



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

12/13/2022 Board Meeting

---

**7-4**

**Subject**

---

Award a \$2,165,000 contract to Caltec Corp. for physical security improvements at Metropolitan's Headquarters Building; and authorize an increase of \$250,000 to an agreement with Arcadis IBI Group for a new not-to-exceed amount of \$3.35 million for technical support during construction; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

**Executive Summary**

---

Metropolitan safeguards personnel at Metropolitan's Headquarters Building in Los Angeles through a multilayered combination of physical barriers, contracted security guard services, a physical security system, and employee awareness. The ongoing and planned security improvements are consistent with guidelines for government buildings from the U.S. Department of Homeland Security and the General Services Administration. Security improvements are being implemented in three stages, and construction of the first two stages is largely complete. This action awards a construction contract for the third and final stage of physical security improvements at Metropolitan's Headquarters Building and amends an existing consultant agreement for technical support during the construction phase of the project.

**Details**

---

**Background**

Metropolitan's Headquarters Building is a 522,682 square-foot concrete-frame structure consisting of a 12-story high-rise tower attached to a five-story wing. The building is located next to the Los Angeles Union Station transportation hub. The Headquarters Building includes office space for approximately 840 Metropolitan staff and meeting space for the Board of Directors and members of the public. Metropolitan occupied the Headquarters Building in 1998. The business functions located in this building are critical for maintaining the continuity of Metropolitan's day-to-day operations.

A threat and physical security assessment of the Headquarters Building was completed in 2016. This assessment recommended the addition of several physical features to enhance the building's perimeter security, access control, and interior security protection systems. These recommendations conform to best security practices for government buildings, as stated in the U.S. Department of Homeland Security guidelines. The recommended features to be added in a multi-stage approach include additional cameras, sensors, barriers, improved access control, and improved communication systems.

In February 2018, Metropolitan's Board authorized final design of physical security improvements at the Headquarters Building. This upgrade work has been prioritized into several stages. The Stage 1 upgrades included enhancements to the building's perimeter windows and doors. This work was completed in 2021 as part of the Headquarters Building seismic upgrades construction contract. The Stage 2 upgrades enhanced access control and interior security protection, which was completed in November 2022. The third and final stage of improvements is the subject of this board action and will enhance the site's perimeter security to further safeguard personnel at Metropolitan's Headquarters Building. Final design of the Stage 3 improvements has been completed, and staff recommends proceeding with construction at this time.

In accordance with the April 2022 action on the biennial budget for fiscal years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with the Stage 3 physical security improvements at

Metropolitan's Headquarters Building, pending board award of the construction contract described below. Based on the current Capital Investment Plan (CIP) expenditure forecast, funds for the work to be performed pursuant to this action during the current biennium are available from the Capital Investment Plan Appropriation for fiscal years 2022/23 and 2023/24 (Appropriation No. 15525). This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation team to be included in the System Reliability Program.

### **Physical Security Improvements at Metropolitan's Headquarters Building, Stage 3 – Construction**

The Stage 3 improvements will enhance perimeter security along the exterior of the Metropolitan site and courtyard. The work consists of installing security fencing and gates, bollards, paving, security cameras, and speaker horns; and integrating new security equipment into the existing security software. The scope of work is consistent with recommendations made in the initial physical security assessment of the Headquarters Building. Metropolitan staff will install and commission required telecommunications network equipment in support of these security system upgrades.

Arcadis IBI Group will provide technical support during construction, as described below. SWCA Environmental Consultants will perform specialized preconstruction environmental clearance and construction monitoring under an existing agreement authorized under the General Manager's Administrative Code authority. Lee & Ro, Inc. will provide certified deputy inspection, as required by the city of Los Angeles, under an existing board-authorized agreement. Finally, an enhanced level of on-site security services will be necessary during construction. Securitas will provide the additional security service required under an existing board-authorized agreement.

A total of \$4.2 million is required for this work. In addition to the construction contract amount, allocated funds for consulting work include: \$250,000 for technical support during construction by Arcadis IBI Group (as described below); \$18,000 for specialized construction inspection support by Lee & Ro, Inc.; \$55,000 for environmental clearance and construction monitoring by SWCA Environmental Consultants; and \$220,000 for security services by Securitas, as discussed above. In addition, allocated funds for Metropolitan staff include: \$260,000 for the installation and commissioning of network equipment; \$348,000 for construction management and inspection; \$235,000 for submittal review and record drawings preparation; \$384,000 for permitting, hazardous material compliance monitoring, contract administration, environmental monitoring, travel, and project management; and \$265,000 for the remaining budget.

