

Item 6
File 11-0586

Department:
Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the General Manager of the San Francisco Public Utilities Commission (PUC), based on a competitive Request for Proposals (RFP) process, to execute a new Sewer System Improvement Program (SSIP) Agreement, for providing Program Management Services, with AECOM-Parsons Joint Venture (AECOM-Parsons), in an amount not to exceed \$150,000,000 with a term of up to 15 years.

Key Points

- The PUC's new Sewer System Improvement Program (SSIP) consists of approximately 20 sewer system capital improvement projects to be constructed by 2040.
- The planning process for SSIP started in January 2009. On July 27, 2010, based on 18 months of internal planning and public hearings, the PUC established program goals for the SSIP. In February 2011, the Commission requested that PUC staff issue a Request for Proposals (RFP) for a Program Management (PM) consultant for the SSIP.
- Due to the complex and specialized nature of the SSIP, the PUC is requesting approval of the new Program Management (PM) agreement with AECOM-Parsons, for services including program planning and administration, program implementation, project technical support, program controls, and pre-construction management and planning.
- The proposed agreement extends for up to 15 years, from 2011 to 2026, with no option to extend. However, the PUC anticipates that completion of the SSIP will take approximately 29 years, from 2011 to 2040, or approximately 14 years more than the subject Program Management agreement.
- According to Ms. Karen Kubick, PUC Wastewater Enterprise Capital Program Director, at the conclusion of the proposed 15-year agreement, the PUC would evaluate whether to bring Program Management services in-house or rescope and reissue an RFP for PM services.
- According to Ms Kubick, delays in approving the proposed PM agreement could result in the City's sewer system becoming noncompliant with State and Federal environmental regulations.

Fiscal Impacts

- The proposed agreement has a not-to-exceed amount of \$150,000,000, or an average not-to-exceed amount of \$10,000,000 per year for the 15 year term of the agreement. According to the agreement, the AECOM-Parsons would be compensated on a task-order basis. The agreement would be funded using PUC Commercial Paper and Wastewater Revenue Bond proceeds.
- The proposed \$150,000,000 agreement is projected to impact monthly sewer rates for the average San Francisco single family home by an average of \$1.74 per month, up to a maximum of \$2.62 per month, between FY 2011-12 and FY 2055-56.
- According to Ms. Kubick, total Program Management costs, including the proposed contract and PUC staffing costs, represent 4.0 percent of the projected 15 year capital costs, which, while at the high end, is within the industry standard of 2.0 to 4.0 percent range for Program Management costs.

Recommendations

- Approve the proposed resolution.

MANDATE STATEMENT AND BACKGROUND

Mandate Statement

In accordance with City Charter Section 9.118(b), any contract or agreement that exceeds \$10,000,000 in anticipated expenditures or has a term in excess of ten years is subject to Board of Supervisors approval.

Background

The San Francisco Public Utilities Commission (PUC) will be completing the Water System Improvement Program (WSIP) in five years, the purpose of which has been to seismically upgrade and reconstruct San Francisco's entire water delivery systems, from Hetch Hetchy in Tuolumne County to San Francisco and to the peninsula.

With WSIP nearing completion, in January 2009, the PUC began planning for an overhaul of San Francisco's municipal sewer and stormwater treatment and collection systems (together, "the sewer system"). This overhaul is known as the Sewer System Improvement Project (SSIP).

According to Ms. Karen Kubick, PUC Wastewater Enterprise Capital Program Director, San Francisco's sewer system is aged and in need of significant capital improvements. The most recent major capital work and master planning effort for the sewer system took place in the 1970s. According to the PUC, the current challenges include:

- Aging infrastructure and poor conditions in existing facilities;
- Seismic deficiencies and lack of structural integrity;
- A lack of system redundancy;
- The risk of system failure or sewerage overflow to the environment and public health;
- Adaptation to climate change and sea level rise; and
- Improved stormwater management.

