CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE
QUESTIONS RE: PROJECT APPLICATION
Meeting Date: December 4, 2025

CITY OF BELLINGHAM

- INCINERATOR EMISSION CONTROL UPGRADES GC/CM PROJECT

1. With the design firm also serving as owner/adviser, how will potential conflicts of interest be addressed that may result due to these relationships with the City?

   Question 1 Response: In our experience, it is common for the Design and Owner's Advisor (OA) roles on a GC/CM project to be conducted by either separate firms or combined within one firm. Both structures have advantages and drawbacks. Brown and Caldwell (BC) is currently serving in a dual Design & OA role on numerous projects around the country. For the 2021-2022 GC/CM procurement that was cancelled, the City previously used (and obtained PRC approval for) a dual Design/OA team made up of Brown and Caldwell and Carollo Engineers, with both firms participating in elements of the design and OA roles.

   The City sees a shared design and OA role as an efficient way to obtain necessary support for GC/CM delivery, eliminating the need and expense for an additional third party to participate in the project delivery. The BC team is organized as independent design and OA teams – the design team will focus on developing the design, while the OA team will help the City oversee the GC/CM contractor and contract. Similar to design-bid-build delivery, third party design review is not typically necessary in GC/CM, so the OA can focus on the interaction with and work products of the contractor.

   After the procurement phase, the key difference between design-bid-build and GC/CM delivery is the negotiated construction pricing. We plan to have a BC cost estimator that is experienced with GC/CM delivery participate in development of the engineer's cost estimate and in reconciliation of estimates with the GC/CM contractor. The City is prepared, if needed, to procure a third party estimator, estimate reviewer, or claims specialist during negotiations or in the case of significant change orders or claims, to provide an independent review of the designer and GC/CM's estimates. BC has assisted owners in leveraging this option on other GC/CM projects where BC held a dual Design/OA role, or a design role where there was no explicit OA involvement.

   The City is comfortable with the proposed team structure, and is prepared to avoid or mitigate potential conflicts of interest. The City plans to maintain separate, direct lines of communication with both the OA and design teams. Any potential conflicts of interest that may arise could be mitigated through the following measures and controls:

   - *Team recognition that the City is the ultimate decision-maker, with input from the designer/OA and the GC/CM contractor. The City will take the lead in resolving disputes between the designer and the contractor, similar to design-bid-build delivery.*
   - *The OA team roles, responsibilities, and staff are distinct from the design team, and their participation in the design will generally be limited to interaction points with the GC/CM contractor.*
   - *The Design/OA team will maintain discrete file structures for OA and design documents, with GC/CM proposals and evaluation materials accessible only to the OA team, and any potential requested GC/CM financial information (beyond proposed pricing factors) retained by the City without visibility to the design/OA team.*
   - *The City is prepared to retain outside cost estimating review services or claims support services if difficult negotiations arise.*

2. The schedule (Attachment A) indicates a substantial portion of the Emissions Controls Design will be completed prior to final GC/CM negotiations. How will this timeframe allow the GC/CM to provide meaningful input?

   Question 2 Response: The project schedule is structured so the GC/CM joins the team at the completion of preliminary (30%) design where their input will provide the greatest value. As outlined in the project schedule provided as an attachment to the application, the design will progress through the basis of design phase by March 2026, then advance to preliminary design by Q3 2026, with overall design completion scheduled for Q3 of 2027.

   This timing includes bringing the GC/CM under contract in Q3 2026, at the completion of preliminary design. This allows the GC/CM to contribute to constructability reviews, phasing strategies, and procurement planning while the design remains flexible enough to incorporate recommendations. The preliminary design will not be substantially advanced in the absence of contractor input. Furthermore, the contractor will be under contract in time to provide cost and schedule input before development of the intermediate (60%) design documents, ensuring meaningful impact on key design decisions.

   This approach leverages the GC/CM's expertise during the most critical stages of design, aligning the project with goals for budget, schedule, and constructability.

3. In the response to Question 2(B), Funding Status, it is stated that "This is a regulatory-driven project that will proceed regardless of funding source". Should this statement be interpreted to mean that if construction funding is not obtained through municipal bonds, the project will proceed without a funding source for construction?

   Question 3 Response: This language in the City's PRC application was intended to 1) identify that there is a regulatory driver for the plant improvements (i.e., that the project is not optional or discretionary), and 2) reassure potential proposers that the project will move forward. We were attempting to proactively address potential concerns related to the City's cancelled GC/CM procurement for a previous project that occurred in 2021-2022.

   The City has already implemented a series of utility rate increases for 2026 through 2028, in part to cover design and construction costs associated with this project. This initial rate funding program is expected to renew in 2028. The City has adequate sewer fund revenue to fully fund the design, permitting and preconstruction phases. The project construction phase will also be supported via the issuance of tax-exempt municipal bonds. The City has flexible options for funding this emission improvements project if needed. Listed in order of priority, these options include: utility rate funding revenues, municipal bonds, reallocation from other sewer system (discretionary) capital projects, or use of City sewer fund reserves.