

OTAY WATER DISTRICT  
ENGINEERING, OPERATIONS & WATER RESOURCES COMMITTEE MEETING  
and  
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD  
SPRING VALLEY, CALIFORNIA  
Board Room

**TUESDAY**  
**April 19, 2016**  
**1:00 P.M.**

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

**AGENDA**

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

**DISCUSSION ITEMS**

3. APPROVE AN AGREEMENT WITH KIRK PAVING IN AN AMOUNT NOT-TO-EXCEED \$200,000 FOR AS-NEEDED ASPHALT PAVING SERVICES FROM JULY 1, 2016 THROUGH JUNE 30, 2017 (MARTINEZ) [5 min]
4. APPROVE A REIMBURSEMENT AGREEMENT WITH BALDWIN & SONS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR A PORTION OF THE CAPITAL IMPROVEMENT PROGRAM PROJECT RECPL – 20-INCH, 680 ZONE, VILLAGE 2 – HERITAGE/LA MEDIA, IN THE AMOUNT OF \$265,994.40 (MARTIN) [5 minutes]
5. SAN DIEGO COUNTY WATER AUTHORITY UPDATE (WATTON) [10 minutes]
6. ADJOURNMENT

**BOARD MEMBERS ATTENDING:**

Tim Smith, Chair  
Gary Croucher

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

The Agenda, and any attachments containing written information, are available at the District's website at [www.otaywater.gov](http://www.otaywater.gov). Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

If you have any disability that would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

#### Certification of Posting

I certify that on April 15, 2016 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on April 15, 2016.

/s/ Susan Cruz, District Secretary

# AGENDA ITEM 3



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Jose Martinez, Assistant Chief of Water Operations	PROJECT:	DIV. NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Pedro Porras, Chief of Water Operations <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	AUTHORIZE AGREEMENT WITH KIRK PAVING FOR ANNUAL AS-NEEDED PAVING SERVICES		

### **GENERAL MANAGER'S RECOMMENDATION:**

That the Board authorize entering into an agreement with Kirk Paving in an amount not to exceed \$200,000 for as-needed asphalt paving services from July 1, 2016 through June 30, 2017.

### **COMMITTEE ACTION:**

Please see Attachment A.

### **PURPOSE:**

To present bid results and request that the Board authorize entering into an agreement with Kirk Paving, Lakeside, CA for as-needed asphalt paving services from July 1, 2016 through June 30, 2017 in an amount not to exceed \$200,000.

### **ANALYSIS:**

As a regular course of business, the District is required to maintain and repair its water delivery infrastructure. Routinely this work requires the removal and re-installation of asphalt paving in public roadways. It has been shown more effective and efficient for the District to use outside contractors for its

asphalt paving work. Therefore, the District has used outside asphalt paving contract services for more than eleven (11) years.

As-needed paving services have been included in the FY 2017 Operating Budget under Contracted Services. The FY 2017 budget for annual as-needed paving under Contracted Services is \$200,000.

In accordance with the District's purchasing requirements, a notice was published and bids were solicited for this work on a "unit price" basis. On March 21, 2016 contractors attended a mandatory pre-bid meeting and on April 1, 2016 bids were received and publicly opened with the following results from three (3) bidders:

<b><i>Bidder</i></b>	<b><i>Weighted Score</i></b>
<b>Kirk Paving, Lakeside</b>	<b>397.34</b>
Frank and Son Paving, Bonita	460.10
ABC Construction, San Diego	487.14

The responsive bidder with the lowest weighted score is determined to be the lowest responsible bidder, in this case it is Kirk Paving, of Lakeside, CA.

Kirk Paving served as the FY 2016 as-needed paving service contractor for the District and has performed all required work with no issues noted. Staff is confident that they will be able to perform the required work.

Bids have been submitted on a unit-cost basis for the different types of work typically required during paving. The types of work are assigned a weight factor based on the District's experience of the frequency they will be employed during the term of the agreement and these weights are multiplied by the unit cost to determine a unit score. Unit scores are totaled to provide the overall score of the bid and the contractor with the lowest overall score is the low bidder. Please refer to Attachment B.

**FISCAL IMPACT:**       Joe Beachem, Chief Financial Officer

The FY 2017 budget request includes \$200,000 for as-needed paving services. The project manager has projected that this requested amount is sufficient to cover the anticipated expenses for the paving needs in the 2017 fiscal year.

**STRATEGIC GOAL:**

Strategy: Stewards of Public Infrastructure.  
Goal: Conduct the best practice preventative maintenance activities.

**LEGAL IMPACT:**

None.

Attachment A: Committee Action Form

Attachment B: FY 2017 As-Needed Paving Services Score Sheet



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	AUTHORIZE AGREEMENT WITH KIRK PAVING FOR ANNUAL AS-NEEDED PAVING SERVICES
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### **COMMITTEE ACTION:**

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on April 19, 2016 and the following comments were made:

### **Note:**

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.

