

CITY OF WESTMORLAND

REPORT TO CITY COUNCIL

MEETING DATE: November 19, 2025

FROM: Laura Fischer, Manager

SUBJECT: Modify the EDWG Project Construction Management Contract with The Holt Group to include Design Engineering Services During Construction and Increase the Previously Approved Not to Exceed Amount by \$180,000.

ISSUE: **Shall the City Council** Modify the EDWG Project Construction Management Contract with The Holt Group to include Design Engineering Services During Construction and Increase the Previously Approved Not to Exceed Amount by \$180,000?

General Manager's Recommendation:

Modify the EDWG Project Construction Management Contract with The Holt Group to include Design Engineering Services During Construction and Increase the Previously Approved Not to Exceed Amount by \$180,000.

FISCAL IMPACT:

The previously approved contract with The Holt Group was approved in the amount not to exceed \$701,920. The modification to include Design Engineering Services During Construction will increase that amount by \$180,000 for a Modified Total Not To Exceed of \$881,920.

DISCUSSION:

The City of Westmorland submitted a Request for Qualifications for the construction management services for this project. The city received several inquiries about the RFQ but only received one response. The response was from The Holt Group is within the estimated budget for the project. The contract was awarded to The Holt Group for an amount of \$701,920. After award the contract was reviewed by our attorney and executed.

The engineering firm that prepared the plans and specifications for the \$11M improvement project at the Water Treatment Plant was Psomas. Psomas was contracted to complete the plans and specifications through a grant from the State Water Board to Sacramento State University and Psomas. The City of Westmorland has never had a contract with Psomas for engineering services.

When a project of this size is started, it is an accepted practice to have the engineering firm that prepared and stamped the plans, be retained during the construction and plant start up as they are familiar with the design and plans (as they prepared them) and can quickly and efficiently respond to any Request for Information and/or Submittals and to provide modified shop drawings for conformance with construction documents. We asked Psomas to prepare a quote with a detailed scope of work.

Staff reviewed both the construction management scope of work and the design engineers scope of work and found several areas that were duplicated. We asked Psomas to modify their scope of work to reduce redundancy and after several months, they proved a modified scope of work, but not a reduction in cost. The engineer representing Psomas stated that the engineer who prepared the plans no longer works for them and that there isn't anyone in their office familiar with the project.

Staff worked with the contact person at Psomas and they ultimately lowered their price by \$11,600. Staff also had several concerns about the language in the Psomas Agreement that they provided. The City Attorney reviewed it and we attempted to negotiate language changes including concerns listed below:

1. Para. 3.1, renegotiation of rates after 12-months: no. A promise to negotiate in the future, or agree in the future is an illusory promise and is not enforceable. Either we have agreed on terms or we have not.
2. Para. 3.2, interest on receivables: not acceptable
3. Para. 4.1: all work product and deliverables need to be the property of the City, not the engineer. The deliverables are what the City is paying for.
4. Para 8.5: limit of engineer's liability. Not acceptable.
5. Attached to the Statement of Work (Exhibit A) was a separate document for Electrical and Instrumentation Construction from RTM with an estimate of \$29,560? What is this, and why isn't it included in the quote.
6. Also, I reviewed the Construction Management agreement (The Holt Group) with the proposed scope of work from Psomas and there are some overlaps.
 - a. 3.1 THG has included in their scope and should be removed and cost adjusted.
 - b. 3.3 Job walk. I don't think there is a need for Psomas to attend the job walk as CM will attend and should be removed with cost adjusted.
 - c. 3.6 CM will evaluate and review the bids. May need a phone consult, but only if questions.
 - d. 8.1 You have built in a \$10K allowance, but unless there is detailed invoices for items not included in the bid the city will not pay this amount.
 - e. Exclusions. This is not a time and material services agreement, and this should be removed.

After failing to eliminate our concerns, staff spoke with the Water Board and they agreed that the best resolution and to save money, the City should modify our existing contract with The Holt Group to perform these services.

I spoke with Mr. Jack Holt and Mr. Juny Marmolejo at The Holt Group and they have agreed to modify the contract to include engineering service during contraction for an additional \$180,000. This amount is \$24,900 less than the Psomas reduced amount.

CONCLUSION:

It is recommended that the Westmorland City Council Modify the EDWG Project Construction Management Contract with The Holt Group to include Design Engineering Services During Construction and Increase the Previously Approved Not to Exceed Amount by \$180,000.

ALTERNATIVES:

- 1) Do no modify the contract for Construction Management.

- 2) Direct staff to continue to solicit engineering services during construction with another contractor.
- 3) Provide alternative directions to staff.

Respectfully Submitted,
Laura Fischer, Manager