From January 2009 until July 2010, the PUC conducted 18 months of internal program planning and a series of public hearings. As a result of this planning and outreach process, on July 27, 2010 the PUC established the following five sewer system service goals to be achieved by SSIP:

1. Provide a compliant, reliable, resilient, and flexible sewer system that can respond to catastrophic events;
2. Minimize flooding;
3. Provide benefits to impacted communities;
4. Modify the system to adapt to climate change; and
5. Achieve economic and environmental sustainability.

The SSIP consists of approximately 20 sewer system capital improvement projects to be constructed from 2011 through 2040 at an estimated cost of \$6.9 billion. According to Ms. Kubick, the PUC expects to complete or commence 17 of the 20 sewer system capital improvements and expend or encumber \$6.0 billion in costs in the first 15 years of the SSIP, from 2011 to 2026. The implementation of the SSIP is being led by City staff, including the PUC and the City's Department of Public Works (DPW). Due to the complex and specialized nature of the SSIP, the PUC is also seeking the assistance of consultants and construction contractors with experience working on extensive sewer system capital programs.

The SSIP was included in the City's Ten Year Capital Expenditure Plan, previously approved by the Board of Supervisors on March 29, 2011 (File 11-0284). The Board of Supervisors also previously approved an ordinance appropriating a total of \$348,064,054 to fund capital improvements for the PUC's sewer system in FY 2010-11 and FY 2011-12 (File 10-0339) and granted the PUC with authority to issue \$297,756,235 in Wastewater Revenue Bonds for SSIP (File 10-0340). The debt issued on the Wastewater Revenue Bonds are financed from sewer fees charged by the PUC to San Francisco's residents and businesses.

The SSIP is divided into two major phases: pre-construction and construction. According to the PUC, "Pre-construction efforts include all planning, design, environmental review, right-of-way and contracting activities." These pre-construction efforts began with the SSIP preliminary planning process in January 2009. The PUC is now seeking the services of a Program Management Consultant to support the PUC's SSIP management team on programmatic functions throughout both the pre-construction and construction phases of the Program.

Competitive Selection Process

On March 14, 2011, the PUC issued a competitive Request for Proposals (RFP) for a SSIP Program Management (PM) Consultant. The PUC received three qualified proposals from (a) AECOM-Parsons Joint Venture (AECOM-Parsons), (b) CDM, and (c) Jacobs Engineering, Inc.

The PUC created a five-member selection panel consisting of (1) a current PUC operations and maintenance manager; (2) a retired PUC senior project manager; and three high-level managers representing (3) the Central Contra Costa Sanitary District; (4) the City of San Jose Wastewater Capital Program; and (5) the New York Department of Environment Water and Wastewater Capital Program. The selection panel scored the three proposals according to the following 100-point criteria:

Written Proposal (including references)	45 points
Oral Interviews	45 points
Overhead & Profit Schedule (OPS)	10 points
Total	100 points

The selection panel selected AECOM-Parsons as the top-ranked proposal. A summary of the scoring is shown in Table 1, below.

Table 1. Scoring Summary of SSIP Program Management Proposals

Qualifying Firms	Written Proposal Score (45)	Oral Score (45)	OPS Score (10)	Total Score
AECOM-Parsons	39.72	37.62	10.00	87.34
CDM	36.50	34.82	10.00	81.32
Jacobs Engineering Inc.	32.89	31.07	10.00	73.96

Parsons Water and Infrastructure, Inc., is a joint-venture partner in AECOM-Parsons. The Budget and Legislative Analyst notes that Parsons Water and Infrastructure, Inc., is currently in the sixth year of a ten year, \$64,000,000 agreement with the PUC to provide engineering services, including program management services, for the PUC's Water System Improvement Program (WSIP).

