



- Board of Directors
Engineering and Operations Committee

8/20/2013 Board Meeting

7-7

Subject

Authorize agreements with AECOM, Black & Veatch, HDR Engineering, and MWH Americas, in amounts not to exceed \$2 million per year each, in support of board-authorized Capital Investment Plan projects

Executive Summary

This action authorizes four agreements with consulting firms to provide specialized support on board-authorized capital projects. The agreements will provide design services and project support when specialized expertise or available resources do not reside in-house. The four agreements will be the on-call type, which are typically used for shorter-term assignments, urgent projects, and projects with specialized technical needs.

Timing and Urgency

Staff's strategy for the management of capital programs is to rely 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 services are required. 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-adopted budget for fiscal year 2013/14. This action authorizes agreements for on-call professional services only.

Funding for the work to be assigned to consultants has either previously been appropriated under individual capital programs, or will be the subject of future actions. No project authorizations are included in this action as these authorizations will be requested through board actions on individual projects. No work is guaranteed to the consultants under these agreements.

Details

Background

Over the next several fiscal years, a number of projects have been identified at Metropolitan's treatment plants and within the conveyance and distribution system which will require engineering services beyond the level which can be supported by in-house staff. Supplemental engineering support is needed in the areas of electrical systems; instrumentation and control, communication, and security systems; mechanical equipment refurbishment; pipeline and valve structure rehabilitation; heating, ventilation, and air conditioning (HVAC) improvements; site and erosion protection improvements; and seismic structural upgrades.

Metropolitan's Board adopts an operating budget biennially that includes planned expenditures for capital programs, which are aggregated within the CIP. The CIP contains the programs and projects necessary for ensuring the reliability of Metropolitan's infrastructure, operating systems, and other assets. Specific projects are authorized by the Board throughout each fiscal year, consistent with that year's CIP. When individual capital projects are recommended to the Board for authorization and funding, staff's approach is 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.

When resource needs exceed available in-house staffing or require specialized technical expertise, Metropolitan uses a combination of project-specific and on-call professional services agreements. Project-specific professional services agreements are typically used when technical expertise or resources are required for large projects requiring a concentrated engineering effort over an extended duration, or for a specialized technical service. Project-specific agreements are typically awarded following a project-specific solicitation and selection process. On-call agreements are frequently utilized for small and medium-sized projects, and are typically awarded to firms that have been pre-selected through a competitive Request for Qualifications (RFQ) process. The use of multi-year on-call agreements provides a high degree of flexibility to respond to schedule or scope adjustments, allows quicker delivery times, and lowers administrative costs for both Metropolitan and the consultants.

Selection and Management of Consultants

Metropolitan's selection of consulting firms for on-call professional services follows a competitive process which is initiated with release of an RFQ for an identified area of engineering support, such as pipeline rehabilitation design, and results in a pool of consulting firms that meet Metropolitan's minimum qualification requirements. The firms are competitively evaluated, resulting in a list from which multi-year agreements are executed 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 2012/13, 26 percent of all expenditures on professional services agreements were paid to prime or subconsultant SBE firms.

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. Metropolitan's capital projects typically require agreements in areas such as: geotechnical investigations; hydraulic surge analyses; electrical and mechanical systems; distribution system pipeline and valve structure rehabilitation; pumping and hydroelectric plant rehabilitation; drainage, wastewater, and site improvements; HVAC; treatment plant design; construction management and inspection; and value engineering.

Upon board adoption of the biennial budget, staff's assessment of consultant needs is focused on specific programs and individual projects, for which project-specific professional services agreements will be awarded through Metropolitan's competitive solicitation process. 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 professional services. To the extent that the pool of existing on-call agreements is deemed insufficient to meet Metropolitan's long-term needs for services, supplemental on-call agreements are recommended to the Board for approval following the RFQ selection process. In projecting Metropolitan's capital workload 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. Over the past decade, Metropolitan has relied on multiple on-call and project-specific agreements to execute capital programs. Three multi-year on-call agreements (with not-to-exceed amounts of \$2 million per year each) will expire in September 2013. Four additional on-call agreements (with not-to-exceed amounts of \$1 million per year each) will expire in 2015. The expenditures for professional consultants on capital projects vary from year to year, based on CIP workload and the need for specialized services.

