



OPERATIONS COMMITTEE

Agenda Report

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File #: 2023-3182

Agenda Date: 11/5/2025

Agenda Item No: 8.

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

SUBJECT:

OCEAN OUTFALLS REHABILITATION, PROJECT NO. J-137

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve a project budget increase of \$10,500,000 for Ocean Outfalls Rehabilitation, Project No. J-137, for a new total project budget of \$110,500,000;
- B. Award a Progressive Design-Build Contract with Aqueos Corporation to provide Phase 1 progressive design-build services for Ocean Outfalls Rehabilitation, Project No. J-137, for an amount not to exceed \$16,130,000; and
- C. Approve an upper limit for this Contract of \$94,193,000, which includes contingency.

BACKGROUND

The Orange County Sanitation District (OC San) either reclaims treated wastewater (known as secondary effluent) from Plant No. 1 and Plant No. 2 through the Groundwater Replenishment System or discharges it to the ocean. Ocean discharge normally occurs through the Long Outfall. The Short Outfall is used during peak wet weather flows that exceed the Long Outfall capacity, during maintenance of the Long Outfall, or in the event of an emergency.

The Short Outfall was constructed in 1954, and extends approximately 7,000 feet offshore with a maximum depth of 65 feet. The Short Outfall has a capacity of 230 million gallons per day (MGD) and includes a 1,000-foot-long diffuser section that disperses treated wastewater into the ocean and ends with a flap gate structure. Effluents flows through the Short Outfall need to be chlorinated and dechlorinated.

The Long Outfall was constructed in 1971 with a capacity of 480 MGD. The main barrel of the pipeline is 21,400 feet long with a maximum depth of 200 feet, followed by a 6,000-foot diffuser section, for a total length of 27,400 feet. When the Long Outfall was put into service, the Short Outfall was placed into standby service.

The outfall system is a vital part of OC San's infrastructure, ensuring that treated water can be safely discharged to the ocean. Maintaining the reliability and performance of this system is essential to

protecting public health and the environment.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Sound engineering and accounting practices, complying with local, state, and federal laws
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

PROBLEM

In 2022, OC San conducted the Ocean Outfall Condition Assessment and Scoping Study, Project No. PS18-09, to evaluate the condition of the Long Outfall. This study identified the need for rehabilitation and outlined recommended repairs for the Long Outfall. To complete this work, the Short Outfall must first be rehabilitated and placed into service so flows can be diverted from the Long Outfall during construction.

PROPOSED SOLUTION

Award a Progressive Design-Build (PDB) contract to rehabilitate both the Long and Short Outfalls. The rehabilitation of the Long Outfall includes unblocking diffuser access ports, replacing hold-down hardware on inspection hatches, adding ballast rock where needed, replacing existing manhole covers, removing internal sediment deposits, and replacing the flap gate.

Before work on the Long Outfall can begin, the Short Outfall must first be rehabilitated and placed into service. This will allow flows to be diverted from the Long Outfall to the Short Outfall while the Long Outfall is temporarily out of service. The Short Outfall rehabilitation will include cleaning the circular diffuser ports, removing internal sediment deposits, sealing the rectangular ports, and performing a detailed inspection.

TIMING CONCERNS

Delaying award of this contract would postpone project completion and could affect the reliability of the ocean outfall system.

RAMIFICATIONS OF NOT TAKING ACTION

Without the ocean outfalls rehabilitation, OC San's treated water discharge system may not operate reliably.

PRIOR COMMITTEE/BOARD ACTIONS

November 2024 - Approved a Professional Services Agreement with Hazen and Sawyer to provide engineering services for Progressive Design-Build Owner-Advisor, Program Management, and Professional Engineering Support Services, Project No. PDB24-00, for an amount not to exceed \$19,340,000; and approved a contingency of \$1,934,000 (10%); and found approval for the Professional Services Agreement with Hazen and Sawyer is not a project subject to the California

Environmental Quality Act.

ADDITIONAL INFORMATION

Design Builder Selection:

On January 30, 2025, OC San hosted a Market Sounding and Industry Forum to assess industry interest in the project and gather feedback from potential proposers before issuing the Request for Proposals (RFP). The event was well attended, with more than 130 participants representing professional firms from across the nation.

Between February 10 and February 27, 2025, OC San held one-on-one meetings with nine interested firms. The purpose of these meetings was to discuss information presented at the Market Sounding event, such as potential risks, project schedule, technical and insurance requirements, commercial terms, and other factors that could affect firms' ability to submit proposals.

