



Topic: **Reservoir Committee Agenda Item 2-3** **2018 April 19**

Subject: **Independent Advisory Services**

Requested Action:

Consider recommending to the Sites Project Authority the approval of sole-source contract justifications to obtain expertise in the areas of project delivery and finance, respectively. Both would serve as independent advisors to the Reservoir Committee, Authority, and staff (refer to Figure 1).

Detailed Description/Background:

Execution of Phase 2 Participation Agreements, which are required before Phase 2 can officially start, requires the approval of a funding/financing plan and a Phase 2 Work Plan. The Phase 2 work plan is being developed on the working assumption that alternative delivery methods will be used to advance the project's design and construction in a manner that meets the key Proposition 1 milestones. Given the estimated cost for Phase 2, it is important the Reservoir Committee participants and staff have access to the opinions of experts in finance and alternative delivery.

- A. Finance: Consider approving the sole-source justification to retain David G. Houston to serve as an independent advisor to the Sites Project (Attachment A).
- B. Alternative Delivery: Consider approving the sole-source justification to retain Michael C. Loulakis Esq. DBIA to serve as an independent advisor to the Sites Project (Attachment B).

Prior Reservoir Committee Action:

None.

Fiscal Impact/Funding Source:

The approved work plan included budget for technical advisory services, which will be used to fund this work.

Staff Contact: Joe Trapasso

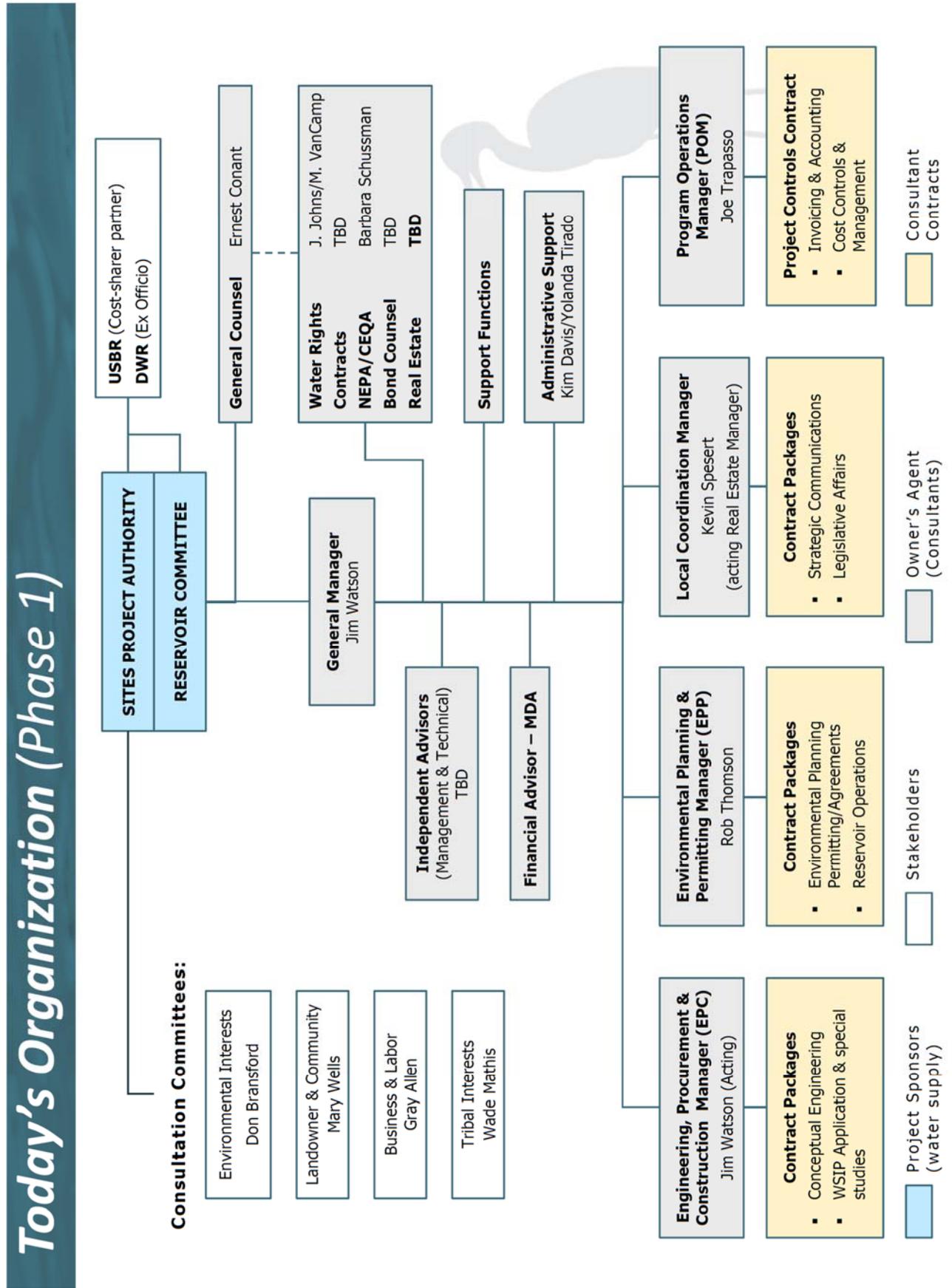
Attachments:

