



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

8/20/2024 Board Meeting

7-1

Subject

Authorize on-call agreements with AECOM, RHA LLC, Strategic Value Solutions Inc., and Value Management Strategies Inc., in amounts not to exceed \$1.5 million each, for a maximum of three years for value engineering and related technical services in support of Capital Investment Plan projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan conducts value engineering (VE) workshops to improve the overall outcome of projects delivered through the Capital Investment Plan (CIP). These workshops apply industry-accepted best practices to ensure that projects are developed and implemented in a manner that balances functionality and life-cycle costs. The workshops are typically facilitated by certified value specialists as designated by SAVE International, and the consultant typically brings specialized subject-matter experts into the assessment process on an as-needed basis. This action authorizes four professional services agreements to provide VE, constructability reviews, workshop facilitation, and other technical services in support of CIP projects. The four new agreements will be the on-call type, an approach which is typically used for shorter-term, well-defined assignments, and those which require the use of specialized technical expertise. The recommended maximum amounts of these agreements are \$1.5 million each for AECOM, RHA LLC, Strategic Value Solutions Inc., and Value Management Strategies Inc. The maximum duration of these on-call agreements will be three years.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize on-call agreements with AECOM, RHA LLC, Strategic Value Solutions Inc., and Value Management Strategies Inc., in amounts not to exceed \$1.5 million each, for a maximum period of three years for value engineering and related technical services.

Fiscal Impact: None; funding for the work to be assigned to the consultants under on-call agreements and performed this biennium was authorized with the biennial CIP budget. Future costs will be accounted for and appropriated under subsequent biennial budgets. In addition, no work is guaranteed to the consultants under these agreements.

Business Analysis: Approval will allow staff to continue to conduct value engineering workshops in support of projects within Metropolitan's CIP.

Option #2

Do not authorize the consulting agreements at this time.

Fiscal Impact: None

Business Analysis: Under this option, Metropolitan would have limited access to specialized VE consultants to conduct these workshops, which would diminish the VE program and its benefits.

Alternatives Considered

Alternatives considered for delivering VE services include the use of Metropolitan staff to conduct this work. In-house staff has expert knowledge of Metropolitan projects; however, Metropolitan staff does not have sufficient staff with proficiency in the systematic method of implementing VE services. In addition, Metropolitan's in-house engineering staff is fully occupied handling the baseload of work on capital projects. As the primary need for these agreements is to provide VE study facilitation services, staff recommends the continued use of professional services agreements to deliver these services. This approach will allow for the continued delivery of VE and related workshops by consultant staff.

Applicable Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of \$636.48 million for projects identified in the CIP for Fiscal Year 2024/2025 and 2025/2026.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed actions are not defined as a project under CEQA because it involves the creation of government funding mechanisms or 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. (State CEQA Guidelines Section 15378(b)(4))

Metropolitan, as the Lead Agency, will be responsible for complying with the requirements of CEQA and the State CEQA Guidelines for each project that meets the CIP criteria prior to final approval of that project. As preliminary work and design on CIP projects proceeds, Metropolitan staff will conduct any necessary CEQA review and prepare the appropriate environmental documentation for consideration and approval by the Board or the General Manager, as appropriate.

CEQA determination for Option #2:

None required

Details and Background

Background

Metropolitan initiated a VE program in 1994 to review capital projects and identify opportunities and alternatives to enhance project performance, optimize the use of funding for CIP projects, and demonstrate responsible use of public funds. The objective of the VE program is to improve the overall value of CIP projects by applying an industry-accepted assessment methodology to examine a project's function, design, equipment, and material selections. This comprehensive assessment is conducted at multiple stages in a project's life cycle. Utilizing this process, staff works to ensure that capital projects deliver the required functionality at a cost consistent with its performance, quality, reliability, and safety objectives. Metropolitan's standard approach is to perform a VE workshop early in project development in accordance with Metropolitan-established guidelines. A second workshop, referred to as a constructability review, is performed prior to advertising a project for construction bids and focuses on reviewing the project's construction documents to ensure buildability and that work requirements are clear for construction bidding.

SAVE International is a professional society devoted to the advancement of the Value Methodology and operates a program to certify practitioners in the application of VE. Metropolitan uses SAVE International-certified VE consultants for a variety of services. Primarily, staff from these firms facilitate project-specific multi-day VE and constructability review workshops with the project teams. The specialized expertise provided by these firms may also facilitate issue-specific project optimization sessions. Specific examples of recent VE-related technical services include: (1) a risk assessment workshop for the Gene Wash Dam Discharge Valve Test; and (2) a technical analysis workshop for the La Verne Water Quality Laboratory building. Past experience has demonstrated the value of these types of studies to ensure the efficient execution of the CIP.

Metropolitan does not have sufficient staff to conduct the VE and constructability reviews needed to support the current CIP. Consequently, consultants are used to deliver these services and augment in-house staff technical capabilities. This approach ensures that projects within the CIP continue to be effectively evaluated during their design development process. The supplemental technical services are typically provided through on-call professional services agreements which provide certified workshop facilitators as well as subject-matter experts to provide a third-party, independent perspective of a project's configuration and design approach.

In December 2019, the General Manager authorized three on-call agreements for five-year terms, each with a maximum amount payable of \$240,000 per agreement year, to provide VE services. In 2022, Metropolitan's Board authorized an annual increase of \$200,000 for an updated annual not-to-exceed total of \$440,000 for each of these on-call agreements for the remainder of their agreement terms. The terms of all three current on-call VE agreements end in November 2024.

Staff reviewed the amount spent on VE consultants in the past, and analyzed how much capacity for these services will be needed to support the CIP over the next three years. Based on this analysis and the number of agreements included in this request, staff recommends a maximum amount of \$1.5 million for each of the four agreements.

Agreements for Value Engineering Services (AECOM, RHA LLC, Strategic Value Solutions Inc., and Value Management Strategies Inc.)

Request for Qualifications No. 1370 was issued in April 2024 to establish a pool of qualified firms to provide VE services by SAVE International-certified VE practitioners and other related specialized technical services. Following the staff evaluation, the four firms that submitted Statements of Qualifications were determined to be qualified. New agreements are recommended for all four firms: AECOM, RHA LLC, Strategic Value Solutions Inc., and Value Management Strategies Inc.

Services to be performed by the four firms include: (1) facilitation of multi-day project-specific VE constructability review workshops; (2) guiding technical evaluations of project-specific proposed alternatives; (3) development of comprehensive workshop deliverables including detailed reports; and (4) other meeting facilitation to support capital improvement projects which may include risk assessments, cost modeling, or evaluation of life-cycle costs.

Summary

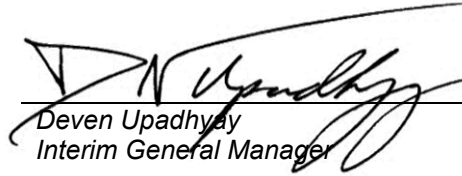
This action authorizes on-call agreements with AECOM, RHA LLC, Strategic Value Solutions Inc., and Value Management Strategies Inc. in amounts not to exceed \$1.5 million each. The maximum duration of each agreement will be three years.

Funds for the work assigned to the consultants under on-call agreements are available within Metropolitan's CIP. No work is guaranteed to the consultants under these agreements. For each of the agreements, Metropolitan has established a Small Business Enterprise participation level of 25 percent.



7/23/2024

Mai M. Hattar
Interim Manager/Chief Engineer
Engineering Services

Date

7/24/2024

Deven Upadhyay
Interim General Manager

Date

Ref# es12697302