OC San issued the RFP on April 29, 2025. It was publicly advertised in the Orange County Register and on the Design-Build Institute of America (DBIA) website, and notifications were sent to professional firms through OC San's Vendor Portal in PlanetBids.

The RFP described the following evaluation criteria, which were used to determine the most qualified Design-Builder.

Description	Points
TECHNICAL PROPOSAL EVALUATION CRITERIA	
Proposer Profile and Minimum Requirements	Responsive/Non-Responsive
Project Understanding and Key Issues	20
Project Team and Key Personnel	20
Project Experience and References	20
Project Delivery and Management Approach	20
Cost Development and Procurement Approach	10
Technical Proposal Maximum Score	90
PRICE PROPOSAL EVALUATION CRITERIA	
Phase 2 Design-Builder's Fee	10
Price Proposal Maximum Score	10
TOTAL PROPOSAL MAXIMUM SCORE	100

This procurement and subsequent evaluation were conducted as a one-step, best-value solicitation in accordance with Section 22185 of the Public Contracting Code (PCC, Division 2, Part 3, Chapter 4.7) and under the guidance of OC San's Owner-Advisor.

OC San offered optional proprietary meetings to allow prospective proposers to ask questions about the project's technical requirements, draft contract documents, and the RFP. These meetings also gave firms the opportunity to discuss preliminary technical concepts, project delivery approaches,

and proposed revisions to the contract documents. Five proprietary meetings were held on May 28 and 29, 2025.

Three proposals were received on July 14, 2025, and evaluated in accordance with the evaluation process set forth in OC San's Purchasing Ordinance, OC SAN-61 by a pre-selected Evaluation Team consisting of OC San staff: Two engineering managers, an Operations Manager, a project manager, and a senior engineer. The team also included non-voting representatives: Two from the Contracts Administration Division (contracts supervisor and senior contract administrator), an environmental protection manager, and four members from the Owner Advisor.

The Evaluation Team scored the proposal on the established criteria as summarized in the table below:

Proposer	Aqueos Corporation	J.F. Brennan Company, Inc.	Ballard Marine Construction, LLC.
Project Understanding & Key Issues (Max. 20 Points)	18.0	14.8	14.0
Project Team & Key Personnel (Max. 20 Points)	16.8	12.8	12.4
Project Experience & References (Max. 20 Points)	18.0	13.2	12.0
Project Delivery & Management Approach (Max. 20 Points)	17.6	14.0	13.6
Cost Development & Procurement Approach (Max. 10 Points)	8.4	7.0	7.0
Total Score (Max. 90 Points)	78.8	61.8	59.0

Based on this scoring, all three proposers were invited for an oral interview.

On August 7, 2025, Contracts Division staff opened fee proposals and reviewed for responsiveness. All fee proposals received were responsive. Using the Cost Criterion Score (Cost Criterion Score = (Lowest Value Proposed)/ (Proposer's Proposed Value) x Maximum possible points) set forth in the RFP, Contracts staff proceeded with scoring fee proposals. Below is the summary of Proposers' fee scores:

Proposer	Phase 2 Design-Builder's Fee (Max. 10 Points)
Ballard Marine Construction, LLC	10.0
Aqueos Corporation	6.1
J.F. Brennan Company, Inc.	4.9

Interviews were conducted on August 13, 2025. After the interviews, the Evaluation Team scored the three Proposers on both their written proposal and oral interview. The Evaluation Team was in consensus regarding the overall ranking of the proposers, and scores were consistent. The table below shows the summary of the final technical scores by proposers.

Proposer	Aqueos Corporation	J.F. Brennan Company, Inc.	Ballard Marine Construction, LLC.
Project Understanding & Key Issues (Max. 20 Points)	19.2	15.2	14.4
Project Team & Key Personnel (Max. 20 Points)	18.0	14.0	13.2
Project Experience & References (Max. 20 Points)	18.0	14.0	12.0
Project Delivery & Management Approach (Max. 20 Points)	18.8	12.4	14.0
Cost Development & Procurement Approach (Max. 10 Points)	9.0	6.8	7.0
Total Score (Max. 90 Points)	83.0	62.4	60.6

The fee score was added to the totals. The table below shows the summary of the final scores by proposers.

