

- **Board of Directors**  
**Engineering and Operations Committee**

October 12, 2004 Board Meeting

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**9-3**

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**Subject**

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Authorize an agreement for \$5 million with Butier Construction Managers for construction support services; authorize an agreement for \$4 million with P&D Environmental for environmental mitigation monitoring services; and authorize an increase of \$1.3 million to an agreement with Vanir Construction Management, Inc. for project management support for the San Diego Pipeline No. 6 North Reach and Service Connection EM-21 projects (Approp. 15121)

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**Description**

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In October 2002, Metropolitan's Board authorized staff to proceed with design and right-of-way acquisition for the San Diego Pipeline No. 6 North Reach and Service Connection EM-21 projects. This effort was completed in June 2004 with the advertisement of the San Diego Pipeline No. 6 North Reach construction contract, under Specifications No. 1479. The North Reach construction contract consists of a 10-foot-diameter steel pipeline approximately seven miles in length, appurtenant facilities, connection to the Lake Skinner Outlet Conduit, road and right-of-way restoration, and the EM-21 service connection.

On September 1, 2004, a total of six bids were received and opened under Specifications No. 1479 for the San Diego Pipeline No. 6 North Reach and Service Connection EM-21 projects. Staff is currently reviewing the bids. Support services for construction of the North Reach project will be performed primarily by consulting firms. Utilization of professional consulting firms to perform this work is consistent with the Corporate Resources Group's staffing plan as incorporated in the fiscal year 2004/05 budget, and ensures that projects are implemented in accordance with board-adopted schedules.

In December 2003, Request for Qualifications (RFQ) No. 550 was advertised for construction management and support services for multiple programs. This RFQ included construction management, inspection, field survey, pipe fabrication inspection, and materials testing services. In response to the RFQ, 19 Statements of Qualifications (SOQs) were received. Based upon a competitive evaluation, an agreement is recommended with Butier Construction Managers in an amount not to exceed \$5 million for construction management and support services. Metropolitan requires SBE participation of 25 percent for this professional services agreement. As a SBE firm, Butier meets this requirement.

In January 2004, RFQ No. 665 was advertised for mitigation monitoring and reporting services for environmental compliance during construction of the North Reach project. In response to the RFQ, nine SOQs were received. Based upon a competitive evaluation, an agreement is recommended with P&D Environmental in an amount not to exceed \$4 million for mitigation monitoring and reporting services. Metropolitan requires SBE participation of 25 percent for this professional services agreement. P&D has committed to meet this requirement.

In October 2002, Metropolitan's Board authorized a professional services agreement with Vanir Construction Management, Inc. in an amount not to exceed \$1.2 million for program management support services for the North Reach project. This selection was based on a competitive selection process in response to Request for Proposals (RFP) No. 508. Under that agreement, Vanir Construction Management, Inc. provides the following services: scheduling, agreement administration, document control, project management reporting, earned value analysis, and construction cost estimating.

It is recommended that the existing agreement with Vanir Construction Management, Inc. be amended to continue these services during the construction phase of the North Reach project. The proposed amendment increases the agreement amount by \$1.3 million, for a new not-to-exceed total of \$2.5 million. Amendment of this agreement is consistent with the scope of RFP No. 508 and with the planned approach for implementation of the North Reach project.

For this project, the anticipated cost of inspection and support is approximately 8.4 percent of the total estimated construction cost. The Engineering Services goal for inspection of projects with construction cost more than \$10 million is 9 to 12 percent.

This project has been evaluated and recommended by Metropolitan's Capital Investment Plan (CIP) Evaluation Team and funds have been included within the fiscal year 2004/05 capital budget. When the Board approved the Pipeline 6 project in 1993, Approp. 15121 was increased to a total of \$47.7538 million as shown in the Financial Statement ([Attachment 3](#)). In the October 2002 board action, \$25.2 million was allocated to cover incurred project expenditures for the North Reach feasibility study, preliminary and final design, and property acquisition, plus all earlier Pipeline No. 6 costs associated with the original planning study and CEQA documentation, aerial topographic survey, geological and geotechnical work, and property acquisition. Approval of this recommendation will allocate an additional \$15.47 million for a new total authorization of \$40.67 million.