# ATTACHMENT B

## FY 2017 As-Needed Paving Services Bid Score Sheet

Months 1-6

Item	Wght	Type of Service	<u>Kirk Paving</u>		<u>ABC Construction</u>		<u>Frank &amp; Son Paving</u>	
			<u>Unit Bid Price</u>	<u>Total Score</u>	<u>Unit Bid Price</u>	<u>Total Score</u>	<u>Unit Bid Price</u>	<u>Total Score</u>
1	10	Asphalt 0"-6"	\$ 14.00	140	\$ 16.70	167.00	\$ 13.00	130.00
2	3	Asphalt 7"-12"	\$ 14.00	42	\$ 15.80	47.40	\$ 14.50	43.50
3	1	Cap/Sheet 0"-1"	\$ 0.10	0.1	\$ 0.20	0.20	\$ 1.00	1.00
4	1	Satin Seal	\$ 0.02	0.02	\$ 0.02	0.02	\$ 0.10	0.10
5	1	Traffic Stripping	\$ 0.20	0.2	\$ 0.20	0.20	\$ 0.75	0.75
6	3	Grinding	\$ 1.50	4.5	\$ 0.50	1.50	\$ 1.70	5.10
7	1	Traffic Loops	\$ 0.10	0.1	\$ 1.00	1.00	\$ 13.00	13.00
8	3	Sand/Seal	\$ 1.45	4.35	\$ 3.00	9.00	\$ 0.25	0.75
9	1	Base Rem/Rep	\$ 0.10	0.1	\$ 0.75	0.75	\$ 12.00	12.00
10	10	Saw Cut 0"-6"	\$ 0.20	2	\$ 0.50	5.00	\$ 1.10	11.00
11	3	Saw Cut 6"-12"	\$ 0.20	0.6	\$ 0.15	0.45	\$ 1.25	3.75
12	1	Saw Cut 12"+	\$ 0.20	0.2	\$ 0.10	0.10	\$ 1.75	1.75
13	1	Chip Seal*	\$ 1.50	1.5	\$ 0.75	0.75	\$ 1.50	1.50
14	3	1.5" Grind & Pav	\$ 1.00	3	\$ 3.40	10.20	\$ 1.95	5.85
<b>Score Month 1-6</b>			<b>198.67</b>		<b>243.57</b>		<b>230.05</b>	

Months 7-12

Item	Score	Type of Service	<u>Unit Bid Price</u>		<u>Unit Bid Price</u>		<u>Unit Bid Price</u>	
			<u>Total Score</u>	<u>Total Score</u>	<u>Total Score</u>	<u>Total Score</u>		
1	10	Asphalt 0"-6"	\$ 14.00	140	\$ 16.70	167.00	\$ 13.00	130.00
2	3	Asphalt 7"-12"	\$ 14.00	42	\$ 15.80	47.40	\$ 14.50	43.50
3	1	Cap/Sheet 0"-1"	\$ 0.10	0.1	\$ 0.20	0.20	\$ 1.00	1.00
4	1	Satin Seal	\$ 0.02	0.02	\$ 0.02	0.02	\$ 0.10	0.10
5	1	Traffic Stripping	\$ 0.20	0.2	\$ 0.20	0.20	\$ 0.75	0.75
6	3	Grinding	\$ 1.50	4.5	\$ 0.50	1.50	\$ 1.70	5.10
7	1	Traffic Loops	\$ 0.10	0.1	\$ 1.00	1.00	\$ 13.00	13.00
8	3	Sand/Seal	\$ 1.45	4.35	\$ 3.00	9.00	\$ 0.25	0.75
9	1	Base Rem/Rep	\$ 0.10	0.1	\$ 0.75	0.75	\$ 12.00	12.00
10	10	Saw Cut 0"-6"	\$ 0.20	2	\$ 0.50	5.00	\$ 1.10	11.00
11	3	Saw Cut 6"-12"	\$ 0.20	0.6	\$ 0.15	0.45	\$ 1.25	3.75
12	1	Saw Cut 12"+	\$ 0.20	0.2	\$ 0.10	0.10	\$ 1.75	1.75
13	1	Chip Seal*	\$ 1.50	1.5	\$ 0.75	0.75	\$ 1.50	1.50
14	3	1.5" Grind & Pav	\$ 1.00	3	\$ 3.40	10.20	\$ 1.95	5.85
<b>Score Month 7-12</b>			<b>198.67</b>		<b>243.57</b>		<b>230.05</b>	
<b>Total Score</b>			<b>397.34</b>		<b>487.14</b>		<b>460.1</b>	

# AGENDA ITEM 4



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	R2084-001103
		DIV. NO.	1
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company, for a Portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, Project Location Santa Victoria Road		

### **GENERAL MANAGER'S RECOMMENDATION:**

That the Otay Water District (District) Board of Directors (Board) approve the request for the General Manager to execute a Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company (Baldwin & Sons) for the construction of a 20-inch recycled water pipeline on Santa Victoria Road between Santa Carolina Road and Santa Alexia Avenue, for a portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, in an amount of \$265,994.40 (see Exhibit A for Project location).