Proposer	Aqueos Corporation	J.F. Brennan Company, Inc.	Ballard Marine Construction, LLC.
Project Understanding & Key Issues (Max. 20 Points)	19.2	15.2	14.4
Project Team & Key Personnel (Max. 20 Points)	18.0	14.0	13.2
Project Experience & References (Max. 20 Points)	18.0	14.0	12.0
Project Delivery & Management Approach (Max. 20 Points)	18.8	12.4	14.0

Cost Development & Procurement Approach (Max. 10 Points)	9.0	6.8	7.0
Phase 2 Design-Builder's Fee (Max. 10 Points)	6.1	4.9	10.0
Total Score (Max. 90 Points)	89.1	67.3	70.6

Based on the scoring shown above, Aqueos Corporation was selected as the best value Design-Builder based on several factors, including technical design, construction expertise, financial stability, labor availability, safety record, and competitive fee. In its technical proposal and oral interview, Aqueos Corporation demonstrated strong multidisciplinary capabilities. The firm uses small workgroups and workshops to foster trust, encourage innovation, and expedite project delivery. It also applies a tiered approach to conflict resolution that promotes collaboration while minimizing risk during project delivery. Based on these strengths and the evaluation scoring, the team determined that Aqueos Corporation represents the best-value Design-Builder to successfully complete the scope of work at a competitive price.

Negotiations:

Based on the Evaluation Committee's recommendation, the Director of Engineering authorized the start of negotiations on August 21, 2025, with the highest-ranking proposer, Aqueos Corporation.

Beginning on August 25, 2025, staff conducted negotiations with Aqueos Corporation to clarify the scope of work, contractual requirements, key assumptions, and the proposed approach for meeting the project's goals and objectives.

Several meetings and a site visit were held during negotiations. The scope was revised to include replacement of Outfall Isolation Valve No. 4, a valve that connects the Long and Short Outfalls together, to ensure reliable isolation during the project's construction phase. The scope also includes installing a temporary chlorination tank to ensure OC San's compliance with its NPDES permit during Short Outfall service. An improved assumption was added for the CEQA support task based on recent meetings and discussions with the California Coastal Commission. The Phase 1 schedule and design allowance task were also refined.

	Original Amount	Final Negotiated Amount
Phase 1 Services	\$14,192,699	\$16,130,000

The Design-Builder proposed several exceptions to the contract, including provisions related to insurance, limitation of liability, waiver of consequential damages, and indemnification. These exceptions were reviewed, revised, and approved during negotiations by the Legal Counsel and Risk Management teams from both OC San and the Design-Builder. Certain terms, such as beneficial occupancy and material price escalation, were identified as potential items for negotiation during a future Guaranteed Maximum Price (GMP) amendment.

Based on the results of these negotiations, staff determined that the final negotiated fee is fair and reasonable for this project and recommends awarding the PDB contract to Aqueos Corporation.

OC San underestimated the Phase 1 and Phase 2 costs. Only 10% of the construction cost was budgeted for design, construction services, project management, and underwater inspection. Additional budget is needed for design and project management costs, revised scope items described above, and higher inspection costs. A budget increase of \$10,500,000 is recommended to provide sufficient funds for the PDB contract upper limit.

Future Environmental Compliance Task Budget

There are regulatory requirements for seawater testing and ocean monitoring activities while the Short Outfall is in service. OC San's Environmental Compliance Department will carry out these activities using a combination of consultants, temporary staff, internal personnel, and a contracted crewed vessel. This item will be presented to the Board for approval at a later date. Recent budgetary costs indicate that expenses for these activities will exceed the \$3,300,000 initially allocated for this portion of the project.

CEQA

The Phase 1 Scope of Services is exempt from CEQA under the Class 1 and 6 categorical exemptions set forth in California Code of Regulations Sections 15301 and 15306. A Notice of Exemption will be filed with the OC Clerk-Recorder and State Clearinghouse after the OC San's Board of Directors approval of the Progressive Design-Build Contract. The Phase 1 services include an evaluation of CEQA requirements for Phase 2, Final Design and Construction. Appropriate CEQA documentation will be filed in the future if required.

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget Update FY 2025-26, Page A-6, Ocean Outfalls Rehabilitation, Project No. J-137). The project budget increase will not affect the current fiscal year cashflow and will be included in the budget approval process for the upcoming fiscal year.

ATTACHMENT

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

- Draft Progressive Design-Build Contract
- Presentation

VP:lb