

OPERATIONS COMMITTEE

Agenda Report

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File #: 2025-4063

Agenda Date: 7/2/2025

Agenda Item No: 2.

FROM: Robert Thompson, General Manager
Originator: Mike Dorman, Director of Engineering

SUBJECT:

**INDUSTRIAL CONTROL SYSTEM AND IT DATA CENTER RELOCATION AT PLANT NO. 1,
PROJECT NO. P1-138**

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve a Professional Design Services Agreement with Lee + Ro, Inc., to provide engineering services for Industrial Control System and IT Data Center Relocation at Plant No. 1, Project No. P1-138, for an amount not to exceed \$2,354,485; and
- B. Approve a contingency of \$235,449 (10%).

BACKGROUND

Power Building 3A (PB-3A) at Plant No. 1 is over 30 years old. As part of Headworks Rehabilitation at Plant No. 1, Project No. P1-105, a new Power Building 3 (PB-3) is being constructed to replace PB-3A and its associated equipment. PB-3 includes a new server room designed to house future Industrial Control System (ICS) and IT data center equipment.

RELEVANT STANDARDS

- Comply with California Government Code Section 4526 to engage the best qualified firm "on the basis of demonstrated competence and qualifications" and "negotiate fair and reasonable fees"
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard
- 24/7/365 treatment plant reliability

PROBLEM

The existing server room in the Plant No. 1 Control Center has insufficient cooling and power capacity for new IT data center equipment. Additionally, the fiber optics cannot accommodate the higher network speeds, and communication infrastructure in the basement, where there is a flood risk.

PROPOSED SOLUTION

Award a professional design services agreement to equip the new PB-3 server room with the necessary equipment, backup power, communications infrastructure, and air conditioning. The work includes rerouting fiber optic cables to accommodate the relocation of the server room and planned demolition of PB-3A and providing new fiber optics that meet the higher network speed requirements. Upon completion, PB-3A will be demolished and the existing Control Center server room will be converted back into office space.

TIMING CONCERNS

The future IT data center equipment for the ICS and office networks cannot be installed until the new server room is operational.

RAMIFICATIONS OF NOT TAKING ACTION

If no action is taken, the existing Control Center server room will require significant upgrades, including new server racks, additional cooling, additional backup power, and new fiber optics and network cables. The flooding risk at the Control Center basement will remain unresolved.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATIONConsultant Selection:

OC San requested and advertised for proposals on October 8, 2024. The following evaluation criteria were described in the Request for Proposals (RFP) and used to determine the most qualified Consultant.

CRITERION	WEIGHT
Project Understanding and Approach	50%
Related Project Experience	10%
Project Team and Staff Qualifications	40%

One proposal was received on November 21, 2024. A follow-up survey was immediately sent to firms listed on the Planholders list. Three firms provided responses with the following reasons for not submitting proposals: (1) unable to submit due to internal resource constraints, (2) unable to secure a subcontractor to perform the required field investigation, and (3) determined that the scope of the subcontracted field investigation was too extensive and preferred projects with more design work.

The proposal was evaluated in accordance with the evaluation process set forth in OC San's Purchasing Ordinance, OC SAN-61 (Purchasing Ordinance), by a pre-selected Evaluation Team consisting of OC San staff.

An interview was conducted on February 25, 2025, seeking clarifications on the proposal. After the interview, the Evaluation Team scored the proposal on the established criteria as summarized in the table below:

Proposer	Project Understanding and Approach (Max. 50 Points)	Related Project Experience (Max. 10 Points)	Project Team and Staff Qualifications (Max. 40 Points)	Total Score (Max. 100 Points)
Lee + Ro, Inc.	38	8	29	75

Review of Fee Proposal and Negotiations:

Lee + Ro, Inc.'s proposal was accompanied by a sealed fee proposal. In accordance with the Purchasing Ordinance, the fee proposal was opened after approval by the Director of Engineering based on the Evaluation Committee's recommendation.

Staff negotiated with Lee + Ro, Inc., to clarify the project scope, assumptions used in estimating the work effort, and the proposed approach. Discussions focused on assigning appropriate personnel, reducing unnecessary drawings and meetings, and refining design deliverables.

Additionally, staff revisited the project's construction cost estimate, which forms the basis for the initial design budget. This review identified deficiencies, resulting in a revised construction cost estimate increase from \$4,270,000 to \$9,375,000. These figures do not include owner-furnished equipment, which consists of IT equipment, estimated at an additional \$7,100,000. Although this equipment is not part of the construction cost estimate, the project requires its installation and commissioning. Therefore, the design consultant must account for it to ensure the design adequately supports its integration and functionality.

	Original Fee Proposal	Negotiated Fee
Total Hours	13,568	10,199
Total Fee	\$3,257,565	\$2,354,485

The negotiated fee decreased the overall level of effort for the project primarily due to the following factors:

- Reduced number of Design Memos (DM) from 22 to 7 by consolidating smaller DMs
- Reduced number of sheets required from 190 sheets to 154 sheets
- Reduced PDR Production Workshops from 19 to 14
- Reduced PDR Focus Meetings from 23 to 14 by consolidating smaller topics
- Reduced Project Coordination Meetings from 12 to 6
- Reduced hours for on-inspection during the Final Design
- Reduced hours for Bid Support Services
- Reduced hours for each meeting and workshop
- Replaced Project Engineer paid at Lead Engineer level with one at Senior Engineer level
- Reduced hours for the Lead Electrical Engineer, Lead Network Architect, Lead Civil/Structural

Engineer, and Senior Engineer, as the Project Engineer already covers responsibilities in these areas

- Eliminated proposed potholing services from subcontractor, T2UE
- Overall, these reductions represent a focused effort to optimize project delivery while maintaining design quality

The Consultant's fringe and overhead costs, which factor into the billing rate, have been substantiated. The contract profit is 6.24%, which is based on an established formula based on OC San's standard design agreements. Staff is requesting a 10 percent contingency to address potential revisions as the project progresses through preliminary and final design.

Based on the above, staff have determined that the final negotiated fee is fair and reasonable for the level of effort required for this project and recommends award of the Professional Design Services Agreement to Lee + Ro, Inc.

CEQA

The project scope of work is included in the "Headworks Rehabilitation at Plant No. 1 (Project No. P1-105)" Mitigated Negative Declaration (MND), State Clearinghouse Number 2019049152.

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Proposed Budget Update FY 2025-26, Page A-7, Industrial Control System & IT Data Center Relocation at Plant No. 1, Project No. P1-138) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Professional Design Services Agreement

SA:lb