DETAILS OF PROPOSED LEGISLATION

Based on a Competitive RFP process, the proposed resolution would authorize the General Manager of the San Francisco Public Utilities Commission (PUC) to execute a new agreement with AECOM-Parsons Joint Venture (AECOM-Parsons), in an amount not to exceed \$150,000,000 for a term of up to 15 years, from September 26, 2011 through September 25, 2026. Under the proposed agreement, AECOM-Parsons would provide the PUC with Program Management (PM) services for the pre-construction phase of the Sewer System Improvement Program (SSIP). Services to be provided by AECOM-Parsons under the proposed agreement would include assisting PUC staff in the areas of program planning and administration, program implementation, project technical support, program controls, and pre-construction management and planning. Since January 2009, the PUC has conducted preliminary program planning using existing staff.

An expanded summary of services that AECOM-Parsons would provide to the PUC under the agreement, from Appendix A to the proposed agreement, is shown in Attachment I to this report.

Under the proposed Program Management agreement, the work to be performed by AECOM-Parsons would be in direct response to task orders issued by the PUC Program Director or Bureau Managers, subject to the approval of the PUC Assistant General Manager of Infrastructure. The PUC would not issue any work orders before first certifying with the City Controller that funding is available, after which the PUC would issue a Notice to Proceed to AECOM-Parsons. Under the subject agreement, the PUC is not responsible for reimbursing AECOM-Parsons for any work conducted without a Notice to Proceed.

Under the proposed agreement, AECOM-Parsons will provide the following six key/lead personnel to PUC's SSIP management team:

- Program Management Advisor, reporting to the SSIP Director;
- Program Controls Manager;
- Pre-Construction Technical Advisor;

- Process Engineering/Utility Manager;
- Program Quality Assurance Manager; and
- Lead Cost Estimator.

AECOM-Parsons will also provide additional assistance to PUC's SSIP management team in the areas of communications, engineering, project controls, and climate change. According to Ms. Kubick, the PUC staff does not have sufficient internal expertise in these areas to complete the SSIP.

Under the proposed agreement, AECOM-Parsons is required to allocate Local Business Enterprise (LBE) subcontracting participation of 16.1 percent, which is equal to approximately \$24,150,000 of the proposed \$150,000,000 agreement. Attachment II, provided by the PUC, is a list of the LBEs and the percentage they would contribute to the proposed \$150,000,000 agreement.

According to Ms. Kubick, while the proposed agreement is for a period of up to 15 years, from 2011 through 2026, with no option to extend, the PUC projects that completion of the SSIP will take approximately 29 years, from 2011 through 2040 (see Policy Considerations section, below). Ms. Kubick stated that at the conclusion of the proposed agreement, the PUC would evaluate whether to bring Program Management services in-house or rescope and reissue an RFP for PM services.

FISCAL IMPACTS

The proposed agreement has a not-to-exceed authorized amount of \$150,000,000, or an average of \$10,000,000 per year, for the 15 year term of the agreement. According to the proposed agreement, payments will be administered on a task order basis. Table 2, below, provides a summary breakdown of the proposed \$150,000,000 budget. Attachment III, provided by the PUC, is a 15-year spending plan for the proposed agreement.

