

## COUNCIL ACTION FORM

**SUBJECT: PROFESSIONAL SERVICES AGREEMENT FOR DESIGN OF NEW WATER TREATMENT PLANT**

### **BACKGROUND:**

In early 2008, staff conducted a comprehensive interview process to select a consultant to perform an Infrastructure and Capacity Needs Assessment for the existing Water Treatment Plant. Even though the initial assessment phase was relatively limited in scope, staff recognized that the project would likely evolve into a much larger engineering and design-related services contract. The consultant selection process included evaluating firms on expertise needed both in the initial assessment phase and when the project transitioned into a design contract.

On August 12, 2008, Council awarded a professional services agreement to FOX Engineering Associates of Ames, Iowa to complete the Infrastructure and Capacity Needs Assessment at a cost of \$243,000. The results of that assessment were presented to Council on May 19, 2009. At the July 14, 2009 meeting, Council approved the recommendation to construct a new Water Treatment Plant. To begin preparations for this new facility, staff asked FOX Engineering to prepare a proposed scope of work for developing the necessary plans and specifications.

A project of this size will entail a significant level of effort from the consultant team. Decisions that will be made early in the design phase will dictate the need for additional services later in the process. This makes it difficult to prepare a single, up-front contract that includes the entire design scope. To facilitate an agreement that can expand and contract based on the actual needs of the project, FOX Engineering has proposed a form of contract that utilizes a "Master Agreement" containing all of the basic contract provisions and individual "Task Orders" that can be executed over time to add or remove specific work elements. Each new Task Order would be approved in accordance with established Purchasing Policies.

The first Task Order includes only pre-design activities that can be completed prior to land acquisition and is proposed as an hourly fee plus expenses capped at an amount not to exceed \$358,500 without prior approval. Council should be aware that total engineering services for a project such as this are typically in the range of 8 to 11% of the construction costs. This could bring the ultimate design services fees in future Task Orders to a total in excess of \$4 million.

**ALTERNATIVES:**

1. Approve the Master Agreement with FOX Engineering Associates of Ames, Iowa and approve Task Order No. 1 in an amount not to exceed \$358,500 without prior approval.
2. Do not approve the Master Agreement/Task Order format and direct staff to negotiate a conventional standard agreement with FOX Engineering.
3. Direct staff to solicit engineering proposals from other firms.
4. Do not proceed with procuring design services at this time.

**MANAGER'S RECOMMENDED ACTION:**

In early 2008, staff undertook a comprehensive evaluation of firms interested in performing this work. The selection process placed priority on selecting a firm that shared the values of the City of Ames, as well as the technical strength of the firm. The selection process was specifically designed to select the firm best suited to carry the project from conceptual evaluation through to final construction.

Staff has negotiated an agreement with FOX Engineering to continue providing professional services for the new Water Treatment Plant. The form of the agreement allows individual tasks to be added to the agreement on an as-needed basis, ensuring that the City is only paying for services that it needs and desires.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the Master Agreement and Task Order No. 1 with FOX Engineering Associates of Ames, Iowa in an amount not to exceed \$358,500 without prior approval.