

DATE ISSUED: May 8, 2002

REPORT NO. 02-104

ATTENTION: Honorable Mayor and City Council
Docket of May 14, 2002

SUBJECT: Construction Manager/Program Manager Services with HDR Engineering, Inc., Amendment No. 1

REFERENCE: Manager's Report No. 02-068, dated March 27, 2002

SUMMARY

Issue - What actions should the City Council take regarding the approval of an amendment to the current Construction Management and Program Management (CM/PM) Services Agreement with HDR Engineering, Inc. (HDR) for the Metropolitan Wastewater Department (MWWD)?

Manager's Recommendation - Authorize the City Manager to execute Amendment No. 1 to an existing Agreement with HDR to continue to provide ongoing cm/pm services. This Amendment would increase the current contract amount of \$7,000,000 by an additional \$5,000,000 to an amount not to exceed \$12,000,000 for the three (3) year contract duration. No time extension is requested.

Other Recommendations - None.

Fiscal Impact - The total cost of Amendment No. 1 to the Agreement with HDR is \$5,000,000; this will increase the total cost of the Agreement with HDR Engineering, Inc. to \$12,000,000 over a period of three (3) years.

Funding for the costs of this Agreement is available in Sewer Revenue Funds 41506, 41508, and 41509.

BACKGROUND

The Metropolitan Wastewater Department (MWWD) is currently in the midst of upgrading the Metropolitan Sewerage System, a program that has been ongoing for the past 12 years. MWWD is committed to providing a safe, efficient, regional sewerage system, while supplementing our water supply and meeting federal standards at the lowest possible cost. This goal is being achieved through an aggressive program of planning, research, use of state-of-the-art technology, new construction, and ongoing maintenance of existing facilities. MWWD treats wastewater from over 450 square miles conveyed through thousands of miles of pipe and 83 individual pump stations to the North City Water Reclamation Plant, the Point Loma Wastewater Treatment

Plant, the South Bay Water Reclamation Plant, and two ocean outfalls. MWWD is committed to Mayor Murphy's Goal No. 4, "Clean Up Our Beaches and Bay." We have reduced sewer spills by 34 percent during 2001 through an aggressive program of sewer line televising, cleaning, repair, and replacement. MWWD has a goal of cleaning all 3,000 miles of City sewer lines by early 2004.

Existing Agreement

To assist these activities, MWWD solicited for a Construction Manager/Program Manager in September 2000. In January 2001, HDR was selected as the most qualified firm through a competitive process and in compliance with City Council policy. In June 2001, MWWD entered into a three (3) year, \$7 million Agreement with HDR to provide services for current and upcoming Capital Improvement Projects (CIP), Metropolitan and Municipal Collection System (Muni) Projects, support for MWWD's Sanitary Sewer Overflow Reduction Initiatives (cleaning, televising, repair), and Environmental Protection Agency (EPA) mandated activities.

Since awarding this Agreement, MWWD has issued HDR 13 task orders which have provided all aspects of CM/PM services (see Attachment #1). The total expenditures committed to date is approximately \$6,110,000. Their services have been required for the upgrade, installation, and repair of the Metropolitan Sewerage System, the upgrade of the Municipal Wastewater System, and support to the Sanitary Sewer Overflow Reduction plan. Of the 13 Task Orders, two have been directly related to providing support to the Wastewater Collection (WWC) Division, and five have been directly related to construction management services in support of MWWD CIP and Muni projects. The remainder have been for program management services.

Federal Audit

In calendar year 2001, the EPA conducted a comprehensive, field-level audit of MWWD's WWC Division. As a result of the audit, it is anticipated that the EPA will issue a comprehensive Administrative Order requiring updated procedures, information systems, organizational practices, and logistical support for the City's Municipal Wastewater Collections System.

DISCUSSION

Consultant CM/PM services are crucial to meet various MWWD CIP schedules (design and construction) for the upgrade of the Municipal Wastewater System and the Metropolitan Sewerage System, as well as to support the Department's operation and maintenance needs. The CM/PM consultant is instrumental in assisting MWWD to meet our goal of spill reduction by providing services for the planning, pre-design, and construction management of our Municipal Wastewater Collection system pipeline and pump station projects. Through the Optimization Program, HDR assessed the Wastewater Collection System and the overall operation of the Wastewater Collection Division. The results of their assessment produced a framework for the aggressive program that is currently reducing sewer spills. A compressed time frame will be required to comply with the anticipated stipulations of the EPA's Administrative Order. Since HDR has the background and experience with MWWD's WWC Division's organization through its work with the City's Optimization Program, it is recommended that HDR be retained to provide the specialized technical, organizational, and logistical support to respond to the

anticipated EPA Administrative Order (AO) requirements. This will also allow MWWD to proceed readily with the initial response to the EPA AO. At the same time, MWWD is in the process of soliciting Requests for Proposals (RFPs) for a new CM/PM to assist in the implementation of the requirements of the AO and provide other CM/PM support. It is expected that the new CM/PM will be on board by September 2002.

A major portion of the services to be provided under the proposed contract amendment will be in connection with the ongoing spill reduction activities for the WWC Division. During the last year, the WWC Division has made significant progress in reducing the number of sewer spills. The reduction in spills is a result of significant changes made in the operation and maintenance of the collection system. As a result, HDR's continued services will provide the expertise and continuity necessary to support the WWC Division's endeavor to meet the spill reduction goals.