Table 2: Program Management Agreement Cost Summary

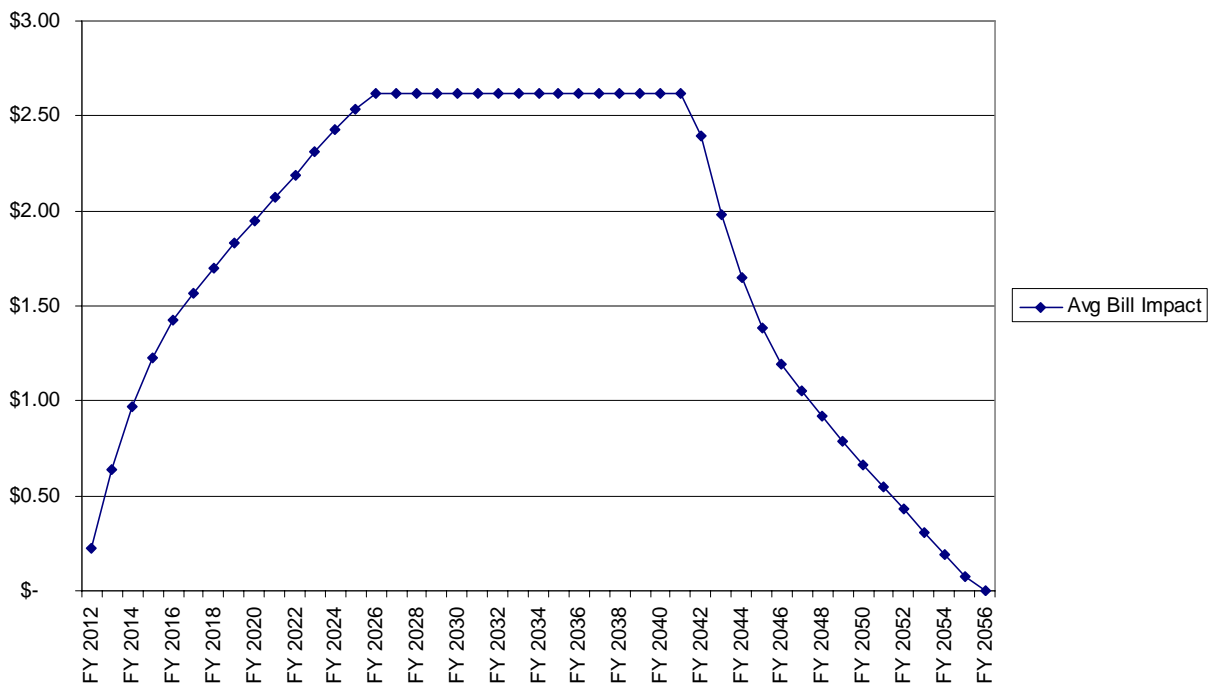
Total Labor Costs	\$134,259,370
Total Other Direct Costs	3,000,000
Escalation (assumes 3.5% annual escalation)	11,043,870
Markup on Subconsultant Labor Cost (Maximum allowable: 5% of subconsultant labor costs)	1,696,760
Total	\$150,000,000

According to the proposed agreement, Parsons-AECOM would provide approximately 650,500 hours of service over the 15 year period and a total labor cost of \$134,259,370, or an average hourly rate of approximately \$206.39 per hour. As shown in Table 2 above, the balance \$15,740,630 would be allocated to Total Other Direct Costs (\$3,000,000), Escalation, at an assumed annual rate of 3.5 percent (\$11,043,870), and allowable markup on subconsultant labor costs (\$1,696,760).

To date, the Board of Supervisors has appropriated \$21,925,000 for SSIP PM services out of the previously authorized \$297,756,235 in Wastewater Revenue Bond proceeds (File 10-0339). According to Mr. Frank McPartland of the PUC, this \$21,925,000 would be used to fund a portion of the proposed \$150,000,000 agreement, and the remaining \$128,075,000 or 85.4 percent would be funded using a combination of Commercial Paper and PUC Wastewater Revenue Bond proceeds.

The PUC anticipates that the total cost of the debt funding for issuing the Commercial Paper and Wastewater Revenue Bonds to fund the proposed \$150,000,000 agreement, including \$191,205,927 in principal, debt service, and interest payments, is estimated to be \$341,205,927, which is based on an annual interest rate of 5.5 percent. The PUC would pay for the costs of the Commercial Paper and PUC Wastewater Revenue Bonds with increased revenues received from wastewater customers by increasing existing sewer rates. The PUC estimates that the impact of the proposed agreement on sewer rates for the average San Francisco family’s monthly sewer bill is shown in Figure 1 below.

