



OPERATIONS COMMITTEE

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Agenda Report

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Agenda Item No: 14.

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

SUBJECT:

PROGRESSIVE DESIGN-BUILD OWNER ADVISOR, PROGRAM MANAGEMENT, AND PROFESSIONAL ENGINEERING SUPPORT SERVICES, PROJECT NO. PDB24-00

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve 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
- B. Approve a contingency of \$1,934,000 (10%).
- C. Find approval of the Professional Services Agreement with Hazen and Sawyer is not a project subject to the California Environmental Quality Act.

BACKGROUND

Recently, the State of California approved SB-991, expanding local agencies' Design-Build authority to utilize additional collaborative delivery methods such as Progressive Design-Build (PDB). PDB allows the public owner to select a design-builder based on qualifications and collaboratively progress through design development to establish a Guaranteed Maximum Price. This approach offers direct collaboration with the design-builder during the design and construction phases, facilitates early identification of construction-related risks, provides opportunities to shorten project schedules, and ensures a single point of responsibility for design and construction is borne by the design-builder.

To ensure the success of PDB, the Design Build Institute of America's best practice is to hire an Owner Advisor, especially for organizations new to Design-Build project delivery methods. Initially, two projects have been identified for PDB delivery: Ocean Outfalls Rehabilitation, Project No. J-137, and Laboratory Replacement at Plant No. 1, Project No. J-133.

RELEVANT STANDARDS

- Comply with California Government Code §4526: Select the “best qualified firm” and “negotiate fair and equitable fees”
- Protect OC San assets
- Ensure the public’s money is wisely spent
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

PROBLEM

To successfully implement the PDB program, the Orange County Sanitation District (OC San) requests to hire an Owner Advisor with experience in PDB delivery methods. OC San does not have specific expertise in ocean outfall rehabilitation and laboratory buildings and needs assistance with technical design support and construction management.

PROPOSED SOLUTION

Award a Professional Services Agreement for Progressive Design-Build Owner Advisor, Program Management, and Professional Engineering Support Services, Project No. PDB24-00. The Owner Advisor will establish the PDB program, develop PDB contract template documents, develop PDB standards, and guide OC San staff through the execution process, including solicitation, design, and construction support for select projects using the PDB method. The Owner Advisor will also provide technical support during design and construction management services for the ocean outfall and laboratory projects. Additionally, the Owner Advisor will provide 2,000-hours of on-call PDB support for future projects identified for PDB implementation.

TIMING CONCERNS

Delaying the approval of this agreement would delay completion of several projects and would impact the reliability of Operations for the ocean outfall system.

RAMIFICATIONS OF NOT TAKING ACTION

Without Owner Advisor support, OC San will be unable to execute projects using the PDB delivery method and will miss out on the advantages that this form of delivery offers.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

Consultant Selection:

Prior to the Request for Proposal (RFP) advertisement, OC San staff conducted extensive outreach to other public owners to benefit from their experience and various consultants to research the

availability of potential proposers. On May 2, 2024, OC San issued an RFP for Progressive Design-Build Owner Advisor, Program Management, and Professional Engineering Support Services, Project No. PDB24-00.

The following evaluation criteria were described in the RFP and used to determine the most qualified consultant.

CRITERION	WEIGHT
Program/Project Understanding and Approach	40%
Related Program/Project Experience	25%
Program/Project Team and Staff Qualifications	35%

The pre-proposal meeting attracted a lot of interest. Two proposals were received on July 30, 2024, and evaluated in accordance with the evaluation process set forth in OC San’s Board of Directors Purchasing Ordinance by a pre-selected Evaluation Team consisting of OC San staff; Engineering Managers, Contracts Supervisor, Senior Engineers, and CIP Project Managers.

The Evaluation Team also included one non-voting representative from the Contracts Administration Division and three non-voting technical advisors from the Engineering Department.

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

	Firm	Program/Project Understanding and Approach (Max 40)	Related Program/Project Experience (Max 25)	Program/Project Team and Staff Qualifications (Max 35)	Total Score (Max 100)
1	Hazen and Sawyer	29	20	25	74
2	T. Y. Lin	21	15	19	55

Based on the evaluation results, there was a clear natural break in the scores between the highest-scoring proposer and the other proposer. Therefore, the Evaluation Team did not deem it necessary to conduct interviews.

