



CITY COUNCIL STAFF REPORT

ITEM NO. 6.9

DATE: July 27, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing execution of an agreement with Granberg & Associates, Inc., in an amount not-to-exceed \$462,980 and a term ending December 31, 2031, to develop and implement the City's Alternative Project Delivery Program, including Design-Build and Construction Manager/General Contractor (CM/GC) delivery methods.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute an agreement with Granberg & Associates, Inc., in an amount not-to-exceed \$462,980 and a term ending December 31, 2031, to provide Owner's Authorized Representative (OAR) services for the development and implementation of alternative project delivery methods.

SUMMARY

The City currently delivers nearly all Capital Improvement Program (CIP) projects using the traditional Design-Bid-Build delivery method. While this approach remains appropriate for many projects, California law now provides additional delivery options, including Design-Build and Construction Manager/General Contractor (CM/GC), that may be better suited for certain complex, schedule-sensitive, or technically challenging projects.

The proposed agreement with Granberg & Associates, Inc., will assist the City in developing the policies, procedures, procurement documents, municipal code amendments, staff training, and implementation framework necessary to responsibly utilize these delivery methods on future projects. The agreement also includes owner advisory support during the City's initial alternative delivery procurements.

Providing staff with additional project delivery tools will allow the City to evaluate the most appropriate delivery method on a project-by-project basis. While no delivery method guarantees better results, implementing a well-developed alternative delivery program is expected to improve the City's ability to match project delivery methods to project characteristics, encourage greater collaboration during design and construction, improve risk allocation, and enhance the likelihood of successful project outcomes for appropriate projects.

DISCUSSION

The City manages a diverse CIP consisting of water, wastewater, transportation, parks, public facilities, and public safety projects. Many of these projects continue to increase in complexity due to regulatory requirements, aging infrastructure, utility coordination, market conditions, and construction cost escalation. Historically, the City has relied almost exclusively on the traditional Design-Bid-Build project delivery model. Although this method remains effective for many projects, it may not always provide the greatest flexibility for projects involving significant technical uncertainty, accelerated schedules, extensive stakeholder coordination, or opportunities for contractor innovation.

The City has historically delivered most Capital Improvement Program projects using the traditional Design-Bid-Build method, in which the City separately procures design services, completes the design, and then competitively bids construction. This method remains appropriate for many projects and continues to be the City's primary project delivery approach. Under this delivery method, the construction contract is generally awarded to the lowest responsive and responsible bidder, limiting the City's ability to consider factors such as qualifications, technical approach, and past performance beyond the requirements established in the bid documents.

Under Design-Build, a single entity is responsible for both the design and construction of a project under one contract. This delivery method can streamline project coordination, allow greater collaboration between designers and builders, and may be appropriate for projects where schedule, innovation, and integration between design and construction are priorities. Unlike the traditional Design-Bid-Build process, Design-Build allows the City to evaluate and select a design-builder based on a combination of qualifications, technical expertise, project approach, and value.

Under Construction Manager/General Contractor (CM/GC), the City selects a construction manager during the design phase to provide constructability reviews, cost estimating, scheduling, and risk management while the design is being developed. Once the design reaches an appropriate level of completion, the City may negotiate a Guaranteed Maximum Price with the construction manager, who then serves as the general contractor during construction. This delivery method is authorized for certain public infrastructure projects, including water, wastewater, and stormwater projects, and is particularly well suited for technically complex projects where early contractor involvement can help manage construction risks. Similar to Design-Build, CM/GC allows the City to select a contractor based on qualifications, relevant experience, and project approach, providing greater flexibility in identifying the team best suited for the project before construction begins.

The California Public Contract Code authorizes cities to utilize these alternative delivery methods provided the City adopts the appropriate ordinances, procurement procedures, and implementation processes. Development of an alternative project delivery program requires specialized expertise in California Public Contract Code, procurement procedures, risk allocation, owner advisory services, and implementation of Design-Build and CM/GC programs that are outside the City's current in-house experience.