Figure 1: Projected Impact of the Proposed Program Management Agreement on the Average San Francisco Single Family’s Monthly Sewer Bill, FY 2011-12 to FY 2055-56



According to the PUC, the minimum monthly impact of the proposed \$150,000,000 agreement on the average San Francisco single family’s monthly sewer bill would be \$0.08 per month the maximum would be \$2.62 per month, and the average impact would be \$1.74.

POLICY CONSIDERATIONS

The Proposed Agreement Is for a Shorter Duration than the Anticipated Time Needed to Complete the Sewer System Improvement Program

If approved, the proposed agreement would extend up to 15 years, from September 26, 2011 through September 25, 2026. However, the PUC expects that the Sewer System Improvement Project (SSIP) will not be completed until approximately 2040, or approximately 14 years after the proposed agreement would terminate.

According to Ms. Kubick, program management will be needed following the anticipated completion of the proposed agreement. However, Ms. Kubick notes “we are focused on training staff to assume program management responsibilities by that time where possible.” Furthermore, according to Ms. Kubick, if the PUC continued to require the Program Management services of an outside contractor after September 25, 2026, the PUC would rescope and reissue an RFP for PM services.

Delaying the Award of the Proposed Agreement Could Result in Sewer System Performance Problems

According to a June 28, 2011 PUC memorandum, “A delay in awarding this agreement will further defer much needed capital improvements to the City’s wastewater system; which, if unaddressed, will result in regulatory non-compliance, loss of system reliability, and increased public and worker safety risks.”

According to Mr. McPartland, the City’s sewer system is currently in regulatory compliance. However, delays in approving the proposed PM agreement could result in the City’s sewer system becoming noncompliant with State and Federal environmental regulations.

The Cost of the Proposed Program Management Agreement Is Within a Normal Range for Extensive Capital Projects

As Ms. Kubick reports in Attachment IV to this report, the industry standard for Program Management services for capital improvement programs for utilities is 2 to 4 percent of total program costs, depending on the nature of the program management services and the complexity of the capital program. As shown in Attachment IV, in addition to the \$150,000,000 cost of the proposed 15-year agreement, the PUC is assuming internal Program Management costs totaling \$90,000,000 for the first 15 years of the SSIP. Therefore, total PM costs for the SSIP are projected to be \$240,000,000, including the proposed agreement and City staff costs. This \$240,000,000 is 4.0 percent of the estimated \$6,000,000,000 that the PUC estimates will be expended or encumbered in the first 15 years of the SSIP. Therefore, while at the high end of the industry standard, the proposed \$150,000,000 agreement is within the 2.0 to 4.0 percent industry standard for PM costs.

RECOMMENDATION

Approve the proposed resolution.

Appendix A
Services to be provided by Contractor

Contractor agrees to perform services under this Agreement in accordance with the terms of this Agreement, the RFP, and its proposal dated **May 12, 2011**. The RFP and Contractor's proposal are incorporated by reference into this Agreement as though fully set forth herein. In the event of an inconsistency or conflict between the RFP and Contractor's proposal, the RFP shall take precedence. This Agreement shall take precedence over the RFP and Contractor's proposal.

1. Description of Services

Contractor will be required to assist the SFPUC Infrastructure Division and Wastewater Enterprise (WWE) in implementing the Sewer System Improvement Program (SSIP).

The Contractor shall provide qualified personnel to assist the SFPUC in five areas: Program Planning and Administration; Program Implementation; Project Technical Support; Program Controls; and Pre-Construction Management and Planning. The following is a summary of the tasks involved:

1. Program Planning and Administration (P)

- Program Manager Lead Advisor
- Program Contract Manager
- Program Technical Support
- Procedures Review and Update
- Program Management Plan
- Program Review, Optimization, and Validation
- Asset Management Integration
- Triple Bottom Line
- Operational Permit Support
- Document Management