Attachment A: Sole-source justification for expertise in Finance and resume for David G. Houston.

Attachment B: Sole-source justification for expertise in Alternative Delivery and resume for Michael Loulakis.

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Notes:				Page:	1	of	2

Figure 1: Phase 1 Organization Chart





ATTACHMENT A

Sole-Source Contract Justification – David G. Houston, Finance Independent Advisor

Background

Completion of Phase 1 and expectation of funding from Prop 1 and WIIN act, dictates the need to develop a financial strategy for how best to finance the Project. This strategy is being used to prepare a procurement plan for Phase 2 in a manner that facilitates future operations and contracts to construct the project.

In developing and implementing the financial strategy, the Authority has retained a registered Municipal Advisor to prepare a comprehensive financial plan considering financial options and structures for the Project. In addition, the Authority is also currently pursuing, through a competitive procurement process, Bond Counsel who will play a critical overall strategy for the interim and permanent financing for the project. They will also play a significant role in the structuring of any potential debt financing transactions; including the Phase 2 participation agreements.

The Authority has the need for an expert financial advisor who has extensive experience in large debt structuring projects, especially for California State water projects, to ensure that project financial activities, such as work conducted by the Municipal Advisor, Bond Counsel, are conducted in a manner to ensure overall quality and consistency with industry standards and practices.

The approved Phase 1 work plan includes budget to retain expertise in key areas to develop a well-defined procurement plan to ensure the Sites Project is completed in a thorough, cost-effective and as expeditiously as possible. Expertise needed includes an expert in financing to improve the Authority's ability to construct the Sites Project in a manner that will provide the greatest benefits to the participants. This expert will serve in an advisory role to the Authority and Reservoir Committee. In addition, they will serve as a resource to staff to ensure overall quality and consistency with industry standards and practices.

Staff explored financial experts who have exceptional experience in successfully managing large scale and diverse water projects, such as the Sites Project, and with extensive expertise in financing and construction of water facilities.

Staff determined that Mr. David G. Houston has the exceptional qualifications to meet Sites Project needs. With over 40 years in the water industry, Mr. Houston is a well-recognized leader in water management and financing for large scale water projects. As Regional Director of the



Mid-Pacific Region of the Bureau of Reclamation and as Deputy Assistant Secretary of the U.S. Department of the Interior, his responsibilities included management of some of the largest and geographically diverse water projects in the Country. As Citi Bank's managing Director in the Municipal Securities Division and Head of their national water financing practice, Mr. Houston was senior manager of more than 850 water and wastewater financings totaling in excess of \$65 billion for public water enterprises across the country, including many water agencies in California. Attached is Mr. Houston's impressive bio.

Recommendation

The Reservoir Committee recommend the Authority retain Mr. Houston to serve as an independent advisor to the Sites Project providing financial expert advice. This recommendation is based on the existing urgency to obtain a financial expert for the current critical Phase 2 financial planning process and the rather uniqueness of Mr. Houston's expertise and experience related to the significant requirements of the position.

David G. Houston

Mr. Houston has been in the water industry for more than 40 years. Prior to joining Citigroup in 1990, Mr. Houston had 15 years of management experience with local and federal agencies. His experience ranges from developing regional plans for air and water quality to the design, financing and construction of facilities for water and wastewater, flood control and general government infrastructure. As Regional Director of the Mid-Pacific Region of the U.S. Bureau of Reclamation and as Deputy Assistant Secretary of the U.S. Department of the Interior, his responsibilities included management of some of the largest and most geographically diverse water and power projects in the Country.