See [Attachment 1](#) for a Detailed Report and [Attachment 2](#) for the Location Map for the San Diego Pipeline No. 6 Project.

## **Policy**

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Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation

Metropolitan Water District Administrative Code § 8117: Professional and Technical Consultants

Metropolitan Water District Administrative Code § 8115(a): Requires board action for contract amounts that may exceed \$250,000 over the contract term

## **California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The environmental effects associated with the design, construction, and operation of the proposed modifications to the North Reach of the San Diego Pipeline No. 6 Project were evaluated in the Final Supplemental Environmental Impact Report (Final SEIR), which was certified by the Board on November 18, 2003. As part of this analysis, the Final SEIR examined the environmental effects associated with a service connection (now identified as EM-21) for Eastern Municipal Water District's subagency, Rancho California Water District. During that same meeting, the Board also approved the amended Findings of Fact (findings), the amended Statement of Overriding Considerations (SOC), the amended Mitigation Monitoring and Reporting Program (MMRP), and the proposed modifications to the originally approved San Diego Pipeline No. 6 project and Metropolitan's involvement with the EM-21 project. The present board actions are solely based on awarding various consulting agreements to carry out mitigation monitoring and other activities, and not on any changes to the two approved projects. Hence, the previous environmental documentation approved by the Board in conjunction with the proposed actions fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act on the proposed actions.

The CEQA determination is: Determine that the proposed actions have been previously addressed in the certified 2003 Final SEIR and in the related adopted documents (i.e., amended findings, amended SOC, and amended MMRP), and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and

- a. Authorize agreements with Butier Construction Managers for construction support services in an amount not to exceed \$5 million, and with P&D Environmental for environmental mitigation monitoring services in an amount not to exceed \$4 million; and
- b. Authorize an increase to the professional services agreement with Vanir Construction Management, Inc. for project management support for a new not-to-exceed total of \$2.5 million.

**Fiscal Impact:** \$15.47 million of budgeted funds under Approp. 15121 for professional services and ongoing project management, permitting, legal, and member agency coordination efforts.

**Option #2**

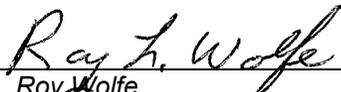
Do not authorize the award of the consulting agreements for construction inspection, environmental mitigation, and project management support services.

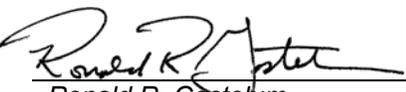
**Fiscal Impact:** Unknown

**Staff Recommendation**

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Option #1

|  |           |
|--|-----------|
|  | 9/20/2004 |
| Roy Wolfe<br>Corporate Resources Group Manager                                     | Date      |

|  |           |
|--|-----------|
|  | 9/20/2004 |
| Ronald R. Gastelum<br>Chief Executive Officer  | Date      |

**Attachment 1 – Detailed Report**

**Attachment 2 – Location Map**

**Attachment 3 – Financial Statement**

## **Detailed Report**

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### ***Purpose/Background***

The San Diego Pipeline No. 6 Program was originally approved by Metropolitan's Board in 1993. San Diego Pipeline No. 6 is a 600-cfs raw water conveyance system that serves San Diego and southern Riverside counties. In conjunction with the conversion of San Diego Pipeline No. 3 to treated water service, and along with comprehensive groundwater management, conservation, and water reclamation programs, Pipeline 6 is intended to provide raw water capacity to meet multiple objectives in this portion of Metropolitan's service area, including, (1) system reliability, (2) system flexibility, and (3) water resources management.

Although the original on-line date was 1998, higher than anticipated rainfall during the 1990s along with conservation measures allowed deferral of the Pipeline No. 6 Program for a number of years. In October 2002, prompted by increasing demands and several dry years, Metropolitan's Board authorized staff to complete the design, acquire all necessary rights-of-way, prepare supplemental environmental documentation, and perform all other activities in advance of award of a construction contract for the North Reach only to meet member agency demands in southern Riverside County.

