

## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: August 20, 2026

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Serge V. Terentieff, Director of Engineering and Construction 

SUBJECT: Follow-up to Owner Advisor Services – Central Reservoir Replacement Project

### SUMMARY

Staff provided an update on the Central Reservoir Replacement Project (Project) at the August 11, 2026 Planning Committee meeting, focusing on the owner advisor (OA) services agreement to support the Project's progressive design build (PDB) delivery method. The Committee requested additional information on the OA services. This memorandum responds to the Committee's questions and summarizes the benefits of using PDB for successful delivery of this complex project, the rationale for selecting Carollo Engineers, Inc. (Carollo) as the OA, the specialized services they will provide, and how the District will retain and build internal knowledge throughout the Project. The OA service agreement is scheduled for Board consideration at its September 8, 2026 meeting.

### DISCUSSION

The Project is the first major water system project to be delivered through PDB and is being implemented concurrently with Wastewater's Dewatering Facility Project, also being delivered through PDB. Both projects are supported by a District-wide PDB workgroup, which is developing standardized agreements, procurement frameworks, evaluation tools, and guidance so PDB becomes a repeatable and consistent method across the District, ensuring lessons learned and tools developed for the projects contribute to long-term District capability rather than being isolated to these single projects.

PDB uses a single entity for both design and construction, which the contractor brought in early and pricing developed in phases, whereas traditional design-bid-build (DBB) completes the design first and awards the construction work to the lowest responsive bidder. PDB provides several advantages over DBB, including streamlining the schedule, improving efficiency by aligning teams early, enhancing transparency with project costs and cost certainty, sharing risk management, and selecting a contractor based on best value rather than lowest bid.

PDB changes when and how several key project decisions are made. Under traditional DBB delivery, design is largely completed prior to contractor procurement. Under PDB, the District engages the design-bid entity (DBE) early; the scope, costs, and schedule are developed collaboratively and risk is assessed before the District agrees to the construction price. This sequencing is one of the reasons an OA is recommended for this project.

The OA will provide specialized PDB expertise, including independent validation of costs, schedule, and risk. The OA is an independent consultant that supports the District through PDB activities such as market outreach, guidance on procurement, technical reviews, cost modeling, project controls, and risk management.

Carollo was evaluated through a competitive process involving proposal reviews, interviews, and detailed evaluations by District staff from diverse workgroups. The selection committee found that Carollo had the strongest PDB experience on similar local water infrastructure projects, deep project controls and risk management experience, highly qualified local staff, and the highest Contract Equity Program compliance score. Staff recommends engaging Carollo as the Project's OA based on their proven experience and ability to provide the specialized support needed for this project.

#### The Value of an Owner Advisor

Several water utilities in the Bay Area such as the San Francisco Public Utilities Commission, City of San Jose, and Silicon Valley Clean Water, have successfully implemented PDB projects using OA services. Engaging an OA ensures the District applies best practices and lessons learned from comparable agencies as it builds its own internal PDB expertise.

Carollo's OA services include developing performance requirements and procurement exhibits, conducting market sounding, supporting request for qualifications (RFQs) preparation and evaluation, maintaining risk registers, validating DBE cost estimates, performing schedule and cost reviews during construction, supporting construction-phase oversight, and providing specialized outreach and hazardous materials monitoring support.

These services address specialized PDB expertise that the District does not currently have and that is needed to implement PDB successfully, which is new to the District, while allowing District staff to retain decision-making authority. The following summarizes the additional value an OA would provide to the District.

- 1. Depth of Technical Expertise:** The OA will provide specialized experience in PDB and detailed design of large prestressed concrete tank designs, which the District does not currently possess.
- 2. Independent Validation of Costs, Schedule, and Risk:** The OA services include an independent cost estimator that will review DBE cost estimates and validate major scope, risk, and contingency assumptions.