**Attachment 1** provides the allocation of required funds. The amount expended to date on the physical security improvements is approximately \$12.8 million. The total estimated cost to complete, including the amount allocated to date and funds allocated for the work described in this action, is approximately \$17 million.

### ***Award of Construction Contract (Caltec Corp.)***

Specifications No. 2003 for Stage 3 physical security improvements at Metropolitan's Headquarters Building was advertised for bids on August 3, 2022. As shown in **Attachment 2**, three bids were received and opened on September 22, 2022. The low bid from Caltec Corp., in the amount of \$2,165,000, complies with the requirements of the specifications. The other bids ranged from \$2,599,000 to \$4,348,000, while the engineer's estimate for this project was within the range of the bids at \$3,500,000. Staff investigated why the low bid was significantly lower than the engineer's estimate and attributes the difference to the engineer's estimate's conservative approach to projected inflationary labor components of the project, as well as priced risk associated with material procurement and supply chain issues. For this contract, Metropolitan established a Small Business Enterprise (SBE) participation level of at least 25 percent of the bid amount. Caltec Corp. is an SBE firm, and thus achieves 100 percent participation. The subcontractors for this contract are listed in **Attachment 3**.

This action awards a \$2,165,000 contract to Caltec Corp. for Stage 3 physical security improvements at Metropolitan's Headquarters Building.

Inspection of construction work will be performed primarily by Metropolitan staff, with specialized support from Lee & Ro, Inc. Engineering Services' performance metric, target range, for construction management and inspection of projects with construction costs less than \$3 million is 9 to 15 percent. For this project, the performance metric goal for construction management and inspection is approximately 13.8 percent of the total

construction cost. The total cost of construction for this project is \$2,645,000, which includes the amount of the contract (\$2,165,000), Metropolitan force activities (\$260,000), and on-site security services (\$220,000)

### **Technical Support During Construction (Arcadis IBI Group) – Amendment to Agreement**

Arcadis IBI Group performed the final design of the physical security enhancements for the Headquarters Building under a board-authorized agreement. As the architect of record, Arcadis IBI Group is recommended to provide technical support during the construction phase of the project. Planned activities include responding to requests for information from the contractor, advising staff on technical issues as they arise, and assisting with start-up and testing activities.

This action authorizes an increase of \$250,000 to the existing agreement with Arcadis IBI Group for a new not-to-exceed amount of \$3.35 million to provide technical support during construction. For this agreement, Metropolitan established an SBE participation level of 18 percent. Arcadis IBI Group has agreed to meet this level of participation. The planned subconsultants for this agreement are listed in **Attachment 4**.

### **Alternatives Considered**

To expedite the completion of the planned work, staff initially considered issuing a change order to the contractor that is performing the Stage 2 physical security improvements at the Headquarters Building.

Based on cost estimates prepared by the consultant, this approach would have required a change order roughly equivalent to the original value of the Stage 2 work. This work would not have been competitively bid, staff would have negotiated the change order, and board approval for authorization would be required as the change order would have exceeded the General Manager's change order authority for the Stage 2 contract. With the selected alternative, the work was competitively bid as a separate stand-alone construction contract, which enhanced Metropolitan's ability to receive the most favorable bid and continues Metropolitan's practice of fostering a fair contracting environment.

### **Summary**

This action awards a \$2,165,000 contract to Caltec Corp. for the Stage 3 physical security improvements at Metropolitan's Headquarters Building and authorizes an increase to an agreement with Arcadis IBI Group for technical support. See **Attachment 1** for the Allocation of Funds; **Attachment 2** for the Abstract of Bids; **Attachment 3** for the listing of Subcontractors for Low Bidder; **Attachment 4** for the listing of Subconsultants for Agreements with Arcadis IBI Group; and **Attachment 5** for the Location Map.

### **Project Milestone**

December 2023 – Completion of construction of the final stage of Headquarters Physical Security Improvements

### **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 51095, dated February 13, 2018, the Board authorized final design of physical security improvements at Metropolitan's Headquarters Building.

By Minute Item 51386, dated November 6, 2018, the Board authorized construction of initial stage of building related improvements for Metropolitan's Headquarters Building.

By Minutes Item 52083, dated August 18, 2020, the Board authorized construction of Stage 2 physical security improvements at Metropolitan's Headquarters Building.

By Minute Item 21997, dated April 11, 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 involve operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. In addition, the proposed actions include the construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. Accordingly, the proposed actions qualify under Class 1 and Class 3 Categorical Exemptions (Sections 15301 and 15303 of the State CEQA Guidelines).