A board workshop on Pipeline No. 6 was held on September 14, 2004. The project status, and policy and risk issues were discussed. Testimony from Metropolitan member agencies was also heard. While several issues still remain unresolved regarding the extension of Pipeline No. 6 up to and beyond the San Diego County line, the need to move forward with the North Reach was well supported by the member agencies and the Directors at the workshop.

### ***Project Description***

The North Reach of Pipeline No. 6 is planned to be a buried 10-foot-diameter steel pipe, approximately seven miles in length. The pipeline will begin at Lake Skinner with a connection to the existing Lake Skinner Outlet Conduit and then proceed south within the public right of way of Borel, Buck, and Anza Roads in the county of Riverside, north of the city of Temecula. The pipeline will terminate with a bulkhead at the intersection of Anza and Deportola Roads, where service connection EM-21 will be installed. The North Reach will deliver 80 cfs to Rancho California Water District by July 2006 with the potential to deliver an additional 520 cfs to the San Diego County Water Authority in the future. Support services for construction of the North Reach will include construction inspection, environmental mitigation monitoring, and project management support. Utilization of consulting firms to perform these services is consistent with the Corporate Resources Group's staffing plan as incorporated in the fiscal year 2004/05 budget, and ensures that projects are implemented in accordance with their board-adopted schedules.

### ***Construction Contract***

On June 23, 2004, Metropolitan advertised the San Diego Pipeline No. 6 North Reach and Service Connection EM-21 projects for construction under Specifications No. 1479. Six bids were received and opened on September 1, 2004. Staff is currently reviewing all of the bids.

### ***Construction Management and Support Services***

Request for Qualifications (RFQ) No. 550 for construction management and support services was advertised in December 2004. RFQ No. 550 included the following services: construction management, field inspection, field survey, pipe fabrication inspection, and materials testing services.

In response to RFQ No. 550, 19 Statements of Qualifications (SOQs) were received in February 2004. The review committee evaluated the SOQs and short-listed nine firms. Based on a thorough assessment of the short-listed firms' qualifications in relation to the specific needs of the North Reach, three firms were selected to submit detailed proposals. Based upon evaluation of these proposals, an agreement is recommended with Butier Construction Managers in an amount not to exceed \$5 million for construction management and support services for construction of the North Reach and Service Connection EM-21 projects. Metropolitan requires SBE

participation of 25 percent for this professional services agreement. As a SBE firm, Butier meets this requirement.

### ***Environmental Mitigation Monitoring Services***

The program's Supplemental Environmental Impact Report, approved by the Board in November 2003, requires mitigation monitoring during the preconstruction, construction, and post-construction phases of the North Reach and Service Connection EM-21 projects. In January 2004, because of the specialty expertise required, RFQ No. 665 was advertised for mitigation monitoring and reporting services for environmental compliance during construction of the North Reach. The required specialized services include monitoring the implementation of specific mitigation measures and regulatory requirements by the pipeline construction contractor, landscape design, riparian and upland site restoration and monitoring, revegetation maintenance and monitoring, biological monitoring, cultural resources monitoring and treatment, and paleontologic resource monitoring and treatment. Examples of services to be provided prior to construction include cultural resource surveys and treatment, and seed collection. In response to RFQ No. 665, nine SOQs were received in March 2004. Based on a thorough assessment of the firms' qualifications, an agreement is recommended with P&D Environmental in an amount not to exceed \$4 million for mitigation monitoring and reporting services. Metropolitan requires SBE participation of 25 percent for this professional services agreement. P&D Environmental has committed to meet this requirement.

### ***Project Management Support***

In May 2002, Request for Proposals (RFP) No. 508 was issued for project management support services for the North Reach of San Diego Pipeline No. 6. The services consist of scheduling, agreement administration, document control, project management reporting, earned value analysis, and construction cost estimating. In October 2002, Metropolitan's Board authorized an agreement with Vanir Construction Management, Inc. for program management support services in an amount not to exceed \$1.2 million. Staff recommends that the existing agreement with Vanir Construction Management, Inc. be increased by \$1.3 million for a new not-to-exceed total of \$2.5 million, to continue these services during construction of the North Reach. Amendment of the agreement is consistent with the scope of RFP No. 508 and with the planned approach for project implementation.

