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**FROM:** James D. Herberg, General Manager  
Originator: Kathy Millea, Director of Engineering

**SUBJECT:**

**LIQUID OXYGEN TANK A REPLACEMENT AT PLANT NO. 2 (FE21-07), SPECIFICATION NO. S-2022-1345BD**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve a General Services Contract with J.R. Filanc Construction Company, Inc. to provide the Liquid Oxygen Tank A Replacement at Plant No. 2 (FE21-07), Specification No. S-2022-1345BD for a total amount not to exceed \$2,608,007; and
- B. Approve a contingency in the amount of \$260,801 (10%).

**BACKGROUND**

The first step in the activated sludge secondary treatment process at Plant No. 2 requires injection of liquid oxygen (LOX) into the reactors. The LOX is delivered by truck and stored in two 40,000-gallon pressurized vessels, Tank A and Tank B, which were installed in 1977.

**RELEVANT STANDARDS**

- Sustain 1, 5, 20-year planning horizons
- Maintain a proactive asset management program
- 24/7/365 treatment plant reliability

**PROBLEM**

Tank A ruptured in 2018 and has been out of service since then. Repair attempts have been unsuccessful. Having two working 40,000-gallon tanks provides back-up LOX storage. Relying on only one tank means more frequent LOX deliveries. The loss of Tank A storage makes the Orange County Sanitation District (OC San) vulnerable and reliant on more frequent LOX deliveries. Currently, LOX is being delivered every other day. If the deliveries were interrupted, OC San would lose secondary treatment capacity at the Plant No. 2 activated sludge facility. Since Tank A is not usable, a rented trailer mounted 9,000-gallon tank is currently on-site to serve in a back-up capacity. If Tank B becomes unavailable, this back-up tank will provide less than three days of oxygen at average flows. When the final expansion of the Groundwater Replenishment System (GWRS) goes

online, more flow could be treated at the activated sludge secondary treatment process at Plant No. 2, and the number of days of storage could drop significantly.

## **PROPOSED SOLUTION**

Approve a General Services Contract for Liquid Oxygen Tank A Replacement at Plant No. 2 (FE21-07), Specification No. S-2022-1345BD. This project will replace the LOX Tank A with a new one of similar size and function.

## **TIMING CONCERNS**

The approval of this service contract to design, build, and commission a new LOX tank is the most feasible way to replace Tank A in the shortest amount of time. Delaying this action means OC San will continue to be vulnerable to the loss of the activated sludge secondary process at Plant No. 2 if LOX deliveries are interrupted.

## **RAMIFICATIONS OF NOT TAKING ACTION**

By not replacing Tank A, the LOX storage system will only have one storage tank, which is the same age as Tank A. There is less than full redundancy currently since the rented trailer mounted tank only provides a few days of storage. If Tank B fails in the future, OC San could potentially lose the entire activated sludge process, thus reducing the treatment capacity of Plant No. 2.

## **PRIOR COMMITTEE/BOARD ACTIONS**

N/A

## **ADDITIONAL INFORMATION**

### Contractor Selection:

OC San requested and advertised for proposals for Liquid Oxygen Tank A Replacement at Plant No. 2 (FE21-07), Specification No. S-2022-1345BD on August 11, 2022. The following evaluation criteria were described in the Request for Proposals (RFP) and used to determine the most qualified Contractor:

<b>CRITERION</b>	<b>WEIGHT</b>
Qualifications & Experience of Firm	Pass/Fail
Proposed Staffing & Project Organization	20%
Work Plan	50%
Cost	30%

Two proposals were received on September 14, 2022 and evaluated in accordance with the evaluation process set forth in OC San's Purchasing Ordinance by a pre-selected Evaluation Team consisting of the following OC San staff: two Engineering Supervisors and one Senior Engineer. The Evaluation Team also included one non-voting representative from the Purchasing Administration Division.

Proposals were accompanied by sealed fee proposals. The fee score was calculated based on proposal price with the low price getting full score (i.e. low price/proposal price x 30% weight). Both proposals passed the Qualifications and Experience of Firm criteria, and the Evaluation Team scored the proposals on the remaining criteria as summarized in the table below:

	Firm	Staffing & Organization (Max 20%)	Work Plan (Max 50%)	Cost (Max 30%)	Total Weighted Score (Max 100%)
1	J.R. Filanc Construction Company, Inc.	14	33	27	74
2	Innovative Construction Solutions	7	27	30	64

Based on the scoring shown above, J.R. Filanc Construction Company, Inc. was selected as the most qualified Contractor at a competitive price and thereby will provide the best value for OC San.

The Contractor has a good history with OC San of successful projects and displayed a strong, comprehensive knowledge of the specific type of work required for completion of the work.

#### Review of Fee Proposal and Negotiations:

Staff conducted negotiations during a virtual meeting with J.R. Filanc Construction Company, Inc. 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.

To mitigate risks of Tank B failure, additional allotment for the temporary LOX tank to be on-site was added. In addition, cost was increased to replace and add several specialized valves to the contract to reduce the risk of project delays. In accordance with purchasing procedures, the negotiated fee is indicated in the following table:

	Original Fee Proposal	Negotiated Fee
Total Fee	\$2,555,000	\$2,608,007

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 approval of the General Services Contract to J.R. Filanc Construction Company, Inc.

#### **CEQA**

The project is exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations Section 15301. A Notice of Exemption will be filed with the OC Clerk-Recorder after OC San Board of Directors approval of the Service Contract.

**FINANCIAL CONSIDERATIONS**

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Adopted Budget, Fiscal Years 2022-2023 and 2023-24, Section 8, Page 47, Small Construction Projects Program, Project No. M-FE) 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](http://www.ocsan.gov)) with the complete agenda package:*

- General Services Contract

SS:tk