### CEQA determination for Option #2:

None required.

## Board Options

---

### Option #1

- a. Award a \$2,165,000 contract to Caltec Corp. for Stage 3 physical security improvements at Metropolitan's Headquarters Building; and
- b. Authorize an increase of \$250,000 to an agreement with Arcadis IBI Group, for a new not-to-exceed total of \$3.35 million for technical support.

**Fiscal Impact:** Expenditure of \$4.2 million in capital funds. All costs will be incurred in the current biennium and have been previously appropriated.

**Business Analysis:** This option will implement the final stage of additional security features recommended for public buildings by enhancing access control and exterior security protection at Metropolitan's Headquarters Building.

### Option #2

Do not proceed with the project at this time.

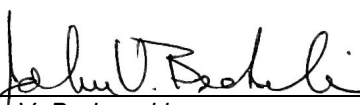
**Fiscal Impact:** None

**Business Analysis:** This option would defer the opportunity to enhance safeguards for Metropolitan's personnel and facility and increase the risk of security threats.

**Staff Recommendation**


---

Option #1

  
\_\_\_\_\_  
John V. Bednarski  
Manager/Chief Engineer  
Engineering Services

12/8/2022

Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

12/8/2022

Date

**Attachment 1 – Allocation of Budgeted Funds****Attachment 2 – Abstract of Bids****Attachment 3 – Subcontractors for Low Bidder****Attachment 4 – Subconsultants for Agreements with Arcadis IBI Group****Attachment 5 – Location Map**

Ref# es12690562

### Allocation of Funds for Physical Security Improvements at Metropolitan's Headquarters Building, Stage 3

---

	<b>Current Board Action (Dec. 2022)</b>
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (PM., permitting, envir.)	384,000
Submittals Review & Record Drwgs.	235,000
Construction Inspection & Support	348,000
Metropolitan Force Construction	179,000
Materials & Incidentals	81,000
Professional/Technical/Security Services	
Lee & Ro, Inc.	18,000
Arcadis IBI Group	250,000
SWCA Environmental Consultants	55,000
Securitas	220,000
Right-of-Way	-
Contracts	
Caltec Corp.	2,165,000
Remaining Budget	265,000
<b>Total</b>	<b>\$ 4,200,000</b>

The amount expended to date on the physical security improvements is approximately \$12,800,000. The total estimated cost to complete, including the amount appropriated to date and funds allocated for the work described in this action, is \$17 million.

**The Metropolitan Water District of Southern California****Abstract of Bids Received on September 22, 2022 at 2:00 P.M.****Specifications No. 2003****Physical Security Improvements at Metropolitan's Headquarters Building, Stage 3**

The work consists of installation of bollards for vehicle crash protection along the perimeter of the building, installation of fencing around the courtyard, integration of new security equipment into existing security software, and various electrical improvements.

Engineer's estimate: \$3,500,000

<b>Bidder and Location</b>	<b>Total</b>	<b>SBE \$</b>	<b>SBE %</b>	<b>Met SBE<sup>1</sup></b>
<b>Caltec Corp. Westminster, CA</b>	<b>\$2,165,000</b>	<b>\$2,165,000</b>	<b>100%</b>	<b>Yes</b>
Gilman Builders, Inc. Irvine, CA	\$2,599,000	-	-	-
Legion Contractors, Inc. San Francisco, CA	\$4,348,000	-	-	-

<sup>1</sup> Small Business Enterprise (SBE) participation level established at 25% for this contract.

**The Metropolitan Water District of Southern California****Subcontractors for Low Bidder****Specifications No. 2003****Physical Security Improvements at Metropolitan's Headquarters Building, Stage 3**

Low bidder: Caltec Corp.

<b>Subcontractor and Location</b>
Coronel Demolition, Riverside, CA
Lobby Traffic Systems, Inc., Irvine, CA
Osborne Painting, Inc., Beaumont, CA
Prontto Electric, Upland, CA
Special Operations Construction, Pala, CA
Terra Pave, Inc., Whittier, CA
The Kepler Group, Inc., Altadena, CA



**The Metropolitan Water District of Southern California**  
**Subconsultants for Agreement with Arcadis IBI Group**

<b>Subconsultant and Location</b>
ABS Consulting, Irvine, CA
Pacific Engineers Group, Los Angeles, CA
Triad Consulting System Design Group, Corona, CA
Construction Cost Consultants, Inc., Los Angeles, CA
Historic Resources Group, Los Angeles, CA