### **COMMITTEE ACTION:**

Please see Attachment A.

### **PURPOSE:**

To obtain Board authorization for the General Manager to enter into a Reimbursement Agreement (see Attachment C) with Baldwin & Sons, for reimbursement of construction costs for a 20-inch recycled water pipeline on Santa Victoria Road between Santa Carolina Road and Santa

Alexia Avenue, for a portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, in an amount of \$265,994.40.

**ANALYSIS:**

Baldwin & Sons is developing Otay Ranch Village 2. As part of this development, the District required the developer to prepare a Sub-Area Master Plan (SAMP) to document the potable and recycled water demands, existing facilities, and recommended facilities associated with servicing the development. The Otay Ranch Village 2 SAMP was approved by the District in June 2006. The approved SAMP also identified the District's Capital Improvement Program (CIP) facilities, as defined by the District's approved Water Resources Master Plan, that are to be constructed concurrent with the Otay Ranch Village 2 improvements. The Otay Ranch Village 2 CIP facilities eligible for reimbursement includes the construction of a 20-inch recycled water pipeline in Santa Victoria Road).

Since the Developer is currently required to improve Santa Victoria Road, the Developer has agreed to install approximately 2,000 linear-feet of the 20-inch recycled water pipeline and enter into a Reimbursement Agreement (see Attachment C) per Policy No. 26 with the District.

In compliance with Policy No. 26, the Developer has received three responsive bids for the pipeline construction and submitted copies to the District. Staff evaluated and certified that the bids are in compliance with Policy No. 26 requirements. The total reimbursable bid items and soft costs for each of the responsive bidders is as follows:

<b>CONTRACTOR</b>	<b>BID AMOUNT</b>	<b>SOFT COSTS (5% PER POLICY 26)</b>	<b>TOTAL</b>
<b>Cass Construction Inc.</b>	<b>\$253,328.00</b>	<b>\$12,666.40</b>	<b>\$265,994.40</b>
LB3 Enterprises Inc.	\$276,972.00	\$13,848.60	\$290,820.60
Shilling - Paradise	\$296,774.00	\$14,838.70	\$311,612.70

In accordance with Policy No. 26, Baldwin & Sons is responsible for selecting the lowest responsive and responsible bidder and will be reimbursed for the CIP portions of the Project based on the unit prices submitted with the lowest responsive responsible bid.

The District will inspect the contractors work for compliance with the District's approved plans and facilitate coordination with the contractor and developer.

**FISCAL IMPACT:**

Joe Beachem, Chief Financial Officer

The total budget for CIP R2084, as recommended in the draft Fiscal Year 2017 budget is \$365,000. Expenditures to date are \$599. Total commitments to date, including this Agreement, are approximately \$330,994 (see Attachment B for budget detail).

The Project Manager anticipates that, based on the attached financial analysis, the proposed budget, if approved by the Board will be sufficient to support this Project.

Finance Department has determined that, under the current rate model, 100% of the funding will be available from the Expansion Fund.

**STRATEGIC GOAL:**

This Project supports the District's Mission statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District in a professional, effective, and efficient manner" and the District's strategic goal, "To satisfy current and future water needs for potable, recycled, and wastewater services."

**LEGAL IMPACT:**

None.

DM/RP:mlc

P:\WORKING\CIP R2084 Santa Victoria Reimbursement\Staff Reports\BD 5-4-16, Staff Report, Baldwin Reimbursement

- Attachments: Attachment A - Committee Action
- Attachment B - Budget Detail
- Attachment C - Reimbursement Agreement
- Exhibit A - Location Map



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>  R2084-001103	Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company, for a Portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, Project Location Santa Victoria Road
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### **COMMITTEE ACTION:**

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on April 19, 2016. The Committee supported Staff's recommendation.

### **NOTE:**

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.



## ATTACHMENT B – Budget Detail

<b>SUBJECT/PROJECT:</b>  R2084-001103	Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company, for a Portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, Project Location Santa Victoria Road
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Otay Water District					Date: April 5, 2016
R2084-RecPL - 20-Inch, 680 Zone, Village 2-Heritage/La Media					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment &amp; Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
365,000					
<b>Planning</b>					
	-	-	-	-	
	-	-	-	-	
<b>Total Planning</b>	-	-	-	-	
<b>Design</b>					
	-	-	-	-	
	-	-	-	-	
<b>Total Design</b>	-	-	-	-	
<b>Construction</b>					
Conversion Cost Type		-	-	-	
Labor	65,000	599	64,401	65,000	
Reimbursement Agreement	265,994	-	265,994	265,994	Baldwin & Sons, LLC
<b>Total Construction</b>	330,994	599	330,395	330,994	
<b>Grand Total</b>	<b>330,994</b>	<b>599</b>	<b>330,395</b>	<b>330,994</b>	

**REIMBURSEMENT AGREEMENT**  
**For**  
**CAPITAL IMPROVEMENT PROGRAM WATER FACILITIES**  
**Associated With**  
**BALDWIN & SONS, LLC AT OTAY RANCH VILLAGE 2 SOUTH BBIP**  
**R2084**

