THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

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

10/13/2026 Board Meeting

7-2

Subject

Authorize an increase of $1.4 million to an agreement with IDS Group Inc. for a new not-to-exceed total amount of $1.8 million for final design to rehabilitate the heating, ventilation, and air conditioning system at the Metropolitan Headquarters Building; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The heating, ventilating, and air conditioning (HVAC) system at the Metropolitan Headquarters Building provides cooling air via three chillers, cooling towers, custom air-handling units, an air disinfection system, and associated mechanical, electrical, and control equipment. After 28 years of continuous operation, these critical components have reached the end of their useful life and should be replaced. Preliminary design for the HVAC system is now complete, and staff recommends proceeding with final design at this time.

This action authorizes an increase to an existing agreement with IDS Group Inc. for final design services to rehabilitate the HVAC system at the Metropolitan Headquarters Building. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the List of Subconsultants, and **Attachment 3** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Authorize an increase of $1.4 million to an agreement with IDS Group Inc. for a new not-to-exceed total amount of $1.8 million for final design to rehabilitate the heating, ventilation, and air conditioning system at the Metropolitan Headquarters Building.

Fiscal Impact: Expenditure of $2.3 million in capital funds. Approximately $2.1 million will be incurred in the current biennium. The remaining capital expenditures will be funded from the next capital investment plan budget.

Business Analysis: This option will enhance the reliability and efficiency of the HVAC system at the Headquarters Building and will provide greater system flexibility, resiliency, energy efficiency and water savings.

Option #2

Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: Under this option, staff would continue to operate the Headquarters Building's HVAC system in its current condition and inspect and perform localized equipment repairs as required. This approach would lead to further deterioration of critical components of the system and potentially building-wide outages of the cooling system.

Alternatives Considered

Upon completion of preliminary design for the HVAC system rehabilitation at the Metropolitan Headquarters Building, staff reassessed the availability and capability of in-house staff to conduct final design, considering (1) current work assignments for in-house staff to determine the availability of staff to conduct this work; and (2) specialized technical expertise needs.

Staff has determined that specialized technical expertise is required to complete final design as Metropolitan staff does not routinely perform detailed design of this equipment. Based on the assessment of the current in-house workload, the relative priority of this project, and the technical expertise required, staff recommends continuing the use of both a professional services agreement and in-house staff to perform the final design. This approach ensures the work is conducted in the most efficient manner possible and allows for the completion of this program and other capital work within their current schedules.

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 53786, dated September 10, 2024, the Board authorized an agreement for preliminary design service to rehabilitate the HVAC system at Metropolitan Headquarters Building.

By Minute Item 54446, dated April 14, 2026, the Board appropriated a total of $1.025 million for projects identified in the CIP for Fiscal Years 2026/2027 and 2027/2028.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it consists of funding, carrying out final design activities, basic data collection, research, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded. (State CEQA Guidelines Section 15306.)

CEQA determination for Option #2:

None required

Details and Background

Background

The Metropolitan Headquarters Building is a 522,682 square-foot, concrete-frame structure with a 12-story high-rise tower attached to a five-story wing. The building houses up to 850 Metropolitan staff and provides meeting space for the Board of Directors and members of the public. The business functions located in this building are critical for maintaining the continuity of Metropolitan's day-to-day operations.

The building utilizes an HVAC system and a central chiller plant located in a dedicated top-floor room to circulate chilled water for cooling. This plant features three 450-ton water-cooled centrifugal chillers equipped with variable-frequency drives. Cool air is distributed across the 12-story building through 29 custom air-handling units (AHUs). Each AHU features supply and return air connections, a single supply air fan, a chilled-water cooling coil, and chilled-water control valves. The units are also equipped with a UV-C light filtration system downstream of the cooling coils, which was installed in 2022 for pathogen inactivation/removal.

The HVAC equipment and the chiller plant were installed during the original building construction. After 28 years of continuous operation, the aging HVAC system has become increasingly difficult to maintain. Critical components have exceeded their typical 25-year lifespan, and frequent repairs are now hindered by obsolete, proprietary electronic parts, which are no longer supported or available. An assessment of the HVAC system, conducted by staff in early 2023, concluded that the chillers and supporting equipment have reached the end of their useful life and should be replaced. In addition, the system's refrigerant is currently being phased out by the U.S. Environmental Protection Agency, making future maintenance cost-prohibitive and impractical. Finally, staff also recommends replacing and upgrading major components of the system at this time to increase the overall long-term operational efficiency of the HVAC system.

In September 2024, Metropolitan's Board authorized an agreement with IDS Group Inc. for preliminary design to rehabilitate the HVAC system at Metropolitan Headquarters Building. During preliminary design, the consultant evaluated the HVAC systems for the central chilled water, closed-loop condenser water, air handling, energy management, executive room, and incident command post (ICP) room. This evaluation relied on historical records, current assessments, layout analyses, load calculations, field data, and technical monitoring. It also integrated criteria for energy efficiency, maintenance, reliability, infrastructure integration, Title 24 compliance, and seismic requirements. The analysis determined that the proposed upgrades will deliver significant long-term benefits, including a 42 percent reduction in chiller energy consumption and $1.0 to $1.4 million in lifecycle cost savings over the next 25 years. Staff investigated potential rebates from the energy provider but found none available.