At Citi, Mr. Houston was a Managing Director in the Municipal Securities Division and Head of Citi's national water finance practice where he senior managed more than 850 water and wastewater financings totaling in excess of \$65 billion for public water enterprises across the country. Examples include multiple transactions for States: such as California, Indiana, Illinois, Michigan, Nevada, New York, Texas, Utah and Wisconsin; Authorities and Joint Action Agencies: Central Coast Water Authority, Great Lakes Water Authority, Guam Water Authority, Houston Area Water Corp., Orange County Sanitation District, Peace River Water Authority, San Diego County Water Authority, San Luis and Delta Mendota Water Authority, Southern Nevada Water Authority, Tampa Bay Water, Truckee Meadows Water Authority, Washington DC Water and Sewer Authority; Cities and Counties: Clark, Cleveland, Dallas, DeKalb, Detroit, El Paso, Fresno, Honolulu, Houston, Los Angeles, Portland, San Antonio, San Diego, San Francisco, Seattle, Stockton, Tacoma, and Tucson;. Special Agencies and Districts; Central Basin MWD, Castaic Lake Water Agency, Eastern MWD, East Bay MUD, Inland Empire Utilities Agency, Kern County Water Agency, Las Vegas Valley Water District, Metropolitan Water District of Southern California, Mojave Water Agency, MWD of Orange County, Orange County Water District, Santa Clara Valley Water District, Sacramento Regional Sanitation District, Sacramento Suburban Water District, West Basin MWD, Westlands Water District, and many others.

Prior to retiring in November, 2017, Mr. Houston was a Registered Representative and Municipal Securities Principal with the NASD, MSRB and held securities licenses Series 52, 53, 63 and 79. Mr. Houston graduated from Utah State University with a BS in Pre-Law and MS in Political Science/Economics and completed post-graduate work in engineering and chemistry at the University of Nevada Reno.



Sole-Source Contract Justification – Michael C. Loulakis, Alternative Delivery Methods Independent Advisor

Background

Completion of Phase 1 and expectation of funding from Prop 1 and WIIN act, dictates the need to develop a strategy for how best to build the Project. This strategy is being used to prepare a procurement plan for Phase 2 in a manner that facilitates future contracts to construct the project. Significant components of the procurement plan are the evaluation of the best construction methods for the planned Sites Project facilities and the development of a robust project delivery strategic approach.

Based on the input provided by members of the Reservoir Committee at their December 21, 2017 meeting, alternative delivery methods were identified as providing greater value than traditional design-bid-build methods to build the Sites Project facilities.

The transportation industry has been pioneering the use of alternative delivery methods. The methods are continuing to evolve as lessons learned from their use gets incorporated into subsequent projects. The use of alternative delivery methods for water infrastructure projects is also ramping up as a means to cost-effectively improve the reliability of the nation's water infrastructure sooner.

In September 28, 2016, Assembly Bill 2551 (Gallagher) allowed CalFed projects, such as Sites Project, the ability to utilize the more-common alternative delivery methods in addition to the traditional design-bid-build methods.

The approved Phase 1 work plan includes budget to retain expertise in key areas to develop a well-defined procurement plan to ensure the Sites Project is completed cost-effectively and as expeditiously as possible. Expertise needed includes an expert in the use of alternative delivery methods to improve the Authority's ability to construct the Sites Project in a manner that will provide the greatest benefits to the participants. This expert will serve in an advisory role to the Authority, Reservoir Committee, and staff. In addition, they will serve as a resource to staff to ensure overall quality and consistency with industry standards and practices.

Staff explored alternative delivery methods experts who have exceptional experience in successfully providing large scale project owners, such as the Sites Project, with the development of robust project delivery strategic approaches.

Staff determined that Mr. Michael Loulakis (Esq., DBIA, President/CEO of Capital Project Strategies, LLC) has the exceptional qualifications to meet Sites Project needs (see attached



resume). He is a recognized alternative delivery expert, has been a leader in the advancement of the construction industry as a writer (e.g., Civil Engineering magazine writer since 1981) and speaker on the subject of design-build, actively served on national design-build research projects, and served on multiple boards such as the Board of Directors of the Water Design-Build Council. Further, he has provided expert support to multiple large public sector water projects in alternative delivery methods. Attached is Mr. Loulakis' impressive resume.

