



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

6/13/2023 Board Meeting

8-1

Subject

Authorize on-call agreements with Kennedy Jenks Consultants Inc., Lee & Ro Inc., and Stantec Consulting Services Inc., in amounts not to exceed \$10 million each, for a maximum of five years for engineering services; 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 of capital and O & M work is to rely on in-house engineering staff to accomplish 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. This action authorizes three new professional services agreements to provide engineering support for capital and O & M projects. 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 recommended maximum amounts of these agreements are \$10 million each for Kennedy Jenks Consultants Inc., Lee & Ro Inc., and Stantec Consulting Services Inc. The maximum duration of these engineering services agreements will be five 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 design of capital projects is to use available in-house staff first, with professional consultant services used only where appropriate. This approach maintains a stable, responsive, and experienced in-house 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. Firms are competitively evaluated, resulting in a list 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 on a specific project, with agreements over \$250,000 approved by the Board. By contrast, on-call agreements are multi-year agreements with not-to-exceed limits. These types of agreements have been used extensively in the past and 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 for the efficient execution of capital projects. Typically, Engineering Services has ten or more on-call agreements for design services available for use at any one time and has utilized approximately 60 percent of the agreement capacities since inception.

Over the next several fiscal years, a number of projects have been identified that will require engineering services beyond the level that can be supported by in-house staff. These projects will be located along the Colorado River Aqueduct (CRA), within the conveyance and distribution system, and at Metropolitan's treatment plants, and will address critical programs such as rehabilitation of the CRA electrical systems, hydroelectric plants, valves

structures, and infrastructure modifications needed to improve water reliability and address water supply equity. For these projects, it is anticipated that supplemental engineering support will be needed in the areas of: (1) electrical systems; (2) instrumentation and controls; (3) communications; (4) security systems; (5) mechanical equipment refurbishment; (6) pipeline and valve structure rehabilitation; (7) heating, ventilation, and air conditioning improvements; (8) site and erosion protection improvements; (9) treatment processes and chemical feed systems; (10) seismic and other structural upgrades; and (11) preparation of record drawings.

Multiple five-year on-call agreements are recommended to ensure that staff can execute the planned work in the CIP over the upcoming fiscal years. Staff recommends board authorization of three new multi-year agreements to replace agreements that have already expired or will soon expire in order to ensure 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.

Budget Impact

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.

Agreements for Engineering Services – Kennedy Jenks Consultants Inc., Lee & Ro Inc., and Stantec Consulting Services Inc.

Request for Qualifications (RFQ) No. 1305 was issued in March 2022 to establish a pool of qualified firms to support projects related to Metropolitan's conveyance, distribution, storage, and treatment facilities. Planned engineering services to be provided under the resulting agreements were identified in the RFQ and include conceptual, preliminary, and final design support for new facilities and rehabilitation of existing facilities; field investigations; planning studies; specialized technical analyses and reviews; cost estimating; engineering support during bid, advertisement, and construction; and project controls. The RFQ covered services in four categories: water treatment facilities, conveyance and distribution facilities, large rotating equipment, and power distribution. The consultants submitted Statements of Qualifications (SOQs) for one or more of these four categories. Twenty-one firms submitted SOQs, which were then evaluated based on qualifications, key personnel, experience related to planned projects, past performance, environmental sensitivity, and business outreach. All of the 21 firms were prequalified to provide services under one or more of the above categories through this process and will be eligible to submit proposals on project-specific agreements within the categories of work for which they were prequalified.

Agreements are currently in place with 19 of the 21 prequalified firms, with a combined total of approximately \$144 million in authorized agreements to date. Sixteen of these existing agreements are on-call agreements, and the remaining are project-specific agreements. Three of the existing on-call agreements will expire soon or have insufficient remaining contracting capacity to conduct the required activities. New on-call agreements are recommended to be awarded at this time to three prequalified firms based on staff's current assessment of technical resources needed for capital projects over the next several fiscal years. New agreements are recommended with Kennedy Jenks Consultants Inc., Lee & Ro Inc., and Stantec Consulting Services Inc. These firms were selected through the evaluation process described above.

This action authorizes on-call agreements with Kennedy Jenks Consultants Inc., Lee & Ro Inc., and Stantec Consulting Services Inc., in an amount not to exceed \$10 million each per contract. The maximum duration of the agreements will be five years. Staff will return to the Board in the future to authorize additional agreements if a need for such work is identified.

For each of the agreements, Metropolitan has established an SBE participation level of 25 percent of the amount of the agreement. Kennedy Jenks Consultants Inc. and Stantec Consulting Services Inc. have committed to meet this level of participation. Lee & Ro Inc. is an SBE firm, thus achieving 100 percent participation.

Alternatives Considered

Staff considered using the on-call agreements as they have typically been structured, with yearly annual limits on the expenditures over a specified duration of time. In the past, when planned expenditures on the CIP were lower, this approach of having annual expenditure limits was acceptable as staff could successfully manage the consultant's work assignments versus expected project schedules. Since the Board approved the current CIP appropriation process in October 2018, staff has been more effective at utilizing budgeted CIP funds in the execution of projects. This enhanced efficiency, however, has not worked well with the current structure of the on-call agreements with annual expenditure limits. On several occasions over the last three years, the annual expenditure caps on these agreements have limited timely progress on projects. When the annual expenditure limit for an agreement is reached, work on several projects has been suspended until such time as the annual on-call agreement rolls over to the next agreement year, and the annual agreement expenditure limit is reset.

With the recommended approach to structuring the agreements, the three recommended on-call agreements will be modified from previous practice. Instead of utilizing annual expenditure limits on the agreements, agreements will be set with a specific time limit of five years and a maximum expenditure for that five-year period of time. Under the recommended 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 those specific deliverables and other measurable products are delivered by the consultant during the life of the contract. This approach will enable staff to ensure the timely completion of specific engineering work on projects.

Summary

This action authorizes a total of three on-call agreements for engineering services with Kennedy Jenks Consultants Inc., Lee & Ro Inc., and Stantec Consulting Services, in an amount not to exceed \$10 million each per contract for a maximum duration of five 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 that will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not defined as a project under 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 Kennedy Jenks Consultants Inc., Lee & Ro Inc., and Stantec Consulting Services Inc., in amounts not to exceed \$10 million each, for a maximum period of five years for engineering services.

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 to complete 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 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

	5/17/2023
_____ John V. Bednarski Manager/Chief Engineer Engineering Services	Date

	5/23/2023
_____ Adel Hagekhalil General Manager	Date