2. Program Implementation (I)

- Risk Management
- Facilities Integration Plan
- Project Labor Agreement Support
- Quality Assurance (Procedures)
- Quality Control (Design)
- Communications and Reporting Support

3. Project Technical Support (T)

- Preliminary Project Scoping and Development
- Project Alternatives Analysis Support
- Seismic Evaluation/Standards
- Collection System and Treatment Plant Systemic Hydraulic Modeling/Systems Engineering
- Hydraulic Model Refinement and Modeling Support

- Watershed Assessments
- Evaluation of the Effect of Climate Change on the System, Development of an Adaptation Plan, and Update the Bayside Operations Plan
- Design Standards Review and Recommendations
- Staff Training
- Condition Assessment Support
- Emerging Technologies Review and Utility Expertise
- Value Engineering
- Independent Technical Reviews and Input

4. Program Controls (PC)

- Schedules and Budget
- Reports
- Cost Estimates
- Change Management
- Cost Controls
- Life Cycle Costs
- Quarterly Reporting and Monitoring

5. Pre-Construction Management and Planning (PCMP)

- Program Pre-Construction Management
- Pre-Construction Optimization
- Pre-Construction Final Review
- Pre-Construction Management Policies and Procedures for SSIP
- Pre-Construction Supplier Quality Surveillance for the SSIP

SFPUC/P-590 (5-10)

OCA/P-590 (5-10)

27

CS-165 Program Management Services; SSIP

CS - 165

Program Management Services, Sewer System Improvement Program (SSIP)