Recommendation

It is recommended the Reservoir Committee recommend the Authority retain Mr. Loulakis to serve as an independent advisor to the Sites Project providing alternative delivery methods expert advice, including but not limited to, strategic assistance on project delivery, contract packaging, and procurement approaches. This recommendation is based on the existing urgency to obtain an alternative delivery methods expert for the current critical Phase 2 planning process and the rather uniqueness of Mr. Loulakis' expertise and experience related to the significant requirements of the position. Attached for consideration is a contract for Mr. Loulakis.



**Michael C. Loulakis, Esq., DBIA
President/CEO**

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OVERVIEW

Mike Loulakis advises public and private sector owners on their project delivery, procurement and contracting strategies, particularly when their projects are delivered through design-build, EPC, and EPCm. Mike's public sector work concentrates on transportation projects (e.g., road, bridges, rail and airport), water/wastewater, and tunneling projects. His private sector work concentrates on domestic and international power generation (e.g., coal-fired, gas-fired, biomass and hydroelectric), petrochemical, and process industries. Mike's services include: (a) providing strategic assistance on project delivery, contract packaging, and procurement approaches; (b) drafting and negotiating contracts; and (c) helping to resolve contract administration issues. In addition to providing services to owners, Mike frequently serves as a mediator, arbitrator and DRB member, as well as an expert on matters involving design-build or EPC disputes.

Mike has a history of contributing to the advancement of the construction industry. He has authored the monthly legal column in *Civil Engineering* magazine since 1981. Mike is one of the industry's most prolific writers and speakers on the subject of design-build, and is actively involved on several national design-build research projects sponsored by the Transportation Research Board and the National Academy of Sciences. As one of the most active members of the Design-Build Institute of America (DBIA) since its formation in 1993, Mike served on its Board of Directors, co-authored its standard form contracts, and led the development of DBIA's Best Design-Build Practices. Mike also currently serves on the Board of Directors of the Water Design-Build Council. Mike is active academically, frequently guest lecturing for universities around the country. He is an Adjunct Professor in the Department of Civil, Environmental & Infrastructure Engineering at George Mason University. Mike holds a civil engineering degree from Tufts University and a law degree from Boston University School of Law.

RECOGNITION

- Fellow, American College of Construction Lawyers
- Ranked in *Chambers 2016 USA* as a "Star Individual" construction lawyer
- Recipient of the DBIA Brunelleschi Lifetime Achievement Award
- Designated Design-Build Professional (DBIA)
- Member, National Academy of Construction
- Recipient of the International Risk Management Institute, Inc. (IRMI) Words of Wisdom (WOW) Award

REPRESENTATIVE EXPERIENCE

Public Sector Transportation

- Representing the Metropolitan Washington Airports Authority (MWAA) on the Dulles Corridor Metrorail Project, a 23-mile extension to the WMATA rail system from West Falls Church to Loudoun County, Virginia. Services include assessing project delivery options for Phase 2 of the project, drafting the design-build procurement documents, drafting and negotiating the design-build contracts, and assisting MWAA with project execution issues.
- Advising the New York/New Jersey Port Authority (PA) in implementing its design-build program, and the procurement of the Newark Airport Terminal A. Services include assisting the PA in the development of a design-build guidebook, the Newark Airport design-build solicitation process and contract documents.

- Advised Los Angeles World Airport (LAWA) on its Automated People Mover project, which is being delivered under a concession arrangement. Services include advising LAWA on the procurement of the concessionaire, and the terms of the design-build-finance-operate-maintain agreement.
- Advising Virginia DOT's Alternative Project Delivery office in its statewide design-build program. Services include assisting VDOT with procurement and contracting policies, training of its personnel and advising on contract execution issues.
- Advising VDOT's Office of Public-Private Partnerships in its statewide program and specific projects. Services include facilitation of risk workshops, and assisting VDOT in the commercial negotiation of specific concession agreements.
- Representing City of Alexandria, Virginia in the design-build delivery of the Potomac Yard WMATA station.
- Representing 95 Express Lanes, LLC on the Northern Virginia 395 Express Lanes Project. Services include providing project delivery, procurement and contracting advice.
- Represented City of Virginia Beach on the 3.5 mile extension to Hampton Roads Transit's light rail system. Services include advising the City on project delivery options, and developing the design-build procurement and contracting approaches.
- Assessed Washington State Department of Transportation's (WSDOT) use of design-build on behalf of the State of Washington's Joint Transportation Committee. Services included comparing WSDOT's design-build practices to those best practices recommended by DBIA and other DOTs around the country, and providing recommendations for improvements.
- Represented various rail agencies on their design-build procurements, including Houston Metro's University Line project, Santa Clara Valley Transportation Authority's BART extension to San Jose, and BART's SFO extension.