To support this effort, in April 2026, the City issued a Request for Qualifications/Proposals seeking an OAR consultant with demonstrated experience assisting public agencies in developing and implementing alternative project delivery programs.

The requested scope included:

- Evaluation of the City's current project delivery practices;

- Preparation of municipal code amendments and procurement procedures;
- Development of standard operating procedures, templates, and evaluation criteria;
- Staff training and implementation guidance;
- Assistance with initial Design-Build and CM/GC procurements; and
- Ongoing owner advisory services during early implementation.

The City received proposals from six qualified consulting firms. Following evaluation of written proposals and interviews with the highest-ranked firms, the selection committee determined that Granberg & Associates, Inc., was the best-qualified consultant.

Granberg & Associates, Inc., demonstrated extensive experience assisting California public agencies with the implementation of Design-Build and CM/GC programs, including development of municipal ordinances, procurement manuals, owner procedures, and implementation support for water, wastewater, and public facility projects. The firm's proposal reflected a practical, phased implementation approach tailored to agencies establishing alternative delivery programs for the first time.

The proposed agreement includes development of the City's Alternative Project Delivery Program, preparation of ordinance recommendations and procurement documents, staff training, implementation support, and owner advisory services for future pilot projects. The agreement has a not-to-exceed amount of \$462,980.

The Alternative Project Delivery Program will establish the procedures, procurement documents, standard operating procedures, contract templates, evaluation criteria, and staff training necessary to implement both Design-Build and Construction Manager/General Contractor (CM/GC) project delivery methods. While these delivery methods may be utilized for a variety of future Capital Improvement Program projects, CM/GC is authorized for water and wastewater infrastructure projects and is anticipated to be the primary alternative delivery method for future enterprise-funded utility infrastructure projects. Design-Build is expected to have broader application across the City's Capital Improvement Program and will likely be utilized primarily for future facility projects where a single design-builder can provide greater integration between design and construction. Accordingly, staff recommends that the Water and Wastewater enterprise funds participate in funding development of the program because they are expected to directly benefit from these implementation tools and procedures.

Staff views this work as an investment in developing long-term organizational capability rather than support for a single capital project. The resulting procedures, procurement documents, training materials, and implementation framework are expected to be completed in 2027 and utilized across multiple future capital projects and will provide staff with additional tools to evaluate and select the most appropriate delivery method for each project.

Alternative delivery methods will not replace traditional Design-Bid-Build delivery. Instead, staff anticipates using each delivery method where it is most appropriate based on project complexity, schedule, risk profile, and overall project objectives. By expanding the City's available delivery options, staff expects to improve flexibility, promote collaboration between designers and contractors where appropriate, and enhance the City's ability to successfully deliver complex capital projects on time and within budget.

FISCAL AND ADMINISTRATIVE IMPACTS

The proposed agreement totals \$462,980. The Alternative Project Delivery Program will establish the procedures, procurement documents, standard operating procedures, contract templates, evaluation criteria, and staff training necessary to implement both Design-Build and Construction Manager/General Contractor (CM/GC) project delivery methods. While these delivery methods may be utilized for a variety of future Capital Improvement Program projects, CM/GC is authorized for water and wastewater utility projects and is anticipated to be the primary alternative delivery method for future enterprise-funded utility infrastructure projects.

Accordingly, this effort will be funded with \$184,000 from the Wastewater Fund (Fund 620) and \$46,000 from the Water Fund (Fund 640) because those utilities are expected to directly benefit from the City's CM/GC implementation framework and its application to future utility infrastructure projects.

The remaining \$232,980 required for the agreement is available within the Fiscal Year 2026-27 Engineering Operating Budget.

COMMUNITY PILLAR

5: A City That Works

GOAL

14: Develop, operate, and maintain the City's infrastructure

ATTACHMENTS

1. Resolution
2. Exhibit A - Granberg & Associates, Inc. Agreement

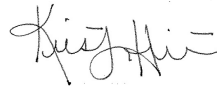
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