This Reimbursement Agreement (“**Agreement**”) is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the Otay Water District, a Municipal Water District formed under the Municipal Water District Act of 1911 (“**District**”) and Baldwin & Sons, LLC a California Limited Liability Company, with an address at 610 West Ash St., Suite 1500, San Diego, CA 92101 (“**Developer**”), in view of the following facts and for the following purposes:

**RECITALS**

A. District’s Board of Directors has adopted a Master Plan and approved a Capital Improvement Program (“**CIP**”) for all regional water facilities (“**Planned CIP Facilities**”) throughout the District. There are a number of Planned CIP Facilities within and adjacent to Otay Ranch Village 2 South BBIP (the “**Development**”), which Developer will construct within District’s service area in the City of Chula Vista, California (the “**Required CIP Facilities**”).

B. In connection with the Development and the Required CIP Facilities, Developer was required to complete a Sub-Area Master Plan (the “**SAMP**”) upon which the Required CIP Facilities are identified. If required, the SAMP has been completed, is entitled “Subarea Water Master Plan of Potable and Recycled Water for Otay Ranch Village 2,” dated June 1, 2006, and is incorporated herein by reference. Developer will complete the Required CIP Facilities as identified in the SAMP, if any, or/and as depicted or described in Exhibit A attached hereto.

C. Developer intends to develop its property, which will include substantial public improvements, including the construction of certain Required CIP Facilities, as more fully depicted or described in Exhibit B.

D. Developer recognizes that District will need to construct regional facilities to support this Development, typically in advance of the Developer paying all capacity fees.

E. Developer shall conform to, and comply with, all of the conditions set forth in District’s current Policy 26, attached hereto as Exhibit C.

F. Developer shall comply with all terms and conditions in the current District’s Code of Ordinances and in the District’s Standard Specifications.

G. Developer agrees to encourage participation by Emerging Business Enterprises on construction contracts related to this Agreement.

H. In coordination with this Agreement, Developer and District have entered into that certain Agreement Otay Ranch Village 2 South BBIP for Construction of a Water System dated March 16, 2016 (“**Construction Agreement**”), wherein Developer’s obligations regarding the construction and completion of the Required CIP Facilities are more fully set forth. The Parties

acknowledge that, where the terms and conditions of this Agreement conflict with the Construction Agreement on matters pertaining to construction and completion of the Required CIP Facilities, the Construction Agreement will control. Similarly, where the terms and conditions of the Construction Agreement conflict with this Agreement on matters pertaining to the reimbursement of Developer by District, this Agreement will control.

### **OPERATIVE PROVISIONS**

**NOW, THEREFORE**, in consideration of the above Recitals and of the promises and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, District and the Developer do hereby promise and agree as follows:

1. **Project Cost and Construction**

Developer shall design, construct, install, and complete the Required CIP Facilities in the manner more fully set forth in the Construction Agreement, and shall provide all funds needed for the design, construction, installation, and completion of the Required CIP Facilities. In order to remain eligible for reimbursement as provided under this Agreement, the Required CIP Facilities must be constructed and completed within the time provided in the Construction Agreement. Furthermore, to remain eligible for reimbursement, Developer must construct the Required CIP Facilities in compliance with all applicable laws, rules and regulations. The estimated cost of the Required CIP Facilities, as set forth in the Construction Agreement, is Two Hundred Sixty-Five Thousand Nine Hundred Ninety-Four Dollars and forty cents (\$265,994.40).

2. **Reimbursement**

Developer shall be entitled to reimbursement for the cost and expense of constructing and completing the Required CIP Facilities consistent with District's Policy No. 26 and consistent with the Construction Agreement. Except as provided in Policy 26, the District will pay 100% of the reimbursement cost after the General Manager accepts the project and the Board approves the request for reimbursement.

Developer shall submit a request for reimbursement in writing to District and shall attach all documents necessary to demonstrate, to the satisfaction of District, that the Required CIP Facilities have been completed and accepted and the costs and expenses have been actually and reasonably incurred. The necessary documents shall include (i) copies of bid documents, (ii) invoices, (iii) unconditional lien releases, and (iv) any other documentation as requested by the District.

3. **Termination**

If not otherwise earlier terminated, this Agreement shall terminate on the earlier of (i) the date on which the reimbursements contemplated herein have been paid, or (ii) five (5) calendar years from the date first set forth above, which shall be the date of Board approval; however, all of Developer's warranties and indemnification obligations shall remain in effect until terminated in accordance with their respective terms. District may terminate this Agreement and its obligations upon thirty (30) days written notice to Developer, if the General Manager

determines that Developer has failed to comply with its obligations under this Agreement or under the Construction Agreement.

4. **Plan Submittal**

Developer shall be required to adhere to District's process for submittal of improvement plans, which includes securing bonding for all facilities to be constructed, construction agreements, deposits for District staff time and project acceptance.

