



Los Angeles  
Department of  
Water & Power

RESOLUTION NO. \_\_\_\_\_

**BOARD LETTER APPROVAL**

**ANSELMO G. COLLINS**  
Senior Assistant General Manager  
Water System

Aram Benyamin (May 16, 2024 13:17 PDT)

**ARAM BENYAMIN**  
Chief Operating Officer

Janisse Quiñones (May 23, 2024 19:57 PDT)

**JANISSE QUIÑONES**  
Chief Executive Officer and Chief Engineer

**DATE:** May 20, 2024

**SUBJECT:** Agreement No. 47778 for Design-Build Services for Fairmont Sedimentation Plant with McCarthy/CDM Smith, Inc.

**SUMMARY**

Agreement No. 47778 (Agreement) will provide design-build services for the Fairmont Sedimentation Plant (Project) for a term of six years plus one renewal option year, and for a Project amount not to exceed \$850,000,000 (budgeted) which includes an owner's contingency of \$78,000,000. The Agreement is the result of a competitive process and best-value methodology under Request for Proposal (RFP) No. 90678.

LADWP plans to design and construct the Project to pretreat source water to the Los Angeles Aqueduct Filtration Plant (LAAFP) and reduce the reliance on the Cottonwood Treatment Plant (CTP). The Project will treat source water from the first Los Angeles Aqueduct (LAA1), second Los Angeles Aqueduct (LAA2), and the State Water Project East Branch (SWP-E) and will reduce turbidity, total organic compounds, and arsenic levels using flocculation and sedimentation processes. The Project's treated water will flow 40 miles through the Los Angeles Aqueduct (LAA), including Fairmont Reservoir No. 2, prior to reaching the LAAFP for additional treatment and disinfection.

City Council approval is required in accordance with Charter Section 373.

## **RECOMMENDATION**

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of the Agreement as required in Charter Section 373.

## **ALTERNATIVES CONSIDERED**

The services to be performed by McCarthy/CDM Smith, Inc. requires specialized knowledge and extensive experience with large-scale sedimentation treatment systems which LADWP personnel do not currently possess. Training of LADWP personnel to develop the education and knowledge needed is not feasible since it requires multiple, graduate-level university courses and several years of experience in the design and operation of various types of large-scale sedimentation treatment plants. Engineering designs completed by staff without the appropriate level of expertise may jeopardize regulatory approval.

Additionally, the Power Construction and Maintenance (PCM) Group does not have the resources to build the Project. PCM is currently committed to constructing other LADWP projects.

## **FINANCIAL INFORMATION**

The Agreement to furnish and deliver design-build services for the Project is for a term of six years plus one renewal option year, and a total Project amount not to exceed \$850,000,000 (budgeted) which includes an owner's contingency of \$78,000,000.

The amount that may be paid to McCarthy/CDM Smith Inc. (Design Builder) under the terms of this Agreement for Phase 1 is the Project's design services for an amount not to exceed \$32,438,000 subject to change order authority. The basis for billings and payment under this Agreement shall be pursuant to the Agreement documents, and the Design-Builder's price and fee Proposal. Phase 2 for the Project's construction services targeted value authorization will be established based upon a mutually agreed Guaranteed Maximum Price on or before the LADWP-approved baseline contract schedule completion date for the 60 percent design. The total not-to-exceed Project budget is \$850,000,000.

The Project budget was initially estimated in December 2018 at \$531,000,000 for RFP No. 90678. Due to the escalation of costs of construction, LADWP re-assessed the Project amount not to exceed by using the Department of General Services California Construction Cost Index and the City of Los Angeles Bureau of Engineering's Funding for Construction Cost Inflation Memo to all Los Angeles Municipal Facilities dated July 20, 2022. The current total Project budget was adjusted to \$850,000,000.

## **BACKGROUND**

LAAFP currently receives raw water from two primary sources: the LAA and State Water Project West Branch. A third source, the SWP-E, is anticipated to be accessible upon completion of the Neenach Pump Station, which will pump SWP-E into the LAA downstream of the CTP and upstream of the Fairmont Reservoir No. 2.

The combination of pre-treatment at the CTP and treatment at the LAAFP have been historically effective in meeting water quality regulatory goals; however, this current treatment strategy is approaching its operational limits. Furthermore, the addition of the SWP-E source, which is downstream of pre-treatment at the CTP, could stress or exceed LAAFP's treatment capabilities.

The Fairmont Sedimentation Plant would be an effective replacement to the CTP pre-treatment of LAA source waters, and additionally, would provide the only pretreatment option to any SWP-E source waters prior to the LAAFP. The design and operations of the Fairmont Sedimentation Plant will consider variables such as peak water flows and water quality concentrations for both LAA and SWP-E thus improving the operational flexibility and reliability of the LAAFP.

RFP No. 90678 was advertised on April 8, 2022 and concluded on May 31, 2022. For this Agreement, LADWP used a best-value selection methodology in which Supply Chain Services provided anonymous submittal forms to the Evaluation Committee consisting of five LADWP employees. No cost information, company information, or team information was provided to the Evaluation Committee. The members of the Evaluation Committee independently evaluated and submitted their scores to Supply Chain Services, who then average all the scores of the Evaluation Committee. The top three proposers were selected for their interviews. At the conclusion of the interviews, LADWP selected the top proposer, which was McCarthy/CDM Smith Inc.

This will be McCarthy/CDM Smith Inc.'s first Agreement with LADWP. The Vendor Authentication Unit conducted a review of the company, and there were no issues identified.

The Notice of Compliance with Contracting Out Policy was issued on February 7, 2022.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's (CAO) Report was approved on April 24, 2024.

## **ENVIRONMENTAL DETERMINATION**

Determine item is in compliance with California Environmental Quality Act (CEQA) Guidelines Sections 15070-15075 Mitigated Negative Declaration (MND) previously adopted. In accordance with CEQA, an MND was prepared to analyze the impacts associated with the construction and operation of the Project. On September 5, 2018,

the Board adopted the MND and Mitigation Monitoring and Reporting Program, and approved the Project.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

### **ATTACHMENTS**

- Procurement Summary
- Resolution
- Agreement
- CAO Report