

- **Board of Directors**  
**Engineering, Operations and Real Property Committee**

August 20, 2001 Board Meeting

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8-4

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**Subject**

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Authorize entering into professional services agreements with three firms for a total of up to \$500,000 per year for a three-year period to provide fabrication inspection and materials testing services for capital and procurement projects

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**Description**

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Capital and procurement projects frequently require specialized inspection of fabricated items and equipment. Inspection of critical items is typically performed at the fabricator's facility. Generally, work is accomplished utilizing a small core of full-time staff for local inspections and supplemented by consultants. Utilizing professional services agreements has been a cost-effective way to perform inspections at locations outside of southern California without increasing regular staffing. Metropolitan's existing consultant inspection contracts will expire in 2001. A team of three consultants has been selected to work with Metropolitan staff through the competitive Request for Proposals (RFP) process. The selected consultants, Moody International Inc. (Moody), Robert W. Hunt Company (Hunt), and United Inspection & Testing Inc. (United), give Metropolitan the ability to select the services of one or more consultants to obtain the best value. Together, Moody, Hunt, and United have the ability to provide Metropolitan with a worldwide network of inspection and materials testing capabilities. These firms will be able to provide Metropolitan with qualified inspectors on an as-needed basis at locations throughout the United States and industrial cities worldwide. Approval of the recommendation will authorize the Chief Executive Officer to enter into agreements with Moody, Hunt, and United to provide these services. The agreements will be funded as part of budgeted capital or procurement projects. The term of the agreements will be three years, and the agreements will be structured such that the maximum amount payable in any single year for all three agreements will not exceed \$500,000. A detailed report on this subject is provided in [Attachment 1](#).

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**Policy**

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Metropolitan Water District Administrative Code Section 8115: Contracts over \$250,000.

Metropolitan Water District Administrative Code Section 8117: Professional and Technical Consultants.

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**CEQA**

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The proposed action is not defined as a project under the California Environmental Quality Act (CEQA), because it involves continuing administrative and maintenance activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination for both Options #1 and #2 is: Determine that the proposed action is not subject to CEQA per Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

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**Board Options/Fiscal Impacts**

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**Option #1**

- a. Adopt the CEQA determination; and
- b. Authorize the CEO to enter into separate three-year agreements with Moody, Hunt, and United to provide fabrication inspection, materials testing and non-destructive testing services in accordance with the competitive process under RFP No. 437. The total amount of all three agreements shall not exceed

\$500,000 per year. The CEO shall have the authority to amend the contract amounts with each consultant, as needed, provided the total for all three contracts does not exceed \$500,000 per year.

**Fiscal Impact:** \$500,000 per year to be funded as part of budgeted capital projects which have either already been approved by the Board or will receive Board approval in the future.

**Option #2**

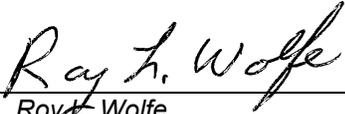
- a. Adopt the CEQA determination; and
- b. Hire additional regular staff with appropriate skills and certifications along with regular staff to travel throughout the United States and internationally to perform inspections at Metropolitan’s expense.

**Fiscal Impact:** Increased costs to capital projects for additional staffing, travel and relocation costs for longer inspection assignments.

**Staff Recommendation**

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Option #1

	7/12/2001
Roy L. Wolfe Manager, Corporate Resources	Date

	8/3/2001
Ronald R. Gastelum Chief Executive Officer	Date

**Attachment 1 – Detailed Report**

BLA #1146

## Professional Services Agreements to Provide Inspection and Testing Services

### Detailed Report

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**Background:** The Engineering Services Section of the Corporate Resources Group provides inspection and testing services to support both facility construction and ongoing operations through its Fabrication Inspection Team (Team). Inspections are performed at the point of manufacture to assure compliance with applicable standards and specifications. Typical items being inspected are structural steel, concrete and steel pipe, large diameter valves, pumps, generators, mechanical and electrical equipment. The Team also provides inspection and quality assurance functions for Metropolitan's machine and welding shops at La Verne. Non-destructive inspections and materials testing services are utilized to determine the acceptability of steel for pipe fabrication and testing of welds. Additional services provided by the Team include review of welding and quality control procedures; construction drawing and specification review; standard specification development; and design support.

The Team currently consists of six full-time employees, who perform inspections and engineering functions within southern California, as well as inspection and testing outside of the Metropolitan service area on a limited basis. Travel outside of the service area by Team staff is generally limited to conducting prefabrication meetings and witnessing critical stages of fabrication and final testing. Past practice has determined that extensive travel outside of the service area by Metropolitan staff is uneconomical and represents an inefficient use of existing staff. In addition, while the Team's existing personnel have diverse and varied levels of inspection expertise, it is unlikely that current staffing levels will be adequate to meet the short-term, but intensive inspection needs that are projected for the next several years.

**Consultant Services:** To date, professional service agreements have been successfully used to provide supplemental personnel and conduct a variety of inspection activities. Consultants are used on an as-needed basis to accomplish highly specialized work, and to conduct the bulk of inspection work outside southern California. As such, the consulting staff must have strong academic and technical training, which includes degrees, licenses and certifications. The specific areas of supplemental expertise include mechanical engineering as it pertains to fabrication methodologies, weld inspection, non-destructive testing and electrical testing, as well as equipment testing and start-up. Consultants have been successfully used to perform inspection assignments at fabricator facilities lasting from a few hours to over one year. With the ongoing Lake Mathews Outlet Facilities Program, the Oxidation Retrofit Program and other smaller projects, there will be a continuing need for consultants to handle the anticipated workload.

**RFP Process:** About 40 percent of the Team's inspection personnel needs are currently supplied through several existing consultant agreements. All of these existing agreements will expire during 2001. The recommended approach to providing the required inspection services was to secure new consultant agreements for these services through the competitive Request for Proposals (RFP) process. As planned, consultant staff will primarily provide inspections outside southern California through a professional services agreement. Consequently, RFP No. 437 was initiated to identify qualified consulting firms to provide the required inspection services. A total of six responses to the RFP were received and evaluated. Evaluation of each proposal was based on the qualifications of the consultant staff, and the ability to provide qualified personnel in a timely manner at the locations identified in the RFP. Based on the results of the evaluation of the six respondents, three firms offer the optimal mix of qualified inspection and non-destructive testing expertise for work both domestic and international. Moody, Hunt, and United (the latter two are based in southern California) were selected as being most qualified, and provide Metropolitan with the best overall value in terms of quality, experience, qualifications, knowledge of the type and nature of work performed, availability, schedule and cost. The total amount of the three agreements will not exceed \$500,000 per year. Each agreement will be structured as a time-and-materials contract and will have a term of three years. The CEO will have the authority to allocate the work between the three consultants, and amend the amounts of the agreements, as needed, provided the total amount of all three agreements does not exceed \$500,000 per year.