Preliminary design activities to rehabilitate the HVAC system at Metropolitan Headquarters Building have been completed, and staff recommends proceeding with final design at this time. Staff will return to the Board to award a construction contract to complete the HVAC system rehabilitation work.

Headquarters HVAC System Rehabilitation – Final Design

Planned HVAC system upgrades include replacing three 450-ton water-cooled chillers, two open-loop and two closed-loop cooling towers, along with their associated equipment. In addition, the project involves refurbishing 29 AHUs, updating the Energy Management System, and replacing the elevators' heat pump. Room-specific improvements feature HVAC upgrades for the executive rooms, ICP room, chiller room, and fleet office.

Final design phase activities include: (1) performing detailed HVAC system analyses; (2) completing calculations, refrigerant monitoring, and ventilation equipment selection; (3) preparing construction drawings and technical specifications; (4) developing a construction sequencing plan in coordination with stakeholders and conducting a constructability review; (5) developing the construction cost estimate; and (6) advertising and receiving competitive bids. Design activities are planned to be conducted by IDS Group Inc. under an existing agreement described below. Metropolitan staff will perform project management, develop an equipment outage plan, and provide technical oversight and review of the consultant's work.

A total of $2.3 million is required for this work. Allocated funds include $1.4 million for the final design activities by IDS Group Inc. described above. Allocated funds for Metropolitan staff activities include $215,000 for technical oversight and review of consultant's work; $398,000 for project management, permitting, and project controls; $160,000 for plan check and permitting fees; and $29,000 for remaining budget. Other allocated funds include $98,000 for value engineering and environmental site assessment, which will be performed by specialty firms under contracts planned to be executed under the General Manager's Administrative Code authority. See **Attachment 1** for the Allocation of Funds.

As described above, final design will be performed by IDS Group Inc. Engineering Services' performance metric target range for final design of projects with a construction cost of more than $3 million is 9 to 12 percent. For this project, the performance metric goal for final design is 8.5 percent of the total construction cost. The total estimated cost for design is $1,615,000, which includes $1.4 million for IDS Group Inc. and $215,000 for Metropolitan design activities. The estimated cost of construction to rehabilitate the HVAC system at Metropolitan Headquarters Building is anticipated to range from $19 million to $25 million.

Engineering Services (IDS Group Inc.) – Amendment to Agreement

In September 2024, Metropolitan's Board authorized an agreement with IDS Group Inc. to complete the preliminary design for the rehabilitation of the HVAC system at Metropolitan Headquarters Building. IDS Group Inc. was selected for this project through a competitive process via Request for Proposals No. 1361 based on its staff qualifications, the firm's experience in the design of similar projects, and technical approach and methodology. Preliminary design work activities have been completed, and IDS Group Inc. is now recommended to provide engineering services for final design as described above.

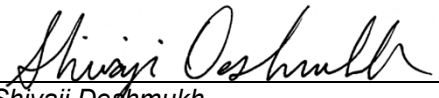
This action authorizes an increase of $1.4 million to the existing agreement with IDS Group Inc. for a new not-to-exceed total of $1.8 million to complete final design to rehabilitate the HVAC system at Metropolitan Headquarters Building. For this agreement, Metropolitan has established a Small Business Enterprise (SBE) participation level of 25 percent. IDS Group Inc. is a certified SBE firm and thus achieves 100 percent SBE participation. The planned subconsultants for this work are listed in **Attachment 2**.

