



# First Amendment to Program Management Consultant Agreement with Stantec

Capital Improvement Program

*TPAC Presentation – Item # 5.A.*

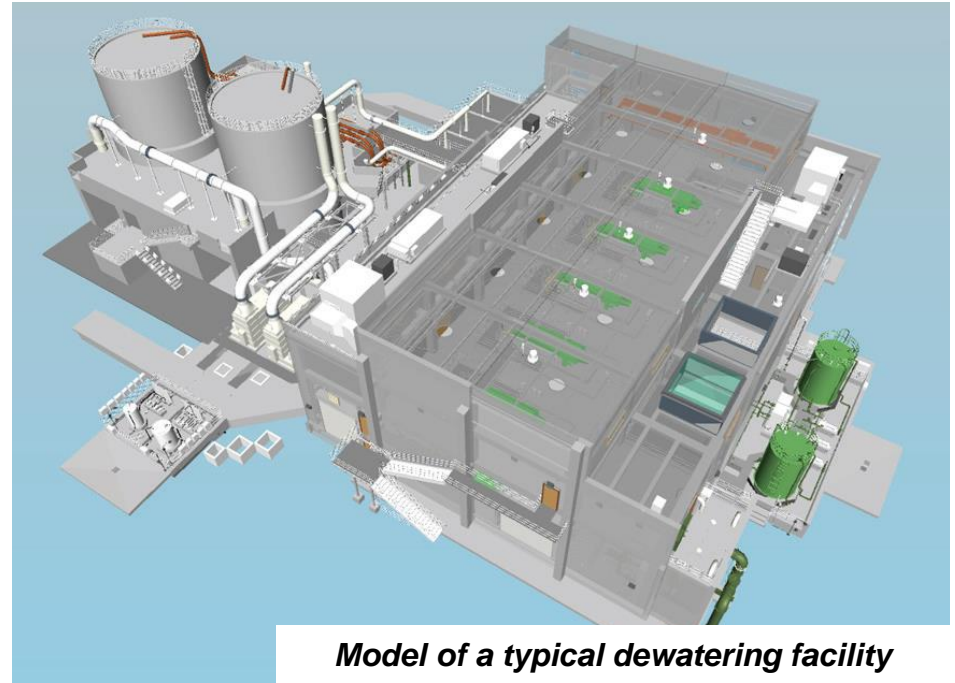
September 14, 2017



San José-  
Santa Clara  
Regional  
Wastewater  
Facility

# Program Management Consultant MSA

- Council approved MSA with MWH Americas (now Stantec) in September 2013
- Not to Exceed Amount: \$39 million
- Term of Agreement: 5 years (plus 2 option years subject to the appropriation of additional funds)