5. **Record Keeping**

Developer shall keep an accurate record of the actual costs to construct the Required CIP Facilities for which reimbursement is requested, in accordance with generally accepted accounting procedures. Developer shall allow an authorized District representative, during Developer's regular business hours and upon reasonable notice, to examine and duplicate any records relevant to verifying the actual cost to construct the Required CIP Facilities, including, without limitation, all contract bids and invoices. Any changes occurring during construction shall be properly documented. Back-up documentation shall be kept by Developer for four (4) years after the completion of the Required CIP Facilities and be provided to District for its review upon its request.

6. **Change Orders**

No change orders will be permitted unless the change order results from a change in the work, design or specifications initiated by District during the construction of the Required CIP Facilities.

7. **General Provisions**

a. **Incorporation of Recitals and Exhibits.** The recitals set forth above and all exhibits referenced in this Agreement are hereby incorporated by reference into this Agreement to be given the same force and effect as if fully set forth herein.

b. **Amendments.** No amendment, modification, supplement, termination or waiver of any provision of this Agreement shall be effective unless executed in writing by both parties and then only in the specified instance and for the specific purpose given.

c. **Notices.** Any demand upon or notice required or permitted to be given by one party to the other party shall be in writing. Except as otherwise provided by law, any demand upon or notice required or permitted to be given by one party to the other party in connection with this Agreement shall be effective (i) on the date a personal delivery is accepted; (ii) on the date a facsimile of the notice is sent, or on the next business day if the fax is sent after 5:00 p.m. or on a Saturday, Sunday or holiday, provided that receipt and confirmation of the facsimile transmission is attached to a copy of the faxed notice; (iii) on the second business day after mailing by certified or registered United States mail, return receipt requested; or (iv) on the succeeding business day after mailing by Express Mail or after deposit with a private delivery service of general use (e.g., Federal Express), postage or fee prepaid as appropriate, addressed to the party at the address shown below:

**If to District:** Otay Water District  
2554 Sweetwater Springs Boulevard  
Spring Valley, California 91978-2004  
Attn: General Manager

**If to Developer:** Nick Lee  
Baldwin & Sons, LLC  
A California Limited Partnership  
610 West Ash St  
San Diego, California 92101  
Telephone: (619) 234-4050  
Facsimile: (619) 234-4088

Notice of change of address shall be given by written notice in the manner set forth in this paragraph.

d. Indemnity. Developer agrees to defend (with attorney's approved by District), indemnify, protect, and hold harmless District, its elective and appointive boards, officials, officers, agents, and employees from and against any and all claims asserted or liability established after actual trial which arise from or are connected with or are caused or claimed to be caused by Developer or its agents, officers or employees, in the construction of the Required CIP Facilities, or any part thereof, and all expenses of investigation and defending against same; provided, however, that Developer's duty to defend, indemnify and hold harmless shall not include any claims or liability determined to be due to the sole or active negligence of the District, its elective and appointive boards, officials, officers, agents, and employees.

e. Applicable Law and Venue. This Agreement and each provision herein shall be interpreted in accordance with the laws of the State of California without regard to its conflict of laws principles. The Parties agree that the proper venue for the resolution of any disputes under this Agreement shall be with the Superior Court of the County of San Diego.

f. Successors and Assigns. This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement shall be made without written consent of the parties to this Agreement. Any attempt by the Developer to assign or otherwise transfer any interest in this Agreement without the prior written consent of the District shall be void.

g. Counterparts. This Agreement may be executed in multiple counterparts, each of which counterpart, if fully executed, shall be deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other party to this Agreement is in the physical possession of the party seeking enforcement thereof.

h. Effective Date. This Agreement shall not bind the parties and become effective until such time as the authorized representative of Developer has executed the Agreement, and District has approved and the authorized representative of District has executed this Agreement.

i. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto represent and warrant that: (i) such party is duly organized and existing; (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of any other Agreement to which said is bound.

j. Waiver. The waiver of any term, condition or provision of this Agreement is valid only as to that specific waiver and does not constitute a waiver of, and shall not be construed to waive, any other term, condition or provision of this Agreement.

k. Compliance with Applicable Laws. Developer agrees to comply with all federal, state and local laws, rules, regulations and ordinances that are now or may in the future become applicable to Developer, Developer's business, equipment and personnel engaged in activities covered by this Agreement or arising out of the performance of such activities, including the California Labor Code. Where approval by the District or a District official is required, it shall be deemed general approval only and does not relieve Developer of responsibility for compliance under this Section.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement is executed by District and by Developer as of the date first above written.

