



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

10/11/2022 Board Meeting

7-5

Subject

Authorize on-call agreements with MARRS Services, Inc., Butier Engineering, Inc., and Berg & Associates, Inc., in amounts not to exceed \$6.7 million, \$4.4 million, and \$3.5 million, respectively, for a maximum of three years for construction management and inspection services to support board-authorized Capital Investment Plan projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Staff's strategy for the management and inspection of construction work is to rely on in-house staff to accomplish the base load of projects, while professional services agreements are selectively utilized to support projects above this base load or where specialized services are required. This action authorizes three new professional services agreements with three firms for construction management and inspection services. The three new agreements will be the on-call type, which are typically used for shorter-term assignments, urgent projects, and projects with specialized technical needs. The maximum duration of these construction management and inspection services agreements will be three years.

Details

Background

Metropolitan's Board adopts an operating budget biennially that includes planned expenditures for capital programs, which are aggregated within the Capital Investment Plan (CIP). The CIP contains the programs and projects necessary for ensuring the reliability of Metropolitan's infrastructure, operating systems, and other assets. Staff's approach for the construction management and inspection of capital projects is to use available in-house staff first, with professional consultant services used only where appropriate. Typical assignments for the consultant inspectors include: foreign and domestic shop inspections, field inspections at Metropolitan construction sites, and general construction management activities. Metropolitan staff typically retain all contract administration activities on construction contracts. This approach maintains a stable, responsive, and experienced in-house workforce, and is consistent with Metropolitan's succession planning efforts.

When inspection 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. Firms are competitively evaluated, resulting in a list of qualified firms from which both project-specific and on-call agreements are executed as capital project needs are identified. Project-specific agreements are negotiated for an amount needed to cover specific tasks, with project-specific agreements over \$250,000 approved by the Board. By contrast, on-call agreements are multi-year with not-to-exceed amounts and can be used to provide staff support on multiple projects. On-call agreements provide a high degree of flexibility to respond to schedule or scope adjustments, allow quicker delivery times, and lower administrative costs for both Metropolitan and the consultants. For these types of agreements, consultants are assigned work only after specific tasks are identified by staff, up to the not-to-exceed amounts of the contracts. These on-call agreements have been successfully relied upon for over 15 years, and over this time period, approximately 50 percent of the original agreement capacities have been utilized during the life of the agreements. Typically, between five and ten construction management and inspection on-call agreements are active and available for use at any one time. Two agreements are currently in place with two firms for construction management and inspection services, with a current

combined total of approximately \$9.4 million in authorized agreements. Three agreements expired in July 2022, and one of the on-call agreements currently in place will expire soon.

Over the next several fiscal years, a number of projects have been identified that will require construction management and inspection services beyond the level that can be supported by current in-house staff levels. To address this need, Requests for Proposals (RFPs) were recently issued in three categories: Western region conveyance and distribution system projects, prestressed concrete cylinder (PCCP) and pipeline rehabilitation projects, and Colorado River Aqueduct (CRA) projects. These categories represent a collection of major projects which will be coming to the Board for approval of construction contracts over the next several years. Subsequent construction contracts that may require construction management and inspection support by consultants over the next several years include: (1) Second Lower Feeder-Reach 3B PCCP Rehabilitation; (2) Perris Valley Pipeline Tunnel; (3) Sepulveda Feeder-Reach 1 PCCP Rehabilitation; (4) Sepulveda Feeder-Reach 2 PCCP Rehabilitation; (5) Wadsworth Pumping Plant Bypass; (6) Inland Feeder/Badlands Tunnel Surge Protection Facility; (7) Foothill Pump Station/Inland Feeder Intertie; (8) Inland Feeder/Rialto Pipeline Intertie; (9) Foothill Hydroelectric Plant Seismic Retrofit; (10) CRA Transformer Procurement; and (11) CRA Conduit Structural Protection.

With the approval of the current two-year operating budget, the planned expenditures for the CIP have been increased from \$500 million to \$600 million. At the same time, in-house staff levels available to work on the CIP have been held constant, with no anticipated increases in the current budget cycle. Consequently, staff recommends board authorization of three new multi-year agreements, to replace agreements that have already expired or will soon expire, and facilitate the timely execution of the CIP over the next several years.

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 sub-consulting opportunities are limited.

Agreements for Construction Management and Inspection Services – Berg & Associates, Inc., Butier Engineering, Inc., and MARRS Services, Inc.

