

EXHIBIT A
DPU PROFESSIONAL CONSTRUCTION MANAGEMENT

- This ordinance authorizes the expenditure of \$7,700,000 from the Water Bond Improvement Fund for Professional Construction Management and Program Support Services for the next two years of the water Capital Improvement Program.
- The Water CIP is a \$500 million program with specific projects identified in a “General Plan” approved by the Ohio EPA. Several of these projects have OEPA Director mandated completion dates to address “significant deficiencies”.
- Initially in 2012, the DPU intended to manage the water program solely with city staff – without the assistance of an outside consultant.
- However, due to the number and magnitude of identified projects, the Ohio EPA strongly urged the city to hire a single engineering firm to act as a program manager. The intent was to minimize construction impacts on plant treatment processes by using an independent firm to provide project planning and oversight.
- The single firm, program manager approach is the project delivery model Toledo adopted for the Waterways Initiative (TWI). In the TWI program – one engineering firm holds sub-consultant contracts for design, construction management, and inspection, not the city.
- Based on lessons learned from TWI, the city elected to take a different approach to manage the Water Program. Rather than one engineering firm being responsible for project delivery, the city Administration elected to have city staff supervise all projects – with the assistance, where needed, of design consultants and a construction manager. Using this approach, the city holds the design consultant contracts, not a single engineering firm.
- The City’s intent with the Water CIP, is to deliver projects in the most cost effective manner by maximizing the efficient use of City staff – and the engagement of design consultants and a professional construction management firm when appropriate. In doing so, the city retains control of the projects and decision making authority on key issues.
- To illustrate, city engineering staff have or are currently supervising:
 - 35 projects having a value of \$15.9 million without the support of design consultants or a construction manager (\$454,000 average per project).
 - 12 projects having a value of \$20.7 million with the engagement of a design consultant but without support of a construction manager (\$1,726,000 average per project); and
 - 24 projects having a value of \$386.1 million with the support of both a design consultant and construction manager (\$16,087,000 average per project).
 - Decisions regarding the need to engage consultants on future projects will be made as their scopes and schedules are finalized.

- To assist the Division engineering staff, URS Corporation was originally selected through a competitive bidding process to provide Professional Construction Management (PCM) Services. The city subsequently entered into a three year contract with URS that included provisions for two, 1 year renewals that were exercised through 2018.
- The Water Treatment Division now recommends that the city extend the existing contract with URS through January 8, 2020 (an additional two years) based on the following:
 - The terms of the existing contract are quite favorable to the city as there is no markup on sub-contracts, no reimbursement for expenses, and their markup on direct labor costs for overhead and profit is less than typical for firms of this size.
 - The contract renewal fee reflects the scope of the capital improvement program (CIP) when several large projects will be under construction over the next two years. Note that the Water CIP is approximately the same size as the TWI but must be completed in roughly half the time.
 - URS has been fiscally prudent.
 - The projected under-run on the initial five year contract is \$3,054,000. The contract renewal fee has been reduced accordingly.
 - The estimated time required for construction management and program support through 2020 is 80,329 hours or roughly 19 employees per year. The average hourly rate is very reasonable at \$133 per hour.
 - URS has performed well meeting or exceeding the requirements of their contract (contract management, dispute resolution, change order negotiation, financial and project reporting, and effective construction coordination meetings). They have also provided qualified sub-consultants as a part of their PCM team, and assigned competent staff on all projects.
 - The URS construction management, and resident inspection staff have developed essential knowledge needed to mitigate construction risk and avoid contractor delays for projects now under contract. This is especially true with the Basins 7 and 8, Ozone Treatment, and Chemical Conveyance projects which are now at a critical phase of construction. Over the next two years, new treatment facilities will be added, and chemical feed systems replaced all while maintaining continuous operation of the existing plant.
 - There is benefit of continuity. URS has developed uniform design standards and construction management procedures for several major projects that are well into design or are scheduled begin construction within the next nine months. These projects include the Collins Park Basins 1 through 6 upgrades, rebuild of existing filters, and replacement of key filter gallery and chemical building process piping. The combined value of these projects is approximately \$122 million representing 24% of the total program.

- In addition to the conventional construction management services for specific projects, the contract with URS also includes several program support services. These services include development and maintenance of a master program schedule; financial, progress and status reporting; public and MBE outreach; web based document administration system; and plant site stormwater pollution protection planning activities. Fees for these activities are also included in this funding authorization (\$1.5 million).
- MBE utilization through July 20, 2018 is 19.8% of the URS invoiced fee, versus their original commitment of 17%, and the City's goal of 10%. The existing MBE subcontracts with Smoot Construction, Consulting Services Logistics, and N-Sync will be renewed.
- As the current contract will expire on January 8, 2019, the Water Treatment Division requests authority to renew the existing URS contract for another two years and authorize funding for professional services through January 8, 2021.
- Funds authorized by this ordinance are available from the 2018 Water Bond issuance.