Capital Expenditures per Fiscal Year
(\$ millions)

Fiscal Year	2011/12 (Actual)	2012/13 (Actual)	2013/14 (Projected)
Professional Services Expenditures	\$15.6	\$9.6	\$12
Construction Contract Expenditures	\$70.4	\$54.3	\$115
Total Capital Expenditures for Fiscal Year	\$152.0	\$135.0	\$214

During fiscal year 2012/13, expenditures for consultants declined as several major capital projects such as the Skinner and Diemer ozone facilities were completed. New capital projects such as the Lakeview Pipeline Rehabilitation, Palos Verdes Reservoir Floating Cover and Liner Replacement, and the Jensen and Weymouth Washwater Tank Seismic Upgrades had originally been planned for consultants but were instead handled by Metropolitan staff to maintain in-house technical expertise and to better stage the construction activities, thus minimizing facility outages and shutdown durations.

Based on current projections, an increased level of consultant support will be needed to meet resource requirements for projects in fiscal year 2013/14. Examples of projects that may be assigned to consultants under the subject agreements include: canal improvements along the Colorado River Aqueduct (CRA); rehabilitation of pumping system components and improvements to the electrical systems at the five CRA pumping plants; infrastructure rehabilitation at the five CRA villages where Metropolitan staff are housed; rehabilitation of pipelines, gates, and other components within the distribution system; rehabilitation of Metropolitan's hydroelectric power plants; improvements to the Mills plant's electrical system; drainage improvements and erosion protection for the Distribution System Infrastructure Protection; Program; and filter valve replacement at the Weymouth plant. Staff recommends continuing with the strategy of contracting with multiple engineering firms to obtain needed technical services and specialized expertise through on-call agreements.

Agreements for Engineering Services (No funds required)

In February 2013, RFQ No. 1032 was issued to establish a pool of qualified firms to support projects related to Metropolitan's conveyance, storage, water treatment, and distribution facilities. Planned engineering services to be provided under the resulting agreements were identified in RFQ No. 1032 and include: conceptual, preliminary, and final design support for new facilities and rehabilitation of existing facilities; field investigations; specialized technical analyses and reviews; cost estimating; engineering support during bid advertisement and construction; and project controls. Fourteen firms submitted Statements of Qualifications, which were evaluated based on qualifications, key personnel, experience related to planned projects, past performance, environmental sensitivity, and business outreach. A total of 13 firms were prequalified to provide services through this process.

Four on-call agreements are recommended to be awarded at this time based on staff's current assessment of technical resources needed for capital projects over the next several fiscal years. The firms recommended to receive on-call agreements are: AECOM, Black & Veatch, HDR Engineering, and MWH Americas. These firms were selected based on evaluation criteria as noted above and as specified in RFQ No. 1032. Their expertise and experience closely match Metropolitan's upcoming needs on planned capital projects.

This action authorizes on-call agreements with AECOM, Black & Veatch, HDR Engineering, and MWH Americas for amounts not to exceed \$2 million per contract year each, for a maximum period of five years. Under each agreement, work assignments will be issued to the consultants on a task-order basis. Funding for the work to be assigned to the consultants is available within Metropolitan's capital expenditure plan and has either previously been appropriated by the Board under individual capital programs, or will be recommended for approval in upcoming months. No work is guaranteed to the consultants under these agreements, and the award of these agreements will not preclude Metropolitan from entering into similar agreements with any of the other firms prequalified through RFQ No. 1032 as the needs for on-call professional services are periodically reevaluated. For each of the four agreements, Metropolitan has established an SBE participation level of 18 percent. Each firm has committed to achieve this level of participation.

No project-specific agreements are recommended to be awarded at this time. Award of project-specific professional service agreements will be recommended in future board actions when the individual projects are authorized.

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 that the proposed action is not subject to CEQA and authorize agreements with AECOM, Black & Veatch, HDR Engineering, and MWH Americas, in an amount not to exceed \$2 million per year each for a maximum period of five years, to provide engineering 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

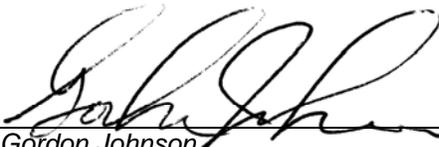
Do not authorize the four consulting agreements.

Fiscal Impact: None

Business Analysis: Under this option, Metropolitan staff would perform the engineering activities, or would request board authorization for agreements on a project-specific basis. This option would forego an opportunity to reduce administrative costs or address urgent projects promptly.

Staff Recommendation

Option #1


Gordon Johnson 8/1/2013
Manager/Chief Engineer, *Date*
Engineering Services


Jeffrey Kightlinger 8/7/2013
General Manager *Date*

Ref# es12625213