



- Board of Directors
Engineering and Operations Committee

5/8/2012 Board Meeting

Corrected 7-1

Subject

Authorize on-call agreements with Lee & Ro, Inc., Carollo Engineers, CDM Smith, and ARCADIS, in amounts each not to exceed \$1 million per year, and Butier Engineering, Inc., in an amount not to exceed \$500,000 per year, in support of board-authorized Capital Investment Plan projects

Description

This action authorizes five new agreements with consultants to provide professional services over limited durations on board-authorized capital projects. These agreements are in accordance with Metropolitan's approved biennial budget for fiscal years 2012/13 and 2013/14. Four of the agreements will provide engineering design services, while the fifth will provide construction management and inspection services. The five firms will provide assistance when specialized expertise or available resources do not reside in-house. No funding or project authorizations are requested at this time. Funding for the work to be assigned to the consultants has either previously been appropriated under individual capital programs, or will be the subject of future actions. No work is guaranteed to the consultants under these agreements.

Background

Staff has identified the need to utilize both on-call and project-specific professional services agreements to execute authorized Capital Investment Plan (CIP) projects in accordance with the board-approved biennial budget for fiscal years 2012/13 and 2013/14. The use of professional services agreements will facilitate the completion of budgeted capital projects on schedule and in the most efficient manner possible. This strategy relies on in-house engineering staff to handle the base-load of projects, while professional services agreements are selectively utilized to handle projects above this base-load or where specialized needs are required. On-call agreements may be used with task orders for smaller value, shorter duration assignments. These agreements provide flexibility in completing a variety of projects including those requiring special expertise or when staff is not available to perform the work.

Over the next two fiscal years, a number of projects have been identified at Metropolitan's treatment plants and within the distribution system which will require design and construction inspection services. The level of support identified is beyond the current in-house staffing availability. General design services are needed in the areas of electrical power systems, instrumentation and control, communication and security system design, mechanical equipment design, and structural design. Construction inspection services are also needed in the areas of electrical system start-up, high and medium voltage electrical system construction, and instrumentation and control system troubleshooting.

The five agreements will be used when specialized expertise is needed, or when Metropolitan staff is assigned to higher priority capital work. No work is guaranteed to the consultants under these agreements. The consultants will support capital programs based on the specific needs contained in Metropolitan's CIP for fiscal years 2012/13 and 2013/14. Each agreement is planned to have an initial term of one year, with an option to renew up to two additional one-year periods. Staff will continue to regularly assess the resources required to execute capital projects, and will return to the Board if needed to recommend additional agreements in the future.

Strategy for Staffing Capital Projects

Metropolitan's Board adopts an operating budget biannually that includes planned expenditures for capital programs, which are aggregated within the CIP. The CIP contains the programs and projects necessary for investment in Metropolitan's infrastructure, operating systems, and other assets. Specific projects are authorized by the Board throughout the fiscal year, consistent with that year's CIP. When individual capital projects are recommended to the Board for authorization and funding, staff plans to use available in-house staff first, with consultant professional services used only where appropriate. This approach maintains a stable, responsive and experienced workforce, and is consistent with Metropolitan's succession planning efforts. Project-specific professional services agreements are used when technical expertise or resources are required over limited durations for a large designated project or for a specific technical service. On-call professional services agreements are typically used for smaller value, shorter duration assignments. This approach provides a high degree of flexibility, quick response time, and lower administrative costs for Metropolitan and the consultants.

Determination of Need for Professional Services Agreements

Metropolitan staff examines the need for on-call and project-specific professional services agreements to support capital projects on both a long- and near-term basis. Upon board adoption of the annual budget, staff's assessment of consultant needs is focused on specific programs and individual projects. Once the overall labor resource needs for the CIP are identified, staff reviews and considers the current status and scope of individual projects, identifies available in-house staff, and determines the need for on-call and project-specific professional services agreements. Metropolitan's capital projects typically require agreements in areas such as: geotechnical investigations; surge analyses; high-voltage electrical system design; treatment plant design; distribution system design; construction management and inspection; and value engineering.

Metropolitan's reliance on project-specific and on-call professional services agreements to support the CIP has declined in recent years, particularly as supply-related programs have been deferred. Staff continues to assess Metropolitan's CIP for opportunities to defer projects and to reduce capital expenditures.

In projecting Metropolitan's CIP over the next several years, consistent with the adopted fiscal year 2012/13 and 2013/14 budgets, there remains a need for professional services support beyond the available capacity of existing agreements. At this time, staff has determined that five additional agreements are needed to provide specialized professional services support over the next two years.

Planned Capital Expenditures per Fiscal Year

(\$ millions)

Fiscal year	2011/12 (Projected Actual)	2012/13 (Budget)	2013/14 (Budget)
Professional Services Expenditures (Capital)	\$18.1	\$21.0	\$12.5
Construction Contract Expenditures	\$80.0	\$140.8	\$194.9
Total Capital Budget for Fiscal Year	\$183.2	\$256.1	\$295.8

Practices for Selection and Management of Consultants

Metropolitan's selection of consulting firms for capital projects follows a competitive process and typically involves two steps. Step One is initiated with release of a Request for Qualifications (RFQ) for an identified area of engineering support, such as water treatment plant design. The result of Step One is a shortlist or pool of

prequalified consulting firms. Step Two in the process involves final selection and execution of agreements as capital project needs are identified.