*Model of a typical dewatering facility*

# Services Provided by Stantec

## Organizational Structure

Staff Transition Plan Integrated Program Delivery

Training & Knowledge Transfer

## Program Reporting

Program Performance & Metrics

## Governance

Project Delivery Model

Decision Log & Risk Register

Stage Gate Approvals

# Program Management

Programmatic Studies

Project Management

Subject-Matter Expertise

## Budget & Schedule Controls

Program Master Schedule

## Tools & Systems

CIP Portal Collaboration Site

Program Cost Estimator

Program Benchmarking

Design Guidelines TBL+ Analysis

Value Management

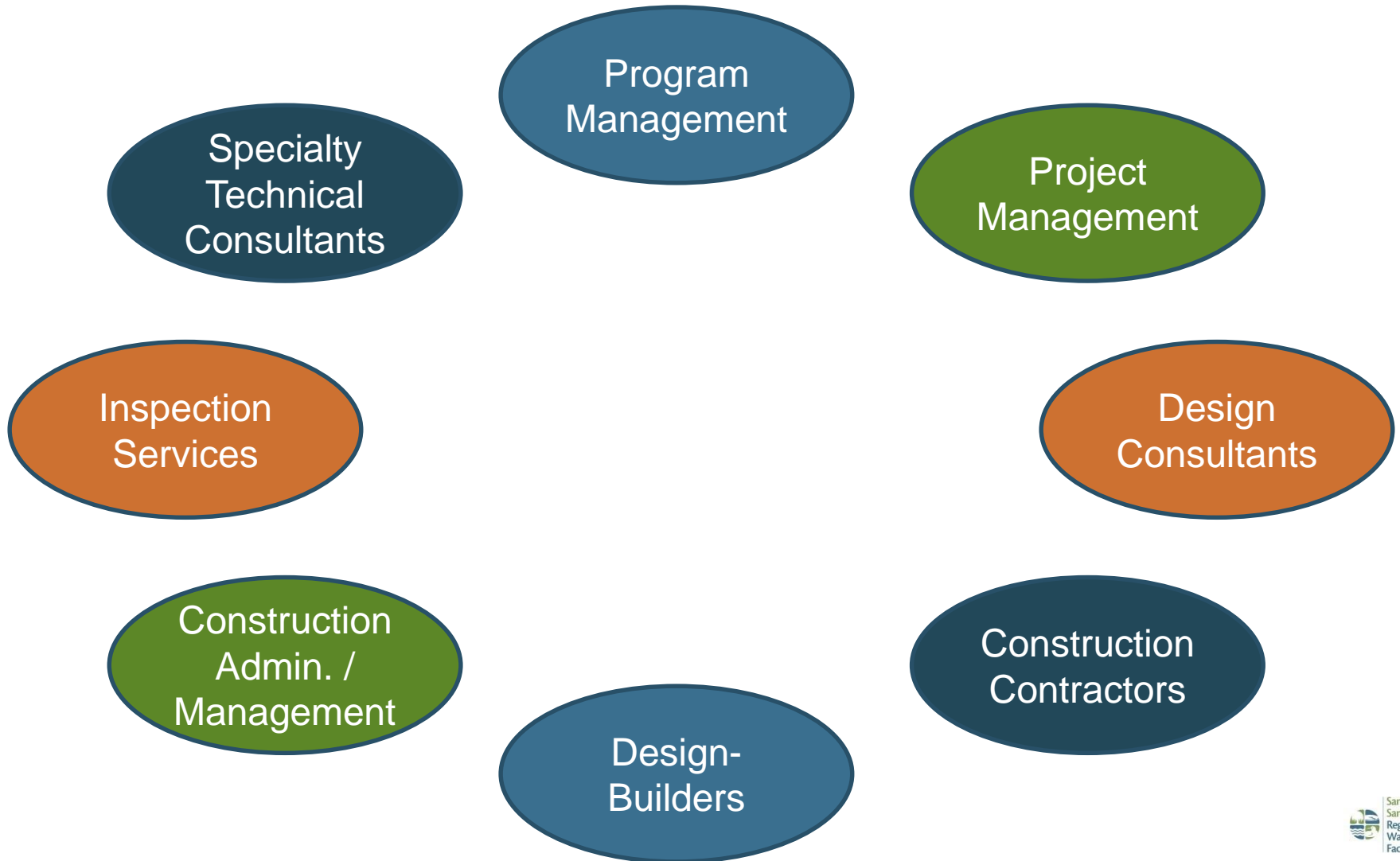
## Program Delivery

## Strategies

Alternative Project Delivery

Ten-Year Funding Strategy

# What does it take to deliver the program?



# Program Delivery Strategy & Staff Transition Plan

- Integrated Program Delivery Model
- Utilize City staff and leverage existing resources
- Leverage consultant program management resources for program start-up and implementation, to support peak work load, and access wastewater subject-matter-expertise
- Added 24 City positions in 2015-2016 to support delivery of the RWF CIP
- Develop robust training and knowledge transfer plan to enable effective transition out of program management services, where feasible