### ***Budget/Appropriation Status***

When the Board approved the Pipeline No. 6 Program in 1993, Approp. 15121 was increased to a total of \$47.7538 million. This amount was intended to cover design, right-of-way acquisition, and environmental permitting for the entire Pipeline No. 6 Program. In an October 2002 board action, \$25.2 million was allocated to cover incurred project expenditures for the North Reach feasibility study, preliminary and final design, and property acquisition, plus all earlier Pipeline No. 6 costs associated with the original planning study and CEQA documentation, aerial topographic survey, geological and geotechnical work, and property acquisition. Approval of this recommendation will allocate an additional \$15.47 million for a new total authorization of \$40.67 million.

Attachment 4 shows the total requested additional allocation of \$15.47 million, for a new total allocation of \$40.67 million.

The construction-related activities for Service Connection EM-21 are fully reimbursable by Eastern Municipal Water District per a service connection agreement.

### ***Actions and Milestones***

- ❑ November 2004 – Commence construction
- ❑ June 2006 – North Reach on-line
- ❑ December 2006 – Complete site restoration



**Financial Statement for San Diego Pipeline No. 6 Program**

A breakdown of Board Action No. 10 for Appropriation No. 15121 for the San Diego Pipeline No. 6 Program is as follows:

|   | <b>Previous Total<br/>Appropriated<br/>Amount<br/>(May 2004) *</b> | <b>Current<br/>Board Action<br/>No. 10<br/>(Oct. 2004)</b> | <b>New Total<br/>Appropriated<br/>Amount</b> |
|---|--|--|--|
| Labor   |  |  |  |
| Studies and Investigations  | \$ 6,967,014   | \$ 0   | \$ 6,967,014                                 |
| Design and Specifications   | 2,653,811  | 0  | 2,653,811                                    |
| Owner Costs (Program management,<br>permitting, control systems integration,<br>start-up) | 2,546,516  | 3,210,000  | 5,756,516                                    |
| Construction Inspection and Support   | 43,210   | 0  | 43,210                                       |
| Materials and Supplies  | 754,534  | 370,000  | 1,124,534                                    |
| Incidental Expenses   | 2,066,333  | 81,000   | 2,147,333                                    |
| Professional/Technical Services   | 6,804,660  | -  | 6,804,660                                    |
| Construction Inspection   |  | 5,000,000  | 5,000,000                                    |
| Environmental monitoring  |  | 4,000,000  | 4,000,000                                    |
| Program Management Support  |  | 1,300,000  | 1,300,000                                    |
| PLA Administration, permitting support  |  | 110,000  | 110,000                                      |
| Right of Way  | 1,536,205  | 0  | 1,536,205                                    |
| Equipment Use   | 48,185   | 0  | 48,185                                       |
| Construction Contract   | 0  | 0  | -  |
| Remaining Budget  | 1,782,695  | 1,400,637  | 3,183,332                                    |
| Unallocated Budget **   | 22,550,637   |  | 7,079,000                                    |
| <b>Total</b>  | <b>\$ 47,753,800</b>   | <b>\$ 15,471,637</b>                                       | <b>\$ 47,753,800</b>                         |

\* Includes reallocations of previously appropriated funds.

\*\* Previously appropriated funds not utilized for design of the North Reach project.

**Funding Request**

|                                   |                                    |                                  |               |
|-----------------------------------|------------------------------------|----------------------------------|---------------|
| <b>Program Name:</b>              | San Diego Pipeline No. 6           |                                  |               |
| <b>Source of Funds:</b>           | Construction Funds (Revenue Bonds) |                                  |               |
| <b>Appropriation No.:</b>         | 15121                              | <b>Board Action No.:</b>         | 10            |
| <b>Requested Amount:</b>          | \$ 0                               | <b>Capital Program No.:</b>      | 15121-R       |
| <b>Total Appropriated Amount:</b> | \$ 47,753,800                      | <b>Capital Program Page No.:</b> | E-54          |
| <b>Total Program Estimate:</b>    | \$ 241,960,000                     | <b>Program Goal:</b>             | R-Reliability |