**OTAY WATER DISTRICT**  
A California Municipal Water District

By: \_\_\_\_\_  
General Manager

Approved as to Form:

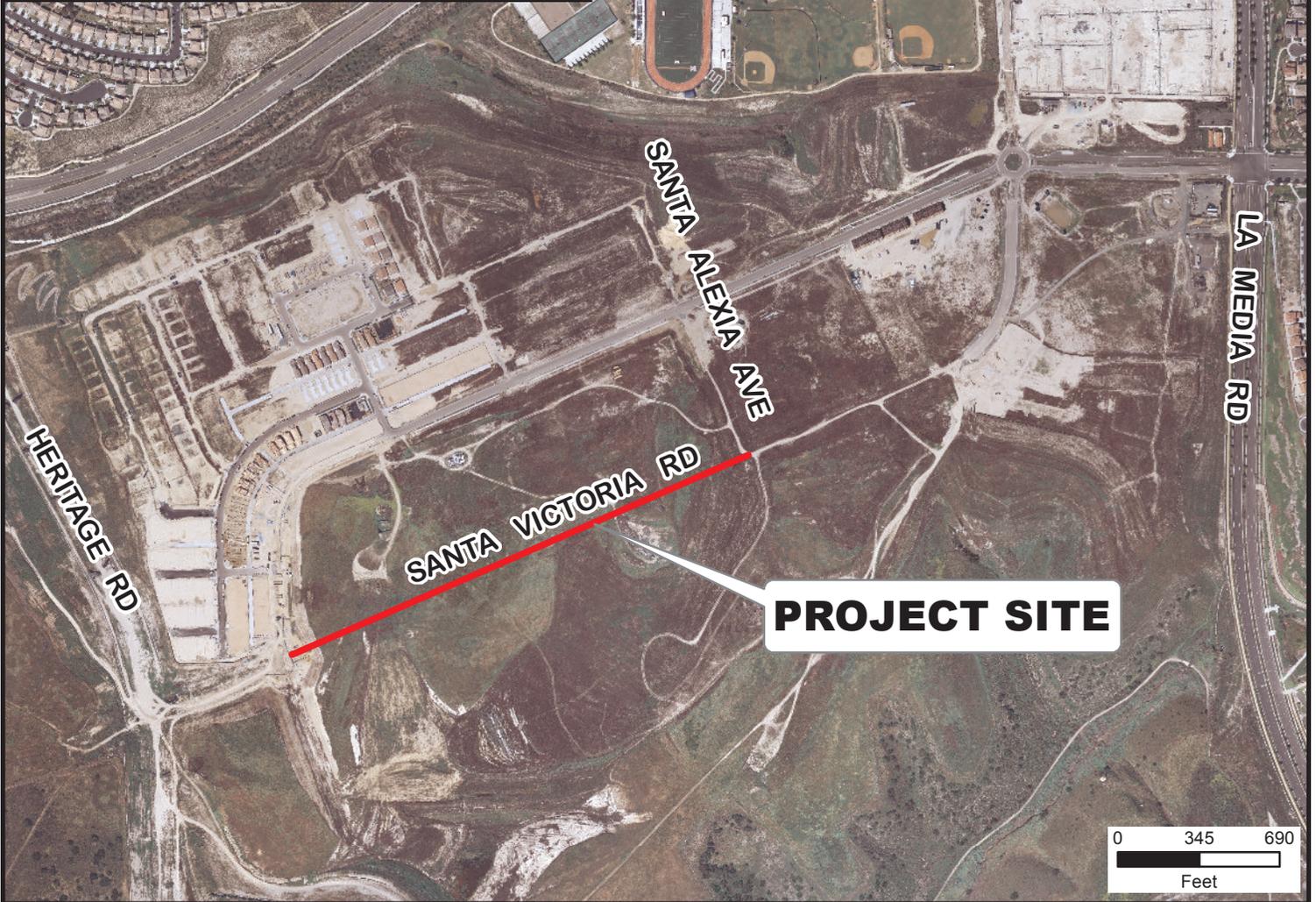
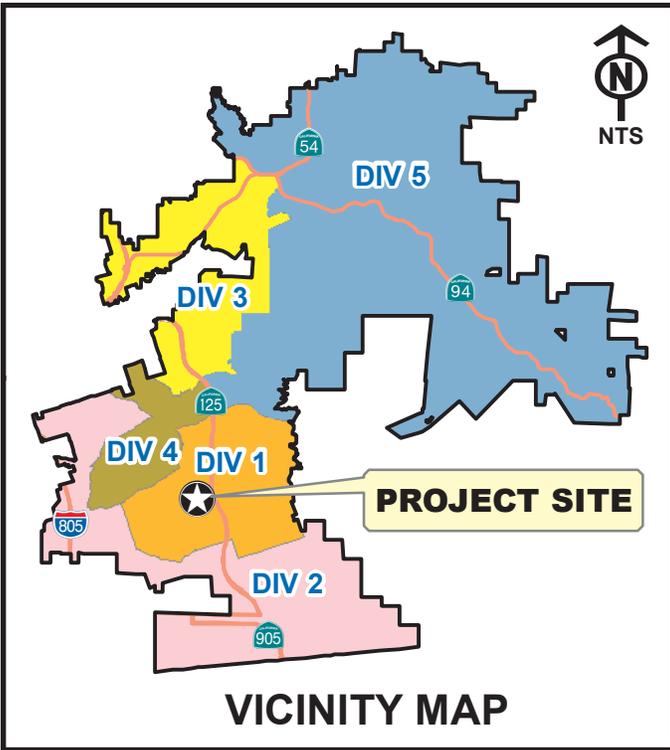
\_\_\_\_\_  
General Counsel