AECOM- Parsons	Participation %	Scope of Work
Atelier Dreiseltl	0.3	Provide urban watershed and green infrastructure planning support services during implementation of the urban watershed Framework. These services may include work on the following program tasks: T6- Watershed Assessments
Davis & Associates Communications (LBE)	0.9	Provide communication support services with an emphasis on community outreach. These services may include work on the following Program tasks: T6- Watershed Assessments, P8- Triple Bottom Line, P6- Program Review Optimization, and Validation, P5- Program Management Plan, I6- Communications Reporting Support
Joe Hill Consulting Engineers (LBE)	0.6	Provide civil engineering and general program management support such as project scoping and alternatives analysis and Program planning and procedures development. These services may include work on the following Program tasks: T2- Project Alternatives Analysis Support, T10- Condition Assessment Support, T1- Preliminary Project Scoping and Development, P5- Program Management Plan, P4- Procedures Review and Update, I2- Facilities Integration Plan.
L. Luster & Associates, Inc.	0.6	Provide support on workforce development and labor relations. These services may include work on the following Program tasks: PCMP1- Program Pre-Construction Management, I3- Project Labor Agreement Support
M Lee Corporation (LBE)	2	Provide cost estimating services. These services may include work on the following Program tasks: T2- Project Alternatives Analysis Support, T1- Preliminary Project Scoping and Development, PC6 - Life Cycle Costs, PC5 - Cost Controls, PC3 - Cost Estimates
Marina Dee Design (LBE)	0.3	Provide graphics and drafting support for communications and project development/analyses. These services may include work on the following Program tasks: T4- Collection System and Treatment Plant Systemic Hydraulic Modeling/Systems Engineering, T2- Project Alternatives Analysis Support, T1- Preliminary Project Scoping and Development, I6- Communications and Reporting Support
Sonika Corporation (LBE)	0.2	Provide stakeholder communication & coordination services related to triple bottom line analysis. These services may include work on the following Program tasks: P8- Triple Bottom Line
Yolanda's Construction Management and Traffic Control (LBE)	0.8	Provide document management support services on various tasks program-wide. These services may include work on the following Program tasks: PC4 - Change Management, PC1 - Schedules and Budget, P10 - Document Management
Alan Wong	0.2	Provide technical input and advisory services related to treatment processes for food waste and fats, oils and grease (FOG). These services may include work on the following program tasks: T2- Project Alternatives Analysis Support; T11- Emerging Technologies Review and Utility Expertise; T1- Preliminary Project Scoping and Development.
Tim (Roger) Haug	0.03	Provide technical advisory services on treatment process issues and projects. These services may include work on the following Program tasks: T4 - Collection System and Treatment Plant Systemic Hydraulic Modeling/Systems Engineering
AE3 Partners, Inc. (LBE)	0.4	Provide technical support services in the area of architectural planning and pre-construction management. These services may include work on the following Program tasks: T2- Project Alternatives Analysis Support, T1- Preliminary Project Scoping and Development, PC1 - Schedules and Budget
Associated Right of Way	0.3	Provide right of way management support services during pre-construction phases of the program. These services may include work on the following Program tasks: PCMP3 - Pre-Construction Final Review.
Carey & Co. Inc. (LBE)	0.1	Provide architectural planning services with an emphasis on historical architecture and conservation. These services may include work on the following Program tasks: T2- Project Alternatives Analysis Support, T10- Condition Assessment Support, T1- Preliminary Project Scoping and Development, PCMP3 - Pre-Construction Final Review
Chaves & Associates (LBE)	1.9	Provide document management services on various SSIP Program tasks. These services may include work on the following Program tasks: P2 - Program Contract Manager, P10 - Document Management
Environmental & Construction Slns Inc. (LBE)	0.7	Provide project controls support, in the areas of scheduling, reporting and cost controls. These services may include work on the following Program tasks: PCMP1 - Program Pre-Construction Management, PC5 - Cost Controls, PC2 - Reports, PC1 - Schedules and Budget, P6 - Program Review, Optimization, and Validation
E.F. Manning Consultants, Inc.	0.4	Provide support services in the area of labor relations, including assistance with development of a Project Labor Agreement should the SFPUC determine that one will be developed for the SSIP. These services may include work on the following Program tasks: I3- Project Labor Agreement Support
Effective Management Services LLC (LBE)	3	Provide program management support services, with an emphasis in the areas of risk management, program management planning, and construction/pre-construction management planning. These services may include work on the following Program tasks: PCMP4 - Pre-Construction Management Policies and Procedures for SSIP, PCMP2 - Pre-Construction Optimization, P5 - Program Management Plan, I2- Facilities Integration Plan, I1 - Risk Management
EPC Consultants, Inc	2.1	Provide program management support services in the area of operational permitting, facilities planning and document control. These services may include work on the following Program tasks: P9- Operational Permit Support, P10- Document Management, I2- Facilities Integration Plan.