- 3. Enhance District Decision-Making:** The OA will assist the District with defining performance requirements, validate design concepts, and negotiate DBE contract pricing.
- 4. Augment District Staff without Replacing Core Functions:** The OA will provide expertise and knowledge on PDB and support the District during peak workload periods. The District will lead procurement, establish performance requirements, direct construction oversight, and maintain community engagement leadership.
- 5. Ensure Procurement Fairness and Competitiveness:** The OA will assist with fair market sounding, preparation of technical exhibits, evaluate scoring tools, and ensure a transparent and defensible DBE selection process.
- 6. Assist with Meeting Project Requirements:** The OA will assist with providing oversight of design and construction, DBE performance requirements, contract terms, and environmental impact report mitigation measures.

#### Measuring Progressive Design Build Success

Staff will monitor and track how PDB improves project outcomes across several areas, including schedule reliability, cost stability, early risk identification, quality, collaboration, and community responsiveness. These areas reflect the types of benefits PDB is intended to produce through early contractor involvement and integrated design and construction teams.

A key advantage of PDB is the ability to advance critical construction work earlier than is possible with DBB. Under PDB, the team can pre-purchase long-lead materials, release early work packages, and begin select field activities, such as demolition, grading, drainage improvements, and subsurface utility identification and relocation, while the detailed design continues in parallel. This ability to advance early work can meaningfully shorten overall project duration and reduce both schedule uncertainty and community impacts.

Rather than focus on fixed metrics, staff will focus on trends, decision points, and specific examples where PDB provides added value compared to the traditional DBB. These benefits include instances of avoided redesign, early resolution of risks, improved constructability, and early resolution of issues that could otherwise lead to construction claims. Staff will also identify situations where collaborative engagement with the DBE helps resolve design ambiguities early or streamline construction sequencing. This will help inform future decisions about when PDB will be used for future projects.

#### Knowledge Transfer to District Staff

An important part of the OA's role is to build internal expertise. District staff will work alongside the OA, which will allow staff to gain experience with PDB tools, processes, and decision-making approaches. The OA will also develop PDB-specific tools, templates, and key documents, including cost modeling approaches, schedule management practices, risk registers, change management workflows, communication protocols, and key project controls documents. The OA's work will be available for future use by the District as experience grows. In addition, the OA will conduct focused workshops and training sessions for staff.

### Community Outreach Support

The OA will provide an outreach specialist similar to the support provided for the Orinda Water Treatment Plant project. The outreach specialist will work with the District before launching any project-wide outreach. Although the District will lead all messaging and public engagement, the OA will help translate complex engineering, environmental, and construction information into plain language that the community can easily understand.

Because the outreach needs will increase significantly over the Project's multiyear construction, the OA will supplement capacity during peak demand by helping with regular construction updates, dust monitoring notifications, community meetings, media coordination, and preparation of doorhangers, mailers, and other materials. The OA will also assist in developing construction phase tools such as dashboards, graphics, phasing maps, renderings, and dust monitoring summaries to help communicate Project progress. These services will ensure that the District's outreach remains timely, technically sound, and well supported throughout the Project.

### Design Build Entity Procurement Support

PDB procurement requires specialized expertise beyond traditional DBB procurement. Although the District has strong procurement capabilities, PDB introduces new technical components such as performance requirements, cost model integration, and shared-risk frameworks where the District currently has no experience. The OA's experience will ensure procurement materials are technically clear, well-structured, and aligned with market industry standards, which will support stronger proposer participation. The OA will also provide expertise and independent review, while procurement decisions remain with District staff. Lessons learned will be incorporated into the District's PDB procurement framework, which is being developed by the District's PDB workgroup.

### Construction Support Services

The OA's construction role is advisory only and will supplement District staff. During construction, the District will retain full responsibility for field inspection, safety oversight, and construction management. The OA's involvement during construction includes:

- Supplementing Workload During Peak Construction Periods and Assisting with Specialized Tasks
- Providing Independent Technical and Project Controls Review
- Integrating Technical, Environmental, and Construction Information for the District
- Resolving Construction Issues

## **NEXT STEPS**

As the District gains experience with PDB, staff may be able to perform some of the OA functions and use outside advisors, as needed. The OA services agreement for the Project is scheduled for Board consideration at its September 8, 2026 meeting. District staff will provide updates to the Planning Committee after the DBE is selected in summer 2027.

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