In support of Metropolitan's goal of increasing business opportunities for Small Business Enterprise (SBE) firms, staff establishes SBE participation levels for the vast majority of professional services agreements for capital projects. The only exceptions are for highly specialized areas of expertise, or for the uncommon occasions when subconsulting opportunities are limited. During fiscal year 2010/11, more than 28 percent of all expenditures on professional services agreements were paid to prime or subconsultant SBE firms.

For the five agreements included in this action, two RFQs were issued and corresponding pools of prequalified consultants were established. Agreements with multiple firms are recommended in order to provide Metropolitan a flexible and efficient means to obtain needed services on capital projects.

Agreements for Design Services (No funds required)

RFQ No. 927 was issued in October 2009 for on-call general design services to support projects related to Metropolitan's conveyance, storage, water treatment, and distribution facilities. Staff reviewed Statements of Qualifications from 16 firms, and evaluated those firms based on qualifications, key personnel, experience related to planned capital projects, and past performance. A total of 13 firms were prequalified to provide general design services through this process.

New agreements with Lee & Ro, Inc., Carollo Engineers, CDM Smith, and ARCADIS are recommended at this time based on staff's current assessment of technical resources needed for capital projects over the next several fiscal years. These firms were selected based on the above evaluation criteria. Their expertise and experience closely match upcoming needs on planned capital projects at treatment plants and in the distribution system. These needs are primarily in the areas of mechanical, electrical, and structural design.

Specific projects planned to be assigned to the consultants fall under the following categories: electrical improvements including high-voltage systems; chemical system upgrades; communication and security systems; chlorine system improvements, water treatment basin rehabilitation; filter valve replacements; and dewatering facilities design.

Agreement for Construction Management and Inspection Services (No funds required)

RFQ No. 985 was issued in April 2011 for on-call services to provide construction management and inspection support for projects related to Metropolitan's conveyance, storage, water treatment, and distribution facilities. Staff reviewed Statements of Qualifications from 12 firms, and evaluated those firms based on qualifications, key personnel, experience related to planned capital projects, and past performance. A total of 7 firms were prequalified to provide construction management and inspection services through this process.

A new agreement with Butier Engineering, Inc. is recommended at this time based on staff's current assessment of the level of construction inspection and support resources needed for capital projects over the next several fiscal years. Butier Engineering was selected based on the above evaluation criteria. The projects planned to be assigned to Butier Engineering for inspection support are primarily located at the treatment plants and at the Colorado River Aqueduct pumping plants.

Additional agreements to provide construction management and inspection services are anticipated to be needed for upcoming projects, and will be the subject of future board actions.

Summary

This action authorizes on-call agreements with Lee & Ro, Inc., Carollo Engineers, CDM Smith, ARCADIS, and Butier Engineering, Inc. The first four agreements, which are for amounts not to exceed \$1 million per year, will provide a portion of the general design resources needed to complete capital projects based on Metropolitan's CIP projections. The agreement with Butier Engineering, which is for an amount not to exceed \$500,000 per year, will provide a portion of the construction management and inspection resources needed to complete planned capital projects. Each of the agreements will have an initial term of one year, with an option to renew up to two additional one-year periods. Under each agreement, work assignments will be issued to the consultants on a task-order basis.

Funding for the capital work to be assigned to the consultants is budgeted and has either previously been appropriated by the Board under individual capital programs, or will be recommended to the Board for approval in upcoming months. No work is guaranteed to the consultants under these agreements. For each agreement, Metropolitan has established an SBE participation goal of 18 percent. Lee & Ro Inc., Carollo Engineers, CDM Smith, and ARCADIS, have committed to achieve an SBE participation level of at least 18 percent of the amount of their agreements. Butier Engineering is a registered SBE firm, and thus achieves 100 percent SBE participation.

Policy

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

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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 other 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.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and

- a. Authorize agreements with Lee & Ro, Inc., Carollo Engineers, CDM Smith, and ARCADIS, each in an amount not to exceed \$1 million per year for an initial term of one year, with an option to renew up to two additional one-year periods, to provide design services; and
- b. Authorize agreement with Butier Engineering, Inc., in an amount not to exceed \$500,000 per year for an initial term of one year, with an option to renew up to two additional one-year periods, to provide construction management and inspection services.

Fiscal Impact: None. Expenditures are budgeted and appropriated under various capital programs on an individual basis.

Business Analysis: Contracting with multiple firms provides flexibility and an efficient means for Metropolitan to obtain needed technical services and specialized expertise to support the completion of capital projects in accordance with board-adopted schedules.

Option #2


Do not authorize the five consulting agreements.

Fiscal Impact: None

Business Analysis: Under this option, Metropolitan staff would perform the engineering activities, which may result in delays to essential projects or may require additional staff to be hired.

Staff Recommendation


Option #1



Gordon Johnson
Manager/Chief Engineer,
Engineering Services

4/16/2012

Date



Jeffrey Kightlinger
General Manager

4/24/2012

Date

Ref# es12616777