The proposer with the highest score, Hazen and Sawyer, demonstrated a clear understanding of the Scope of Work and development of the project goals in the first 90 days, along with the Owner Advisor specific risk register. Their technical proposal was well written and showed a strong understanding of OC San’s expectations and level of effort required to support the Scope of Work in the RFP.

Additionally, the proposal highlighted their relevant project experience and a well-defined project execution plan, including the necessary alignment and key decisions needed for all tasks outlined in the Scope of Work. Moreover, Hazen and Sawyer demonstrated effective collaboration among their team members, having worked together on similar projects for a long time as supported by their

references. The team’s experience was well organized and represented all required project roles identified in the RFP.

Review of Fee Proposal and Negotiations:

Proposals were accompanied by sealed fee proposals. In accordance with Purchasing Ordinance, the fee proposal of only the highest-ranked firm was opened after approval by the Director of Engineering of the Evaluation Committee’s recommendation.

To meet the goals and objectives of the Project, on September 9, 2024, OC San staff began negotiations with Hazen and Sawyer to clarify the requirements of the Scope of Work, the assumptions used for the estimated level of effort, and the proposed approach to meet the goals and objectives for the project. Negotiations included multiple meetings, phone calls, and emails to verify assumptions and level of effort, resulting in a \$1,803,684 increase in the overall level of effort.

	Original Fee Proposal	Negotiated Fee
Total Hours	53,958	61,100
Total Fee	\$17,596,316	\$19,340,000

The negotiated fee adjusted the overall level of effort for each task identified within the RFP. While there were some reductions in effort based on clarification of project scope and associated level of effort, the most significant impact to the number of hours was clarification of the construction management efforts. A revised basis of assumption is the Owner Advisor providing full construction management support, which works out to approximately 2.5 full-time equivalents hours over a two-year period, representing a 6,000-hour increase. Two additional mobilizations were also added for diver quality assurance support on the Ocean Outfall Rehabilitation project to reduce overall risk to OC San.

The Consultant’s fringe and overhead costs, which factor into the billing rate, have been substantiated. The contract profit is 5%, which is based on an established formula for OC San’s standard design agreements. Staff is requesting a 10% contingency to address unknowns.

Based on the above, staff has 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 Services Agreement to Hazen and Sawyer.

CEQA

OC San’s approval of the proposed Professional Services Agreement with Hazen and Sawyer is not a project under the California Environmental Quality Act. The proposed Professional Services Agreement is an administrative activity of OC San that involves retaining a professional firm to assist with preparation of necessary engineering documentation for various potential projects. The projects covered by the Professional Services Agreement will be separately and independently evaluated in accordance with CEQA before those projects are approved or implemented. A summary of the anticipated CEQA approach for each of the tasks for which Hazen and Sawyer would be retained are outlined below. The Professional Services Agreement does not commit OC San to any particular development activity in connection with any of the following tasks. Thus, the proposed Professional

Services Agreement is not a project in accordance with State CEQA Guidelines, section 15378(b). Staff will prepare, execute, and file a Notice of Exemption documenting this determination with both the Orange County Clerk and the State Clearinghouse.

Task 1: Program Management Support - N/A

Task 2: Ocean Outfalls Rehabilitation, Project No. J-137; Staff anticipates that the project would be exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations section 15301.

Task 3: Laboratory Replacement at Plant No. 1, Project No. J-133; Staff anticipates that an Initial Study would be performed to determine the appropriate level of CEQA documentation for this activity. These requirements will be completed prior to the award of the construction contract.

FINANCIAL CONSIDERATIONS

Task 1: This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget FY 2024-25 and 2025-26, Section 6, Page 20, Professional & Contractual Services line item for the Contracts, Purchasing, and Material Management Department) and the budget is sufficient for the recommended action.

Task 2: Ocean Outfalls Rehabilitation, Project No. J-137; This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget FY 2024-25 and 2025-26, Section 8, Page 44, CIP Project Detail - Ocean Outfall Rehab., J-137) and the budget is sufficient for the recommended action.

Task 3: Laboratory Replacement at Plant No. 1, Project No. J-133; This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget FY 2024-25 and 2025-26, Section 8, Page 42, CIP Project Detail - Laboratory Repl. at P1, J-133) 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:

- Draft Professional Service Agreement
- Presentation

VP:nd:lb