**BALDWIN & SONS, LLC**  
A CALIFORNIA LIMITED LIABILITY COMPANY

By: \_\_\_\_\_

Its Vice President

Date: \_\_\_\_\_



**OTAY WATER DISTRICT**  
**20-INCH RECYCLED WATER MAIN**  
**LOCATION MAP**



**OTAY WATER DISTRICT  
CAPITAL IMPROVEMENT PROGRAM**

<b>PROJECT TITLE:</b> RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media		<b>CIP Number:</b> R2084	
		<b>DIRECTOR DIVISION:</b>	1
<b>PROJECT MANAGER:</b>	Stephen Beppler	<b>I.D. LOCATION:</b>	22
<b>ORIGINAL APPROVED DATE:</b>	6/2/2004	<b>PRIORITY:</b>	2
<b>RELATED CIP PROJECTS:</b>	R2083, R2085	<b>BUDGET AMOUNT:</b>	\$365,000

**DESCRIPTION OF PROJECT:**

Construction of approximately 2,000 feet of 20-inch pipeline within the 680 Pressure Zone in Village 2 in Santa Victoria Road from Santa Carolina Road to Santa Alexia Avenue.

**JUSTIFICATION OF PROJECT:**

This project will provide transmission capacity for the recycled water supply pumped from the 680-1 Pump Station to the 680 and higher pressure zones. Significant energy savings will occur due to lower total dynamic head requirements for the 680-1 Pump Station. Funding opportunity is the United States Bureau of Reclamation Water Reclamation and Reuse Program, Title XVI of P.L. 102-575.

**COMMENTS:**

This is a developer driven project. A reimbursement agreement is expected to be considered by the Board in FY 2017.

Developer budget is 2,000 LF at a cost of \$150 per foot for a total of \$300,000  
 Inspection and staff budget is \$65,000  
 This CIP budget was reduced from \$970,000 to \$365,000 for the FY 2017 CIP budget.

**FUND DETAILS:**

FUNDING SOURCE:	Expansion	Betterment	Replacement	New Water Supply	Total
Expansion	100 %	0 %	0 %	0 %	100 %
<b>TOTAL:</b>	100 %	0 %	0 %	0 %	100 %

**EXPENDITURE SCHEDULE (X \$1,000):**

PRIOR YEARS:	FY	FY	FY	FY	FY	FY	FY	
TOTAL	2017	2018	2019	2020	2021	2022	Total	
	\$0	\$10	\$40	\$315	\$0	\$0	\$0	\$365

<b>OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY</b>			
Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

#### PURPOSE

This policy establishes guidelines for how the District will administer reimbursement agreements for facilities, both Master Plan and Non-Master Plan. It also describes when and how the District will participate in the cost of such facilities.

#### BACKGROUND

Policy 26 requires that development which creates the need for new facilities must bear all costs to construct and finance the on-site, in-tract and off-site water, wastewater, and recycled water systems.

"On-site" facilities are defined as those pipelines, pump stations and reservoirs required within a developer's project boundaries. "Off-site" facilities are those facilities located outside a project's boundary that are required to serve the project. "In-tract" facilities are defined as those non-regional facilities that serve only the project being constructed. These facilities are typically 6 inch through 12 inch pipelines. In-tract facilities are the sole responsibility of the developer/property owner until the facilities and all required property easements are dedicated to, and accepted by, the District pursuant to authority granted by the Board to the General Manager.

The District's Master Plan includes all regional on-site and off-site facilities anticipated to be necessary to provide service throughout the District. The District's capacity fees have been calculated to pay for the cost of all the regional facilities identified in the Master Plan including the developer/property owner portion of such facilities. The District does not subsidize development but it does undertake responsibility to insure that those regional facilities necessary to serve a particular development are constructed and that the costs associated with the construction of said facilities is fairly distributed among all users.

#### POLICY

A. Master Plan Facilities-Reimbursement by the District: For facilities identified in the Master Plan, both on-site and off-site, the District may reimburse the developer for construction and design costs if the project meets the following guidelines:

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1. The project must be in the District's approved five-year Capital Improvement Program (CIP) at the time of the request, and shall not exceed the CIP budget amount without prior Board approval.
2. The District has approved a Sub-Area Master Plan (SAMP) and any required maps, upon which the facilities are clearly described.
3. The developer makes an irrevocable offer to dedicate the facilities and any easements required for the operation and maintenance of the facilities to the District, which offer is accepted by the General Manager and all applicable language and documentation of the dedication(s) is prepared and recorded, all in the manner authorized by the Board.
4. The developer enters into an Agreement for Construction of a Water System with the District.
5. The developer/property owner obtains bids from qualified contractors and provides copies of the bids to the District. The developer/property owner is responsible for selecting the lowest responsive responsible bidder. The developer/property owner will be reimbursed for the CIP portions of the project based on the unit prices submitted with the lowest responsive responsible bid.
6. The cost of addressing environmental issues, such as burying a reservoir, shall not be reimbursable unless they are currently addressed in the District's Master Environmental Impact Report and CIP.
7. All soft costs, such as engineering, inspection, bonds, etc., will be included in the reimbursement cost at five percent of the construction costs.
8. Except as provided below, the District will pay 100 percent of the reimbursement cost after the General Manager accepts the project.
9. The District may elect to finance the facilities by borrowing if, after analysis by the Finance Department, it is determined that the borrowing fits into the District's financial plan as outlined in Policy 25.
10. If for any reason reimbursement funds are not available at the time the project is operationally complete, the District may elect to defer or a portion of the reimbursement the District determines is due the developer until the General Manager accepts

