



STEERING COMMITTEE

Agenda Report

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Agenda Item No: 2.

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

SUBJECT:

DIGITAL ASSET MANAGEMENT STUDY, PROJECT NO. PS23-04

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve an Amended Professional Services Agreement with Black & Veatch Corporation to provide engineering services for the Digital Asset Management Study, Project No. PS23-04, for an amount not to exceed \$799,917; and
- B. Approve a contingency of \$79,992 (10%).

BACKGROUND

The Orange County Sanitation District (OC San) has an asset management program that aligns with our Strategic Plan and supports the budgeting process. The mission of OC San's asset management program is to ensure OC San's infrastructure is safe and reliable to meet our level of service goals and permit compliance obligations.

As part of this program, the Engineering Department's Asset Management Team develops an annual Asset Management Plan (AMP). The AMP presents key issues and concerns within Reclamation Plant Nos. 1 and 2 and throughout the collection system. The AMP summarizes the condition and remaining useful life of OC San's major assets, and documents the short-, medium-, and long-term plan for each area. The annual update of the AMP ensures the mission, key objectives, and goals of the program are being met.

RELEVANT STANDARDS

- Maintain a proactive asset management program
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard
- 24/7/365 treatment plant reliability
- Protect OC San assets

PROBLEM

Developing the AMP involves collecting and analyzing data from multiple resources including the computerized maintenance management software (Maximo®), the process control software, major equipment dashboards, condition assessment reports, and condition monitoring reports. Collecting the asset information to produce a robust and comprehensive AMP takes considerable time and resources much of which cannot be currently automated. Additionally, project prioritization and timing are currently based on estimating assets' remaining useful life (RUL) and does not necessarily consider risk or consequence of failure. Further developing this will improve the Capital Improvement Program (CIP) and small project delivery planning processes.

After the Board of Directors meeting of March 26, 2025, it was discovered that the original request for proposal scope of work was inadvertently included with the Agreement instead of the negotiated scope of work.

PROPOSED SOLUTION

Conduct a study to enhance asset tracking, develop business intelligence (BI) solutions, and create a robust risk assessment framework. The study will produce a comprehensive digital and dynamic asset management program supported by Power BI dashboards and a risk assessment framework that will allow more accurate asset health and RUL estimations, improve collaboration and decision making, and better optimize project planning.

The amended agreement is being brought back to the Board of Directors for final approval.

TIMING CONCERNS

Initiating this study now is critical to improving the efficiency and quality of the asset management program and will improve long range planning of OC San's CIP and small project delivery.

RAMIFICATIONS OF NOT TAKING ACTION

Not proceeding with this study will limit the ability of OC San's Asset Engineers to leverage more information systems to spot trends and manage risk for OC San's asset management program to further improve asset reliability and performance, reduce operations and maintenance costs, and optimize internal resource utilization.

Without approval of the amended agreement, this study cannot proceed. There is no change to the dollar amount.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

Consultant Selection:

OC San advertised for proposals for Digital Asset Management Study, Project No. PS23-04 on August 28, 2024. The following evaluation criteria were described in the RFP and used to determine the most qualified Consultant.

Criterion	Weighting
Project Understanding and Approach	40%
Related Project Experience	35%
Project Team and Staff Qualifications	25%

Ten proposals were received on October 8, 2024, and evaluated in accordance with the evaluation process set forth in OC San's Purchasing Ordinance by a pre-selected Evaluation Team consisting of OC San staff; one Engineering Supervisor, one Senior Engineer, and One Maintenance Superintendent. The Evaluation Team also included one non-voting representative from the Contracts Administration Division.

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

Proposer	Project Understanding and Approach (Max. 40 Points)	Related Project Experience (Max. 35 Points)	Project Team and Staff Qualifications (Max. 25 Points)	Total Score (Max. 100 Points)
Arcadis US Inc.	29	23	18	70
Arup North America Inc.	20	9	10	39
Black & Veatch Corporation	32	27	20	79
GHD Inc.	24	20	15	59
Hazen & Sawyer	33	27	18	78
HDR Engineering Inc.	28	26	19	73
Kennedy/Jenks Consultants	25	23	15	63
Mott MacDonald	17	11	11	39
Procon Consulting LLC	17	9	9	35
Stantec Consulting Services Inc.	23	21	16	60

Based on this scoring, four Consultants were shortlisted for interview on November 20, 2024. Following the interview, each member of the Evaluation Team scored the Consultants based on both the proposals and interviews using the evaluation criteria and weighting described above. Black & Veatch Corporation was selected as the most qualified Consultant based on the final scores presented below.

Proposer	Reviewer			Total Score (Max. 100 Points)
	1	2	3	
Arcadis US Inc.	70	70	74	72
Black & Veatch Corporation	90	90	80	87
Hazen & Sawyer	78	67	71	73
HDR Engineering Inc.	84	84	80	83

Black & Veatch Corporation had the highest ranked project understanding and approach, a comprehensive list of relevant projects including several in Southern California, and a highly qualified project team that performed well during the interview.

Review of Fee Proposal and Negotiations:

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

Staff conducted negotiations with Black & Veatch Corporation 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 of the project. During the negotiations and discussions, it was agreed to include optional TASK 1.3 Reformatting Asset Registries in the study to improve the efficiency of the work and improve accuracy of the final delivered digital product.

	Original Fee Proposal	Negotiated Fee
Total Hours	3,599	3,612
Total Fee	\$769,807	\$799,917

During contract negotiations, Black & Veatch Corporation identified a clerical error in the hourly rate for one of their technical leads, resulting in an initial fee adjustment to \$806,507. As discussions progressed, adjustments were made to the level of effort based on a more refined understanding of the project scope. This resulted in increased hours for some tasks and reductions for others. Ultimately, the final negotiated agreement reflects a slight increase in total labor hours compared to the initial fee proposal. The Consultant team provided an updated organizational chart to more accurately reflect project team roles and responsibilities that is consistent with the revised cost matrix and fee proposal. Additionally, Black & Veatch Corporation agreed to cap the hourly rate for their principal-in-charge and reduce their overhead rate from 96.41% to 91.72% for consistency with other OC San agreements.

The Consultant's fringe and overhead costs, which factor into the billing rate, have been substantiated. The contract profit is 8.87%, 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 planning study progresses.

Based on the above, staff has determined that the final negotiated fee is fair and reasonable for the project.

CEQA

N/A

FINANCIAL CONSIDERATIONS

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 8, Page 53, Planning Studies Program (M-Studies)) 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:

- Amended Professional Services Agreement (redline)

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