Public Sector Water and Wastewater

- Representing DC Water on its 10-year, \$4 billion expansion program, including the \$2.6 billion Clean Rivers Project (which includes three major tunnels), \$400 million Biosolids program (the first North American facility to use the advanced Cambi thermal hydrolysis treatment process), and its new headquarters (which is being delivered through progressive design-build). All of the projects have used some form of design-build. Services include assisting the project team in identifying and implementing the best delivery options, procurement approaches and contracting strategies for the various components of the projects, as well as drafting the associated procurement and contract documents and serving as a technical advisor to the evaluation committees. Services also include assisting DC Water on project execution challenges and claims.
- Representing City of Houston, Texas in the procurement of its \$1.5 billion Northeast Water Purification Plant Expansion project, which is being delivered through a progressive design-build process. Services include advising on project delivery, procurement and contracting strategies.
- Represented the Southern Nevada Water Authority on its \$600 million Lake Mead Intake No. 3 design-build project. The project included an intake shaft and a 3-plus mile intake tunnel beneath the lake, with unique tunnel boring conditions. Services included the development of all procurement and contracting documents, strategic advice on selection criteria and risk assessment, and strategic advice on claims and conflicts.
- Represented Metro Wastewater Reclamation District (Denver, CO) on its \$300 million Northern Treatment Plant project. Services included assisting the District in alternative delivery assessments, procurement, contracting and risk strategies, and developing a progressive design-build contract for the project.
- Representing various water authorities on their new projects delivered through competitive and progressive design-build. Services include advising the agencies on delivery options, modifying procurement legislation to implement programs, drafting RFQ/RFP and contract documents, and serving as technical advisor on evaluation committees.

Private Sector

- Represented Sadara Chemical (a joint venture of Dow Chemical and Aramco) on a multi-billion petrochemical program in Saudi Arabia delivered through multiple-prime EPC contracts. Services include counseling the project team on risks and dispute resolution.
- Represented EQUATE Petrochemical Company (a joint venture of Dow Chemical and Petrochemical Industries Company) on the Olefins II Kuwait Project, a multi-billion petrochemical program in Kuwait. Services included counseling the project team on a variety of contract disputes, default terminations and claims.
- Advising IFM Investors Midstream, the lender on the Freeport LNG project, on the execution of the project.

- Represented several international petrochemical industry owners on strategies for procurement, contracting and execution of major projects.
- Represented several international independent power producers in risk analysis, drafting EPC contracts, and assisting in the prosecution and defense of claims.

PUBLICATIONS

Transportation Research

“Liability of Design-Builders for Design, Construction, and Acquisition Claims,” *Legal Research Digest* 68 (December 2015), TRB National Cooperative Highway Research Program, co-lead investigator.

“Alliance Contracting—Evolving Alternative Project Delivery,” *NCHRP Synthesis* 466 (2015), TRB National Cooperative Highway Research Program, co-lead investigator.

“Indefinite Delivery/Indefinite Quantity Contracting Practices,” *NCHRP Synthesis* 473 (2015), TRB National Cooperative Highway Research Program, co-lead investigator.

“Alternative Technical Concepts for Contract Delivery Methods,” *NCHRP Synthesis* 455 (2014), Transportation Research Board, co-lead investigator.

“Strategies for Implementing Performance Specifications: Guide for Executives and Project Managers,” *SHRP 2 Report S2-R07-RR-2* (2014), Transportation Research Board, co-lead investigator.

“Legal Aspects for Performance-Based Specifications for Highway Construction and Maintenance Contracts,” *Legal Research Digest* 61 (July 2013), TRB National Cooperative Highway Research Program, lead investigator.