Request for Qualification No. 1231, issued in August 2019, established a pool of eight prequalified firms for consideration for upcoming on-site inspection and construction contract administration services (project-specific or on-call). RFPs No. 1304, 1306, and 1319 were then issued to these firms in 2022 to receive proposals from the pool of qualified firms to provide specific on-site inspection and construction contract administration services for Metropolitan's conveyance, distribution, and storage facilities. As described above, the RFPs solicited proposals for services in three areas: (1) Western region projects; (2) PCCP and pipeline rehabilitation; and (3) CRA projects.

Staff evaluated proposals received based on qualifications, key personnel, and their availability for RFPs, which specified regions, experience related to planned projects, past performance, environmental sensitivity, and business outreach. Following this evaluation, staff recommends that three agreements be awarded at this time to the following firms: MARRS Services, Inc., Butier Engineering, Inc., and Berg & Associates, Inc.

A new three-year on-call agreement is recommended to be awarded at this time to MARRS Services, Inc., in an amount not to exceed \$6.7 million, based on the firms' key personnel, past performance, and experience related to providing construction management and inspection services for PCCP and other pipeline projects (RFP 1306) and CRA projects (RFP 1319).

A new three-year on-call agreement is also recommended to be awarded at this time to Butier Engineering, Inc., in an amount not to exceed \$4.4 million, based on the firm's key personnel, past performance, and demonstrated experience providing construction management and inspection services for a wide variety of infrastructure rehabilitation projects, similar to those planned in Metropolitan western operation region (RFP 1304) and PCCP and other pipeline projects (RFP 1306).

Finally, a new three-year on-call agreement is recommended to be awarded at this time to Berg & Associates, Inc., in an amount not to exceed \$3.5 million, based on the firm's key personnel, past performance, and demonstrated experience providing construction management and inspection services for a wide variety of infrastructure rehabilitation projects, similar to those planned in Metropolitan western operation region (RFP 1304).

For each of the agreements, work assignments will be issued to the consultant through task orders on a project-by-project basis at negotiated rates. Staff may return to the Board in the future to authorize additional agreements if a need for such work is identified.

Funding for the work to be assigned to the consultants under on-call agreements is available within Metropolitan's capital expenditure plan. No work is guaranteed to the consultants under these agreements. For each of the agreements, Metropolitan has established an SBE participation level of 25 percent of the amount of the agreement. All prequalified firms have committed to meet this level of participation.

Alternatives Considered

Staff considered using on-call agreements as they have typically been structured, yearly annual limits on the expenditures over a specified duration of time. However, this approach has not been as efficient since the Board approved the current CIP appropriation process in October 2018, due to the increase in the number of projects in construction. On several occasions, when the annual expenditure for an agreement is reached, consultant support on several projects has been suspended until such time as the annual costs are reconciled and the annual limits roll over to the next contract year.

With the selected alternative, the structure of the three recommended on-call agreements have been modified from previous practice. Instead of utilizing annual expenditure limits on the agreements, agreements will be set with a specific time limit of three years and a maximum expenditure for that term. Under the new approach, there would no longer be an annual expenditure limit on each agreement. Staff will manage the expenditures for each consultant on a task order basis such that specific deliverables and other measurable products are delivered by the consultant during the life of the contract.

Summary

This action authorizes on-call agreements with MARRS Services, Inc. in an amount not to exceed \$6.7 million; Butier Engineering, Inc. in an amount not to exceed \$4.4 million; and Berg & Associates, Inc. in an amount not to exceed \$3.5 million for construction management and inspection services, each with a duration of three years.

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

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed actions are not defined as a project under CEQA because they involve continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve 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 of CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize on-call agreements with: (1) MARRS Services, Inc. in an amount not to exceed \$6.7 million; (2) Butier Engineering, Inc. in an amount not to exceed \$4.4 million; and (3) Berg & Associates, Inc. in an amount not to exceed \$3.5 million for construction management and inspection services, each with a duration of three years.

Fiscal Impact: None, funding for the work to be assigned to the consultants under on-call agreements and performed this biennium has been previously authorized. 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: Contracting with multiple firms provides flexibility and an efficient means for Metropolitan to obtain needed technical services and completion of capital projects in accordance with board adopted schedules.

Option #2

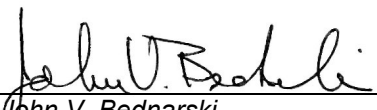

Do not authorize the consulting agreements at this time.

Fiscal Impact: None

Business Analysis: Under this option, Metropolitan staff would perform the inspection 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

 John V. Bednarski Chief Engineer/Manager Engineering Services	9/21/2022 Date
 Adel Hagekhalil General Manager	9/27/2022 Date