



CITY COUNCIL AGENDA STATEMENT



August 14, 2018

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18-0382

TITLE

ORDINANCE OF THE CITY OF CHULA VISTA AMENDING CHULA VISTA MUNICIPAL CODE SECTION 2.57 (DESIGN-BUILD CONTRACTS) TO AMEND THE AUTHORIZED PROCUREMENT AND SELECTION METHODS FOR DESIGN-BUILD PROJECTS

RECOMMENDED ACTION

Council adopt the ordinance.

SUMMARY

The proposed amendments to the City's Design-Build ordinance would add Collaborative Design-Build/Progressive Design-Build (CDB/PDB) and cooperative purchasing as authorized procurement methods for design-build services. CDB/PDB is becoming a preferred project delivery method for owners due to a number of potential advantages including expedited delivery of projects, increased owner control over project design, tailored project scopes to a given budget, and reduced risk of budget overruns. Cooperative purchasing is also a preferred project delivery method as it can reduce time to solicit and process bids and provide cost savings by streamlining the procurement process.

ENVIRONMENTAL REVIEW

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. In addition, notwithstanding the foregoing, the Director of Development Services has also determined that the "Project" qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

Collaborative Design-Build/Progressive Design-Build

The purpose of the proposed changes to Municipal Code Section 2.57 (Design-Build Contracts) is to update the code to allow for procurement of design-build services through a Collaborative Design-Build or Progressive Design-Build (CDB/PDB) process. CDB/PDB is a method of design-build procurement where delivery is via a phased or progressive process. CDB/PDB uses a qualifications-based or best value selection, followed by a process whereby the owner then “progresses” towards a design and contract price with the project team.

In CDB/PDB, the project is delivered in two contract phases. Phase one includes design development, preconstruction services, and the negotiation of a firm contract price (either lump sum or guaranteed maximum price). Phase two includes final design, construction, and commissioning. During phase one the owner and the design-builder work together to develop the design and tailor the design to the project budget. Once the design is developed to the point where the owner is satisfied with the design and cost, and the design-builder can establish a high level of cost certainty in phase one, the project moves into phase two after the parties negotiate and agree to a lump sum or guaranteed maximum price contract.

CDB/PDB is becoming a preferred project delivery method in the building industry because of several advantages including expedited delivery of projects, increased owner control over design in design-build projects, ability to tailor the scope of a project to a given budget as the development progresses, and minimized risk of budget overruns. Project delivery can be expedited by eliminating the need for a preliminary design phase where performance specifications and/or preliminary drawings have to be incorporated into the Request for Proposal. Due to the collaborative approach, the design of the project and costing is developed at the same time which allows for adjustments during the design to tailor the scope of a project to a given budget. The design-builder is the single point of responsibility for the design and construction, thus the owner is not liable for design errors, which significantly reduces the risk of cost overruns.

This proposed amendment would add an option to procure design build services using a project-specific request for proposal setting forth the basic scope of the project and the project budget. The amendment would also allow for a two phase contracting strategy, as outlined above, that would include a design and pre-construction phase, and a final design and construction phase.

This proposed amendment would allow for the selection of CDP/PDB Design-Build Services based on the best value provided by the proposal rather than low bid. Best value selection is typically used in the CDB/PDB delivery method. In a best value selection method, the design builder is evaluated based on factors including demonstrated competence, experience, and cost to determine which proposal provides the best value in meeting the interests of the owner and meeting the objectives of the project. Best value selection is appropriate for the CDB/PDB delivery method because at the time of design-builder selection, the design has not yet been developed to the point where an accurate cost can be determined so the primary factor for selection is the qualifications of the design-builder.

Cooperative Purchasing Design-Build

Chula Vista Municipal Code section 2.56.140 authorizes the City to procure supplies, equipment, and services under its purchasing system through a cooperative purchasing program provided that such items

are purchased through a competitive process that the Purchasing Agent determines to be consistent with good purchasing practices. This proposed amendment would add cooperative purchasing as an authorized method for procuring design-build services.

The cooperative purchasing process typically utilizes national or state-wide competitive solicitations that meet or exceed local requirements for a variety of products and services awarded to vendor contracts in a wide variety of industries. The competitively bid contracts provide best price by allowing for purchase directly from manufacturers to lower overall project costs. It further allows flexibility to staff in procuring design-build services to suit specific project needs. Cooperative purchasing reduces procurement time and eliminates the time and expense of completing the normal procurement cycle for each project. This streamlined process can result in an estimated 4-6 month savings in time by eliminating the need to solicit and process bids/proposals. This process speeds up the time that a contractor can begin work by minimizing engineering, design, and contract procurement time. There is also potential cost savings from streamlining the procurement process. This proposed amendment would allow selection of design-build services through a cooperative purchasing arrangement based on the best value provided by the proposal rather than low bid.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. Amending the City's design-build code supports the City's Strategic Plan of Operational Excellence by expediting delivery of projects, increasing owner control over design in design-build projects, enabling an owner to tailor the scope of a project to a given budget, and minimize the risk of budget overruns.

CURRENT-YEAR FISCAL IMPACT

There are no projected fiscal impacts related to this item.

ONGOING FISCAL IMPACT

There are no projected fiscal impacts related to this item.

ATTACHMENTS

Draft Ordinance

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