“Legal Issues Involving Surety for Public Transportation Projects,” *Legal Research Digest* 40 (July 2012), Transit Cooperative Research Program, lead investigator. (Awarded John C. Vance Award, recognizing author(s) of an outstanding paper published by TRB that advances the study, understanding, and implementation of transportation law)

“Competition Requirements of the Design/Build, Construction Manager at Risk, and Public-Private Partnership Contracts – Seven Case Studies,” *Legal Research Digest* 39 (January 2012), Transit Cooperative Research Program, co-lead investigator.

“Geotechnical Information Practices in Design-Build Projects,” *NCHRP Synthesis* 429 (2012), co-lead investigator.

“Expedited Procurement Procedures for Emergency Construction Services,” *NCHRP Synthesis* 43-11 (2012), co-lead investigator.

Major Industry Publications

Books

Construction Business Formbook, Aspen Publishers, Inc., 2003, co-editor.

Design-Build for the Public Sector, Aspen Publishers, Inc., 2003, editor.

Design-Build: Planning Through Development, McGraw-Hill, 2001, co-author.

Design-Build Contracting Handbook, 2nd Edition, Aspen Publishers, Inc., 2001, co-editor.

Design-Build Lessons Learned, AEC Training Technologies, annually, 1995 to 2004, author.

Project Delivery Systems: Evaluating the Owner's Alternatives (CD-ROM), A/E/C Training Technologies, 1999, author, producer and developer.

Design-Build Contracting Guide, *Design-Build Institute of America*, November 1997, author.

Construction Management: Law and Practice, Wiley Law Publications, 1995, co-author.

Other Publications

“Geotechnical Risk in Design-Build Projects: Answering the \$64,000 Question,” *GEOSTRATA*, ASCE Geo-Institute, July/August 2016, co-author.

“What Does the Case Law Say? Geotechnical Risk on Design-Build Projects,” *GEOSTRATA*, ASCE Geo-Institute, July/August 2016, co-author.

“Dispute Resolution Processes,” Ch. 24, *Design-Build for Water and Wastewater Projects*, American Water Works Association, 2012.

“Contracts,” Ch. 6, *Design Management Guide*, Charles Pankow Foundation, 2011, author.

“Alternate Delivery Systems: Design-Build, Construction Management, and IDIQ Task Order Contracts,” Ch. 5, *Federal Government Construction Contracts*, American Bar Association, Second Edition, 2010, co-author.

“Legal Concerns after a Failure,” Ch. 5, *Forensic Structural Engineering Handbook*, McGraw-Hill, 2000 (rev. 2009), author.

“The Law,” monthly column in *Civil Engineering Magazine*, American Society of Civil Engineers, 1981 to present, co-author.

SPEAKING ENGAGEMENTS

Nationally recognized speaker before various state and federal agencies (transportation, defense, corrections), as well as the Design-Build Institute of America (DBIA), Construction Management Association of America (CMAA), International Risk Management Institute (IRMI), and other trade and professional associations on a variety of topics affecting the construction industry. Subjects have included risk allocation and management; innovative project delivery; public sector procurement issues; construction contract administration; contract claims and defense of claims; and alternative dispute resolution.

BAR ADMISSIONS

1979, Virginia

1981, District of Columbia

1990, Maryland

PROFESSIONAL MEMBERSHIPS AND ACTIVITIES

- Design-Build Institute of America: Former Member of Board of Directors (1995-2003); Chairman of Manual of Practice Subcommittee (1997-2001). One of the primary drafters of both the DBIA Design-Build Contracting Guide, DBIA’s family of contract documents, and *Design-Build Done Right: Best Design-Build Practices* (2014).
- Virginia Bar Association
- American Arbitration Association’s Commercial Panel, Panelist
- American Society of Civil Engineers (ASCE)

PROFESSIONAL HISTORY

- Akerman Senterfitt Wickwire Gavin, P.C.: Shareholder (2006-2007)
- Wickwire Gavin, P.C. (1979-2006): Shareholder (1984-2006); President and Chairman (1995-2006)
- GEI Consultants, Inc., a geotechnical engineering consulting firm headquartered in the greater Boston, MA, area (1975-1976)

EDUCATION

J.D., Boston University School of Law, 1979

B.S.C.E., *magna cum laude*, Tufts University, Tau Beta Pi, 1976