# Key Program Accomplishments

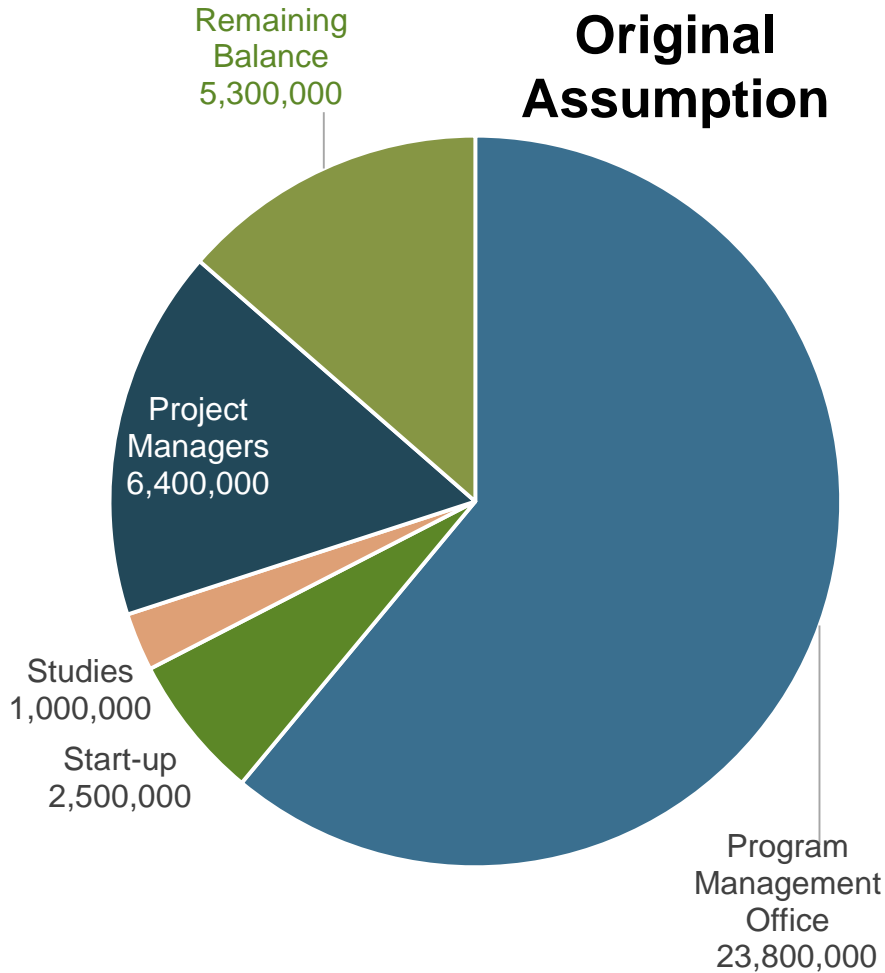
- 25 projects initiated (nearly \$1 billion in work)
- 16 projects in planning or design
- 9 projects in construction or completed
- 12 studies completed
- \$247 million invested since 2013
- Tools and processes in place for effective delivery
- Program design guidelines developed
- Monthly internal and external reporting
- O&M engagement plan developed and being implemented
- Benchmarking with other wastewater CIPs



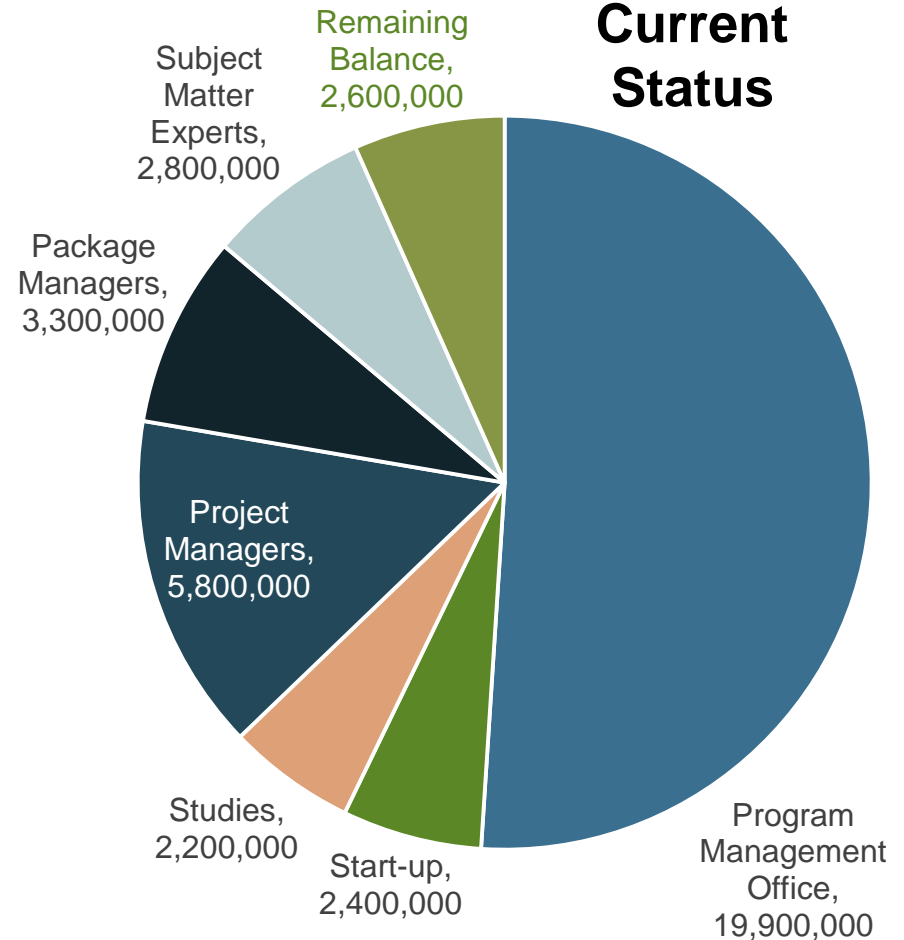
*Digester & Thickener Facilities Upgrade*