Key tasks anticipated for the proposed Amendment include:

Support to the WWC Division Sanitary Sewer Overflow Reduction Initiatives

This task includes but is not limited to activities such as development and implementation of Preventative Maintenance Activities, Pump Station Standard Operating Procedures, and Canyon Operations and Maintenance Activities.

Support for Planning and Engineering

This task includes but is not limited to activities such as Master Planning, Condition Assessment, Hydraulic Modeling, Technical Support, GIS Analysis, and Manhole Program Planning, Development, and Mapping.

Construction Management Services for CIP projects

This task includes construction management services ranging from constructibility reviews to full service construction management for future CIP projects.

HDR's existing contract expires in June, 2004, but is nearing its dollar limit. To ensure uninterrupted management of current and future projects, it is recommended the existing Agreement be amended to increase the contract funding. This will provide continued support to the WWC Division and allow additional task orders to be issued as required. An amendment of \$5,000,000 is recommended for a total contract amount of \$12,000,000. No time extension is requested.

Workplace Diversity

HDR has embraced the City of San Diego's goal of providing a diverse working environment. To this end, HDR hired new staff to meet the City's needs and has taken steps to create a more diverse work force in their San Diego offices. Of 14 new-hires, 29% have been from under-represented ethnic groups. Recent additions to HDR's San Diego staff include an African American engineer and a Latino engineer, a Latino controller/accountant, a Latino information systems administrator, and an Asian American project controls administrator.

In pursuing candidates for professional positions, HDR has actively worked with the local chapters of the Black Contractors Association, the National Society of Black Engineers, the Hispanic Society of Engineers, and the Asian Society of Professional Engineers. For administrative staffing, HDR has developed a relationship with Act₁, a certified woman minority business enterprise. HDR is also participating in three programs to assist students from under-represented ethnic groups: INROADS, the MESA Program at San Diego State University, and the Students in Free Enterprise (SIFE) Program at San Diego City College.

Subcontractor Use

In keeping with the City of San Diego’s policy to voluntarily provide subcontracting opportunities to all interested and qualified firms, HDR has retained the following certified sub-consultants as members of their consultant team:

MARRS Services, Incorporated, a certified Women Owned Business Enterprise (WBE)
Richard Brady & Associates and Kleinfelder Associates (RBKA), a certified Disadvantaged Business Enterprise (DBE)
Katz & Associates, a certified DBE and WBE

Due to the nature of this contract, the percentage use of the above-mentioned sub-consultants is dependent upon the tasks authorized by the City and the type of work required. Attachment 2 provides a table for the projected and actual DBE participation for this Agreement.

CONCLUSION

MWWD is currently in the midst of a large Capital Improvement Program that requires ongoing support in program management and construction management. It is crucial that HDR’s Agreement be amended to provide an increase in the contract amount to ensure current and future projects are uninterrupted, to meet Sanitary Sewer Overflow Reduction goals, and to comply with the EPA’s pending Administrative Order.

ALTERNATIVE

1. Do not amend HDR’s existing Agreement for Construction Management and Program Management services at this time.

This alternative is not recommended because of the current level of effort HDR is involved in for the Sewer Overflow Reduction Initiatives. The EPA and the Metropolitan Wastewater Department have implemented requirements and goals to reduce the number of sewer spills by replacing, upgrading, or building new facilities as part of the Municipal Wastewater Collection System. Due to their work on the Optimization Plan, HDR’s knowledge and experience of the WWC system is extremely valuable. Losing this experience is not recommended. Due to the current work load and projects proposed in the near future, City staff would need to be hired to meet a fluctuating workload. It would not be efficient, timely, or cost-effective to establish a new contract or replace HDR with a new consultant for this program at this time.

Respectfully submitted,		
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Scott Tulloch Director Metropolitan Wastewater Department		Approved: Richard Mendes Utilities General Manager
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MENDES/TULLOCH/ME:oc

- Attachments:
1. Current PM/CM Services for HDR Engineering, Inc.
 2. Table of Projected/Actual DBE Participation

Existing PM/CM Services with HDR Engineering Inc.

<u>Task Order #</u>	<u>Project</u>
T.O. #1	Wastewater Collection O&M Support (PM)
T.O. #2	Wastewater Collection CIP Support (PM)
T.O. #3	Torrey Pines Sewer and Water Pipelines (CM)
T.O. #4	Pump Stations #77A and #77B (CM)
T.O. #5	Pump Station #30 (CM)
T.O. #6	Environmental Monitoring Lab (CM)
T.O. #7	NCWRP Demineralization (PM)
T.O. #8	Mechanical Engineering Support (PM)
T.O. #9	East Mission Gorge Pump Station (CM)
T.O. #10	Pump Station Standby Power Measures (PM)
T.O. #11 Reviews	MOC 9 Automotive Repair Facility - Constructibility
T.O. #12	MOC 7 Storage Facility - Constructability Reviews
T.O. #13	Otay River Pump Station (CM)

Based on the 13 Task Orders issued to date, the following table illustrates HDR's projected DBE participation at the time of contract initiation to the actual participation:

<u>Firm</u>	<u>Projected Participation In Proposal</u>	<u>Actual Participation</u>
MARRS Services (WBE/MBE)	20%	20.5%
RBKA Construction & Engineering (DBE)	7%	10.6%
Katz & Associates (DBE/WBE)	1%	0.0%
Total:	28%	31.1%

Both the Total DBE participation, as well as the participation of MARRS Services and RBKA Services, has exceeded the original projections. To date, the City has not requested services of HDR that would require the use of Katz & Associates.