Project Milestone

August 2028 – Completion of final design for the HVAC system rehabilitation

9/24/2026

Mai M. Hattar *Date*
Chief Engineer
Engineering Services



9/24/2026

Shivaji Deshmukh *Date*
General Manager

Attachment 1 – Allocation of Funds

Attachment 2 – Listing of Subconsultants

Attachment 3 – Location Map

Ref# es12711650

Allocation of Funds for Headquarters HVAC System Rehabilitation

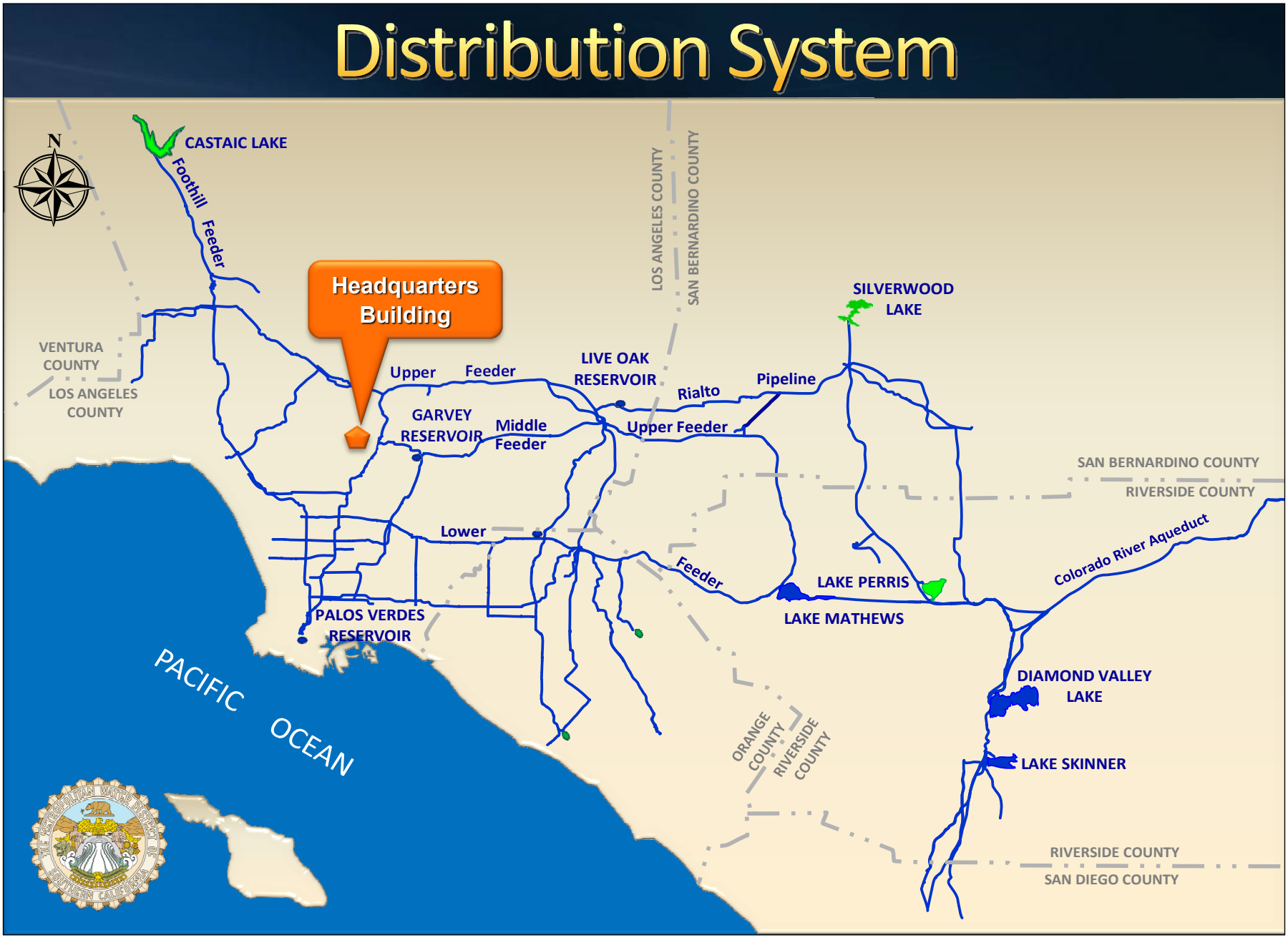
	Current Board Action (Oct. 2026)
Labor	
Studies & Investigations	$ -
Final Design	215,000
Owner Costs (Program mgmt., permitting, project controls)	398,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses (Permit Fees)	160,000
Professional/Technical Services	
IDS Group Inc.	1,400,000
Value Engineering	68,000
Environmental support	30,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	29,000
Total	**$ 2,300,000**

The total amount expended to date to rehabilitate the Headquarters HVAC system is approximately $1.1 million. The total estimated cost to complete this project, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from $22.5 million to $26.5 million.

The Metropolitan Water District of Southern California

Subconsultants for Agreement with IDS Group Inc.
Agreement No. 222064

Subconsultant and Location	Service Category; Specialty
American Air Balance Anaheim, CA	HVAC Test and Balance
Specialized Testing Santa Fe Springs, CA	Ground Penetrating Radar (Utility Locating Services)
TJW Engineering Irvine, CA	Traffic Control Plan


Distribution System
N
CASTAIC LAKE
Foothill Feeder
Headquarters Building
VENTURA COUNTY
LOS ANGELES COUNTY
LOS ANGELES COUNTY
SAN BERNARDINO COUNTY
SILVERWOOD LAKE
Upper Feeder
LIVE OAK RESERVOIR
Rialto Pipeline
GARVEY RESERVOIR
Middle Feeder
Upper Feeder
SAN BERNARDINO COUNTY
RIVERSIDE COUNTY
Lower Feeder
Colorado River Aqueduct
LAKE PERRIS
LAKE MATHEWS
PALOS VERDES RESERVOIR
PACIFIC OCEAN
DIAMOND VALLEY LAKE
ORANGE COUNTY
RIVERSIDE COUNTY
LAKE SKINNER
RIVERSIDE COUNTY
SAN DIEGO COUNTY