# Current Agreement Status through Sept 2017

## Original Assumption



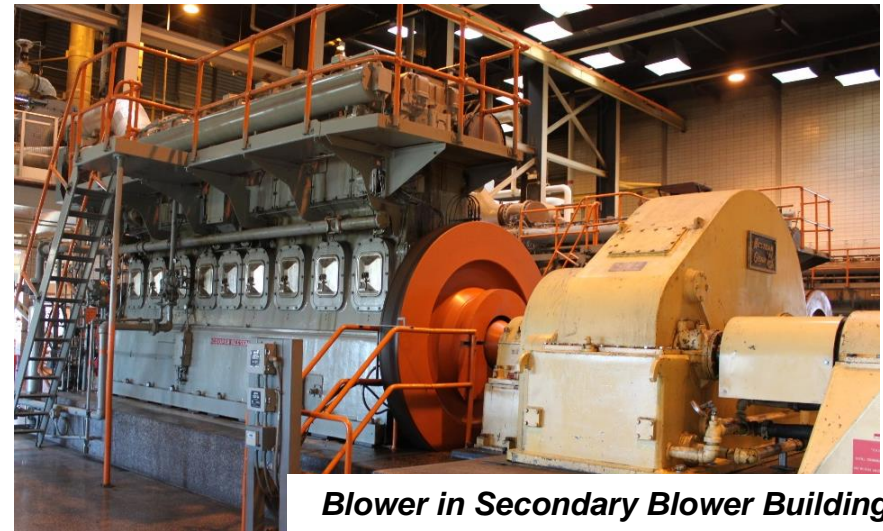
## Current Status



**\$39 million total**

# Guiding Principles for Contract Amendment

- Maximize use of City staff
- Use consultants to manage peaks and for positions that are hard to fill
- Continue to leverage consultant expertise as subject matter experts
- Facilitate learning opportunities for City staff
- Align agreement term with key project schedules



*Blower in Secondary Blower Building*



# Other Considerations

- Project deferrals increase risk of equipment or process failure
- Cost of deferred projects would increase due to construction escalation
  - 6 projects totaling \$321 million in construction value (Aeration, Blowers, Cogeneration, Dewatering, Headworks Imp., New Headworks)
  - Each year deferred equals increase of roughly \$10 million (esc. 3% annually)
- Inability to hire/retain staff, especially for executive and senior positions
- Will need to layoff staff at the end of the program
- Will require significant recruitment efforts
- Will need to put current projects on hold with design consultants onboard until PM positions filled
- Will lose continuity and institutional / programmatic knowledge

# Approach for Recommended Amendment

- Extend Agreement to June 2023
- Retain core PMO positions (9 FTEs)
- Transition out PMO support positions (5 FTEs)
- Phase out remaining package manager (1 FTE)
- Retain project managers on high complexity projects (5 FTEs)
- Retain subject matter experts (as-needed)



*Conceptual rendering of new Cogeneration Facility*

# Program Delivery Staffing Options

Option	Description	Cost	Estimated Time/Cost Delay
Full Consultant Support – Stantec <b>(RECOMMENDED)</b>	Amend Stantec agreement through June 2023 for program management office, package manager, project managers/project engineers (PM/PE), and SMEs.	\$42,500,000	None
All City Staff (Alternative A)	Fill existing vacancies and add/fill equivalent-level positions to fill the consultant program management office, PM/PE roles. Procure third-party consultants for SME roles.	\$37,700,000	18-24 mo./ \$15-20m
Limited Consultant Support - Stantec (Alternative B)	Amend Stantec agreement through June 2023 for limited core program management office roles, fill existing vacancies and add/fill new staff for PM/PE roles. Procure third-party consultants for SME roles.	\$40,200,000	18 mo./ \$15m
Full Consultant Support - New Procurement (Alternative C)	Advertise and award a new agreement for program management office, package manager, PM/PE, and SMEs.	\$44,700,000	9-12 mo./ \$7.5-10m

# 2017 Audit of ESD Consultant Services

- Audit report focused on 11 ESD agreements, including original Stantec agreement; 7 recommendations are specific to the original Stantec agreement
- Prior to the start of the audit, staff had already made process improvements or included changes in the proposed amendment to address 5 of the 7 recommendations
- With the proposed amendment all but one recommendation will be implemented; remaining recommendation will be implemented in September 2017

# Staff Recommendation

Approve an Amended and Restated Master Consultant Agreement with Stantec Consulting Services, Inc. (formerly MWH Americas, Inc.) for program management services for the San Jose-Santa Clara Regional Wastewater Facility Capital Improvement Program, increasing the not to exceed agreement amount from \$39,000,000 to a revised not-to-exceed amount of \$78,000,000; and extending the term of agreement from September 30, 2018 to June 30, 2023.