Hollins Consulting, Inc. (LBE)	0.2	Provide program and construction management support services, focusing on pre-construction reviews. These services may include work on the following Program tasks: PCMP3-Pre-Construction Final Review
David Jenkins	0.03	Provide technical input, review and advisory services related to wastewater treatment process engineering. These services may include work on the following Program tasks: T13 - Provide Independent Technical Reviews and Input
Fred Krieger	0.4	Provide regulatory permit support such as working with federal, state and local agencies, permit updates, legislation review and preparation of documentation for regulatory review. These services may include work on the following Program tasks: P9- Operational Permit Support
Susan Leal	0.1	Provide management consulting services in the formulation of management plans, strategies and policies and procedures, management structures, staffing to meet SSIP Program needs. Provide assistance in communications and community benefits. These services may include work on the following Program tasks: P6- Program Review, Optimization, and Validation
Merriwether & Williams Insurance Service Inc.	0.7	Provide support for community relations / community benefits in the areas of local hire programs and small business development. These services may include work on the following Program tasks: PCMP1 - Program Pre-Construction Management , P8 - Triple Bottom Line , P5 - Program Management Plan , I6 - Communications and Reporting Support
Molly Duggan Associates LLC (LBE)	1.6	Provide communications support in the areas of print media and technology and assistance with branding development. These services may include work on the following Program tasks: I6 - Communications and Reporting Support
John Novak	0.03	Provide technical support services related to biosolids treatment processes. These services may include work on the following Program tasks: T4 - Collection System and Treatment Plant Systemic Hydraulic Modeling/Systems Engineering
Olivia Chen Consultants (LBE)	0.1	Provide management consulting services in the formulation of work plans, strategies and policies and procedures, management structures, staffing to meet SSIP Program needs. Provide assistance in communications and community benefits efforts related to corporate volunteerism and local business development. These services may include work on the following Program tasks: P6- Program Review, Optimization, and Validation; P5- Program Management Plan.
RDJ Enterprises (LBE)	0.9	Provide communications and outreach support in the area of community benefit, workforce development and local business development. These services may include work on the following Program tasks: PCMP1 - Program Pre-Construction Management, P8 - Triple Bottom Line, P5 - Program Management Plan, I6 - Communications and Reporting Support.
Charles Scawthorn	0.1	Provide technical input, review and advisory services related to seismic reliability, design, and design criteria. These services may include work on the following Program tasks: T8 - Design Standards Review and Recommendation , T3 - Seismic Evaluation/Standards
Lisa Spinelli	0.1	Provide assistance with community benefit planning and implementation in the area of volunteer programs and strategic partnerships. These services may include work on the following Program tasks: P5- Program Management Plan, I6- Communications and Reporting Services.
Strategic Thought Group plc	0.03	Provide program risk management services and associated analytical tools. These services may include work on the following Program tasks: I1- Risk Management
Sustainable Watershed Designs (LBE)	0.9	Provide planning and hydraulic/hydrologic analysis support services in the area of urban watershed planning and low impact design to manage stormwater. These services may include work on the following Program tasks: T6 - Watershed Assessments , P8 - Triple Bottom Line
George Tchobanoglous	0.03	Provide technical input, review and advisory services related to wastewater treatment process engineering. These services may include work on the following Program tasks: T13 - Provide Independent Technical Reviews and Input
Thomas D. O'Rourke	0.1	Provide technical input, review and advisory services related to seismic reliability, design, and design criteria. These services may include work on the following Program tasks: T8 - Design Standards Review and Recommendation, T3 - Seismic Evaluation/Standards
Townsend Management Inc (LBE)	0.4	Provide support services in the area of cost estimating, value engineering and pre-construction management planning. These services may include work on the following Program tasks: T12- Value Engineering; PCMP1- Program Pre-Construction Management; PC3- Cost Estimates.
Westland Management Solutions LLC (LBE)	1.1	Provide support on project and program management controls solutions and data/systems integration. These services may include work on the following Program tasks: PC7- Quarterly Reporting and Monitoring , PC5 - Cost Controls , PC2 - Reports , PC1 - Schedules and Budget , P8 - Program Review, Optimization, and Validation , P5 - Program Management Plan , I2 - Facilities Integration Plan
LBE Participation %	16.1%	
Non LBE Participation %	8.3%	
Prime/JV Participation %	75.6%	
Total	100.0%	

TO: Ian Hart, Budget Analyst Office

DATE: 7-14-11

FM: Karen Kubick, Wastewater Enterprise Capital Program Director, SSIP

The industry standard for Program Management services for capital improvement programs for Utility Companies is 2-4% of the Total Program Cost; however, this percentage depends upon the program management services included and the complexity of the program involved. We believe the SSIP is not only technically complex but community and regulatory agencies issues are also very challenging. Furthermore, a significant amount of the upfront work including needs assessment and program assessment and verification is needed before the implementation details of the program can be developed.

The following table gives you a breakdown for the anticipated program management costs during the first 15 years of the program.

Table: Estimated SSIP Program Management Cost for the first Fifteen Years

Fifteen Year Cost of SSIP	\$6,000,000,000	
Fifteen Year Program Management Contract	\$150,000,000	2.5%
Fifteen Year City Program Management Staff Costs	\$90,000,000	1.5%