



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

8/19/2025 Board Meeting

7-2

Subject

Authorize an on-call professional services agreement with Allied Reliability, Inc. for a not-to-exceed total amount of \$1.75 million for asset reliability services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

In April of 2021, Metropolitan adopted a Strategic Asset Management Plan (SAMP) to coordinate and transform Metropolitan's programs into a coordinated company-wide effort. These coordinated efforts included goals to modernize Metropolitan's maintenance management and asset reliability practices to align hierarchy, criticality, and condition assessments of infrastructure, which are essential to identifying and managing risk. These coordinated efforts support the streamlining and focus for Capital Improvement Programs, as well as Operations and Maintenance (O&M) activities.

Since its initial implementation, staff has made significant progress on modernizing Metropolitan's asset management practices. However, the early success of the SAMP program has identified more work activities that are critical to optimize our asset maintenance and replacement strategies for optimal reliability and value. Staff is relying on the expertise of Allied Reliability to support and assist staff in performing technical analysis to meet the SAMP goals. This professional services agreement will ensure the next important steps of asset management practices are implemented in a timely manner.

This action authorizes a three-year on-call professional services agreement with Allied Reliability Inc. in an amount not to exceed \$1.75 million for asset reliability services.

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

Staff Recommendation: Option #1

Option #1

Authorize an on-call agreement with Allied Reliability for a not-to-exceed total amount of \$1.75 million for a maximum period of three years, to provide asset reliability services.

Fiscal Impact: Expenditures of \$600,000 in funds for FY 2025/26 are planned and budgeted. The remaining \$1,150,000 will be budgeted in the future in FY 2027/28 and FY 2027/28 subject to Board approval.

Business Analysis: Approving the on-call professional services agreement will ensure sufficient capacity and duration in the agreement to complete the next important steps of development in asset management practices in a timely manner.

Option #2

Do not authorize the on-call professional services agreement.

Fiscal Impact: None

Business Analysis: Not approving the on-call professional services agreement will significantly delay the implementation of the Strategic Asset Management Plan goals at Metropolitan, and potentially incur additional service delivery risks and asset replacement, rather than maintenance costs.

Alternatives Considered

Alternatives considered for delivering asset reliability services include the use of Metropolitan staff to conduct this work. Metropolitan does not have sufficient staff with proficiency in the systematic method of implementing a broad and comprehensive modernization of maintenance management and asset reliability in the time frames necessary to support the SAMP goals. The proposed approach recommends a limited on-call professional services agreement to ensure that the SAMP goals are completed without delay.

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)

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in a direct physical change in the environment or a reasonably foreseeable indirect physical change. (State CEQA Guidelines Section 15378(a).) In addition, the proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5)).

CEQA determination for Option #2:

None required

Details and Background

Background

Metropolitan owns, operates, and maintains an extensive system to convey, store, treat, and distribute water. The organization owns and operates the Colorado River Aqueduct, which consists of 242 miles of open channel canals, pipelines, siphons, tunnels, pumping plants, and reservoirs; and a conveyance and distribution system, which includes 830 miles of large-scale pipelines, hydroelectric facilities, water treatment plants, and reservoirs. Three of the five water treatment plants are among the ten largest plants in the world. Additionally, Metropolitan uses the IBM Maximo Computerized Maintenance Management Software (CMMS) to help maintenance craft employees schedule, plan and execute maintenance on these assets. This software is used for collection and management of information that is foundational to the maintenance, reliability, and asset management programs at Metropolitan.

In 2021, Metropolitan embarked upon making programmatic changes to modernize the maintenance management and asset reliability efforts to support the new SAMP. These efforts included a revised approach of how assets are organized within the CMMS consistent with industry practices and to enable analysis of future risk-based decision making. These changes include improvements to the hierarchy and the incorporation of criticality ranking across

all Metropolitan's facilities and assets. The criticality ranking incorporates a broad assessment of facilities and assets, accounting for varying hydrological scenarios, and establishes which facilities are essential to meeting operational goals under these scenarios. Implementing these changes will enable the collection and analysis of condition-based data necessary to support the evaluation, prioritization, and optimization of Metropolitan's O&M and capital-related work activities.

Since 2021, Metropolitan's SAMP activities have been largely developed by the use of in-house staff. Now, with the clear understanding of the level of effort required to make sustained progress in the implementation of SAMP, staff is recommending the use of a specialized consultant to supplement staff's work efforts. The consultant will provide specialized support to the SAMP program as outlined below.

Agreement for Asset Reliability Services – Allied Reliability Inc.

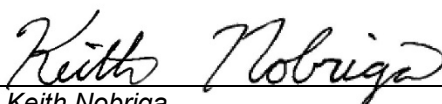
Metropolitan issued Request for Qualification (RFQ) No.1320 on July 12, 2022, to establish a pool of qualified firms to provide asset management and asset reliability services utilizing state-of-the-art technologies. Respondents could propose and be prequalified in one or both technical categories listed in the RFQ, which included Category 1 – Asset Management Services, and Category 2 – Asset Reliability Services. Category 1 services include advising on preliminary investigations to be conducted to aid in advancing the asset management program, providing advice related to insights from other agencies who have implemented asset management programs, providing specialized technical evaluations, support for updating the SAMP, developing and updating tactical asset management plans, and assistance in facilitating consensus-building and decision-making activities in support of the asset management program. Category 2 services include assessing Metropolitan's maintenance engineering and assisting with advancing Metropolitan's reliability initiatives, such as condition-based monitoring, reliability-centered maintenance, Failure Modes and Effects Analysis, analysis of repetitive equipment problems, and other specialized technical investigations and evaluations to optimize maintenance and increase system reliability.

Metropolitan received fifteen (15) statements of qualifications (SOQs) on August 16, 2022, for the various service categories from various respondent firms. In January of 2023, an evaluation committee assessed the merits of each respondent's respective SOQ relative to the evaluation criteria and individually scored each submittal yielding in a list of prequalified firms. Allied Reliability Inc. was one of the top four in Category 2, and thus, the evaluation committee recommended that they be prequalified for three (3) years in its respective category.

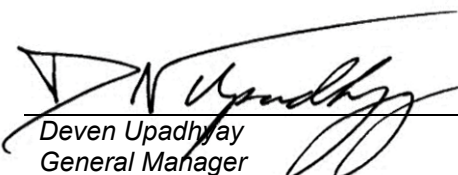
There is a need to complete the assessment of all facilities and assets across Metropolitan in a timely manner in support for O&M optimization and implementing Metropolitan's Asset Management Program. This action will authorize an on-call professional services agreement with Allied Reliability in an amount not to exceed \$1.75 million for asset reliability services will significantly accelerate the process and help optimize the management of maintenance versus replacement cost of some of our matured equipment. The expedited review will mitigate the risk of unexpected water delivery service failure by providing intelligence on the status of every asset. The maximum duration of the agreement will be three years. This is an important foundational activity that forms the basis for other risk-based evaluations, including understanding the consequences of infrastructure planning actions, optimizing O&M activities to target available resources effectively, and better support Capital Investment planning.

Summary

This action authorizes an on-call professional services agreement for asset reliability services with Allied Reliability Inc. for a not-to-exceed total amount of \$1.75 million for a maximum duration of three years.


Keith Nobriga
Group Manager
Integrated Operations, Planning, and
Support Services

8/13/2025
Date


Deven Upadhyay
General Manager

8/13/2025
Date

Ref# 638793155073385224