewed By: Molly Rattigan