

- **Board of Directors**
Engineering and Capital Programs Committee

November 18, 2008 Board Meeting

7-3

Subject

Authorize amendments to professional services agreements with Lee & Ro, Inc. for capital projects at the Mills and Jensen plants

Description

This action authorizes amendments to two agreements with Lee & Ro, Inc. for engineering support on three capital projects: Final design of a Mills Capacity Upgrade project, and construction-phase support for Chlorine Containment projects at the Mills and Jensen plants. No funds are required in this action, as sufficient funds have previously been appropriated. These projects have been reviewed with Metropolitan's updated CIP prioritization criteria, and staff recommends moving forward at this time due to the potential for significant cost savings.

Amendment to Agreement for Mills Capacity Upgrade Program – Final Design (No Funds Required)

There are three major capital projects currently underway which will upgrade the Mills plant's capacity to 326 mgd: (1) the addition of Ozone Contactors Nos. 3 and 4; (2) the rehabilitation and upgrades of Modules Nos. 1 and 2 and existing Chemical Systems; and (3) the addition of a Solids Handling Facility. Construction of the first project is currently approximately 68 percent complete. The second and third projects are in the final design and preliminary design phases, respectively.

Lee & Ro, Inc. is currently performing final design of the Modules Nos. 1 and 2 Rehabilitation and Chemical System Capacity Upgrades project under a board-authorized agreement. A recent Value Engineering study has recommended that additional features be included in the Module Rehabilitation project which will: (i) allow deferral of a portion of the Solids Handling Facility, (ii) minimize potential contractor interferences during upcoming construction at the Mills plant, and (iii) provide overall cost savings. The recommended additional features include a solids handling pipeline, valve structures, and related equipment that will enable solids to be conveyed from Modules Nos. 1 and 2 to the plant's existing solids lagoons. This solids handling pipeline was previously planned to be constructed under the Solids Handling Facility project. By shifting this work to the Modules Nos. 1 and 2 project, operation of the modules can begin without dependence on the completion of the overall Solids Handling Facility project. In addition, this shift will permit the deferral of at least \$55 million of construction under the Solids Handling Facility project for an estimated 2-5 years.

Staff recommends that Lee & Ro provide additional final design services to incorporate these recommended features, and to provide technical support during the bidding period. The proposed amendment to the agreement is consistent with its original scope of work. Lee & Ro was selected through a competitive process via Request for Qualifications No. 719. For this agreement, Metropolitan has established a Small Business Enterprise (SBE) participation level of 20 percent.

This action authorizes an increase of \$780,000 to the existing agreement with Lee & Ro, for a new not-to-exceed total of \$3.53 million, to add additional features into the Modules Nos. 1 and 2 Rehabilitation and Chemical System Capacity Upgrades project, and to provide technical support during the bidding period. No funds are required to be appropriated in this action, as sufficient funds are available within the existing Mills Plant Capacity Upgrade Program.

Amendment to Agreement for Chlorine Containment Projects – Project Close-out (No Funds Required)

In March and July 2006, Metropolitan's Board authorized Lee & Ro, Inc. to provide technical support during construction of the Mills and Jensen Chlorine Containment and Handling projects, respectively. Construction was

completed successfully in October 2008 for both projects. As the engineer of record, Lee & Ro is recommended to provide technical support to close out the projects, including preparation of as-built drawings, technical support during start-up, and assisting staff in the preparation of operating manuals. In addition, Lee & Ro is recommended to assist with the update of technical documentation for Metropolitan's other chlorine containment facilities at the Weymouth, Diemer, and Skinner plants for ongoing compliance with Cal/OSHA's Risk Management Plan (RMP) regulations. Lee & Ro was selected through a competitive process via Request for Qualifications No. 578. For this agreement, Metropolitan has established an SBE participation level of 20 percent.

This action authorizes an increase of \$290,000 to the existing agreement with Lee & Ro, for a new not-to-exceed total of \$6.02 million, for technical support of the Mills and Jensen Chlorine Containment and Handling Facilities. Amendment of the agreement is consistent with the agreement's scope of work and with the planned approach for project implementation. No funds are required to be appropriated under this action, as sufficient funds are available within the existing Chlorine Containment and Handling Facilities Program.

These projects have been evaluated and recommended by Metropolitan's CIP Evaluation Team, and funds have been included within the fiscal year 2007/08 capital budget.

Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

California Environmental Quality Act (CEQA)

Amendment to Agreement for Mills Capacity Upgrade Program – Final Design

CEQA determination for Options #1, #2, and #3:

The proposed action is not defined as a project under CEQA because it involves continuing administrative 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 which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Amendment to Agreement for Chlorine Containment Projects – Project Close-Out

CEQA determination for Options #1, #2, and #3:

The proposed action is not defined as a project under CEQA because it involves continuing administrative 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 which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Board Options

Option #1

Adopt the CEQA determinations and

- a. Authorize an increase of \$780,000 to the existing agreement with Lee & Ro, Inc., for a new not-to-exceed total of \$3.53 million for the Mills Capacity Upgrades Program; and
- b. Authorize an increase of \$290,000 to the existing agreement with Lee & Ro, Inc., for a new not-to-exceed total of \$6.02 million, for the Chlorine Containment and Handling Facilities Program.

Fiscal Impact: None

Business Analysis: This option will provide needed technical support for the Mills Capacity Upgrades and Chlorine Containment projects.

Option #2

Adopt the CEQA determinations and

- a. Do not authorize an increase to the existing agreement with Lee & Ro, Inc. for the Mills Capacity Upgrades Program; and
- b. Authorize an increase of \$290,000 to the existing agreement with Lee & Ro, Inc., for a new not-to-exceed total of \$6.02 million, for the Chlorine Containment and Handling Facilities Program.

Fiscal Impact: None

Business Analysis: This option will require the solids handling pipeline, which is needed for operation of Modules Nos. 1 and 2, to be installed under the future Solids Handling Facility project. This approach would forego an opportunity to defer at least \$55 million of construction for an estimated 2-5 years.

Option #3

Do not amend the existing agreements with Lee & Ro, Inc.

Fiscal Impact: None

Business Analysis: Under this option, Metropolitan staff will perform all work in lieu of the consultant. This will require the solids handling pipeline, which is needed for operation of Modules Nos. 1 and 2, to be installed under the future Solids Handling Facility project. This approach would forego an opportunity to defer at least \$55 million of construction for an estimated 2-5 years. This option will also delay completion of the Mills and Jensen Chlorine Containment projects. Metropolitan staff would be reassigned from other high priority work, resulting in delays or inefficiencies on those projects.

Staff Recommendation

Option #1



 Roy L. Wolfe
 Manager, Corporate Resources

11/3/2008

 Date



 Jeffrey K. Hontlinger
 General Manager

11/4/2008

 Date