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the dedication of the project and until all liens, claims and/or bonds, as applicable, have been released in the manner provided under the Agreement for Construction of a Water System.

11. Funds for reimbursement shall be carried as a CIP until the reimbursement is made.
12. Each reimbursement agreement requires approval by the Board. A Staff Report will be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.
13. This type of reimbursement agreement ends five (5) years after Board's original approval. The reimbursement agreement may be terminated prior to said (5) year term by the General Manager upon a determination that the developer has failed to comply with its obligations under the Reimbursement Agreement or the Agreement for Construction of a Water System.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.

**B. Non-Master Plan Facilities-Reimbursement to Developer by Future Users:** Occasionally, a developer/property owner requests the District to administer a reimbursement agreement to collect money from future customers who connect to the facility built by the developer/property owner. If the District agrees, the District collects the reimbursement amount from each customer connecting to the facility, together with any other District connection fees. The reimbursement portion of the customer's payment is forwarded by the District to the developer/property owner as reimbursement.

The District may administer this type of reimbursement agreement if the developer/property owner's project meets the following criteria and guidelines:

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1. The developer/property owner demonstrates the facilities to be constructed have adequate capacity to serve future customers.
2. The developer/property owner requests and executes a reimbursement agreement, which is presented to the Board for approval in conjunction with the presentation of an agreement to construct.
3. The property owner deposits with the District the estimated cost for District staff to prepare a nexus study and obtain Board approval for the reimbursement agreement. District staff will provide a written estimate of the required deposit to the property owner within 15 days of the property owner's request.
4. The property owner provides three (3) bids from qualified contractors for the purpose of establishing the cost of the facilities and the portion of the reimbursement amount which is to be allocated to future connections.
5. A nexus study shall be performed by District staff to identify those who may benefit from the construction of the proposed facility and the amount they shall reimburse the developer/property owner who constructed the facility.
6. Prior to the public notice being sent to those property owners affected by the reimbursement agreement, an informational staff report will be presented to the Board.
7. The District shall notice all those property owners that will be subject to the reimbursement charge. These property owners will then be responsible to pay their fair share of the cost of the facilities at such time as they connect to the system. The fair share will be based on their Assigned Service Unit/Equivalent Dwelling Unit (ASU/EDU) contribution to the total projected ASU/EDU to use the system. The reimbursement charge will be in addition to any other fees a property owner would pay to the District to obtain service.
8. Each reimbursement agreement requires approval by the Board. Prior to presenting a reimbursement agreement to the Board, staff must obtain two originals signed by an authorized representative of the developer/property owner. A Staff Report must then be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.

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9. This type of reimbursement agreement shall be valid for 10 years from the date of Board approval. After the 10 year period has lapsed the collection of the reimbursement amount by the District shall cease.
10. Concurrently with submission of a signed reimbursement agreement, the developer/property owner must pay an administrative fee to the District to defray costs related to the review of the request and the negotiation and execution of the reimbursement agreement. The amount of the administrative fee will be calculated at the staff rate existing at the time of said submission.
11. In addition, concurrently with payment of the fee described above, developer must pay a fee to defray costs estimated to be incurred per each connection to be established during the term of the reimbursement agreement. The amount of this fee will be calculated based on an estimated 6 man hours per connection. The staff rate in existence at the time the reimbursement agreement is executed will be used as a base and it will be projected to change each year to account for changes in the COLA, as determined by the District's finance department.
12. The District will not distribute any reimbursement funds to the developer/property owner until the project has been accepted by the Board. The distribution of reimbursement funds will occur as the District collects the funds from new customers who connect to the facility, but not more frequently than once per year.
13. District staff shall collect the reimbursement amount due at the same time the standard District capacity fees for the new service are collected.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.

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C. Non-Master Plan Facilities-Reimbursement to Developer by the District: Normally the District would not participate in the cost of facilities which are not identified in the Master Plan. These facilities are of benefit only to the adjoining property and should ordinarily be financed solely by the developer/property owner proposing the new facility. Nonetheless, there may be circumstances where the General Manager determines that it is appropriate for the District to participate in the cost of a non-Master Plan facility. Typical reasons would be in order to accommodate future growth or betterment of the system. In these instances, the District may establish special fees to recover the reimbursement costs from benefiting property owners as they connect to the system.

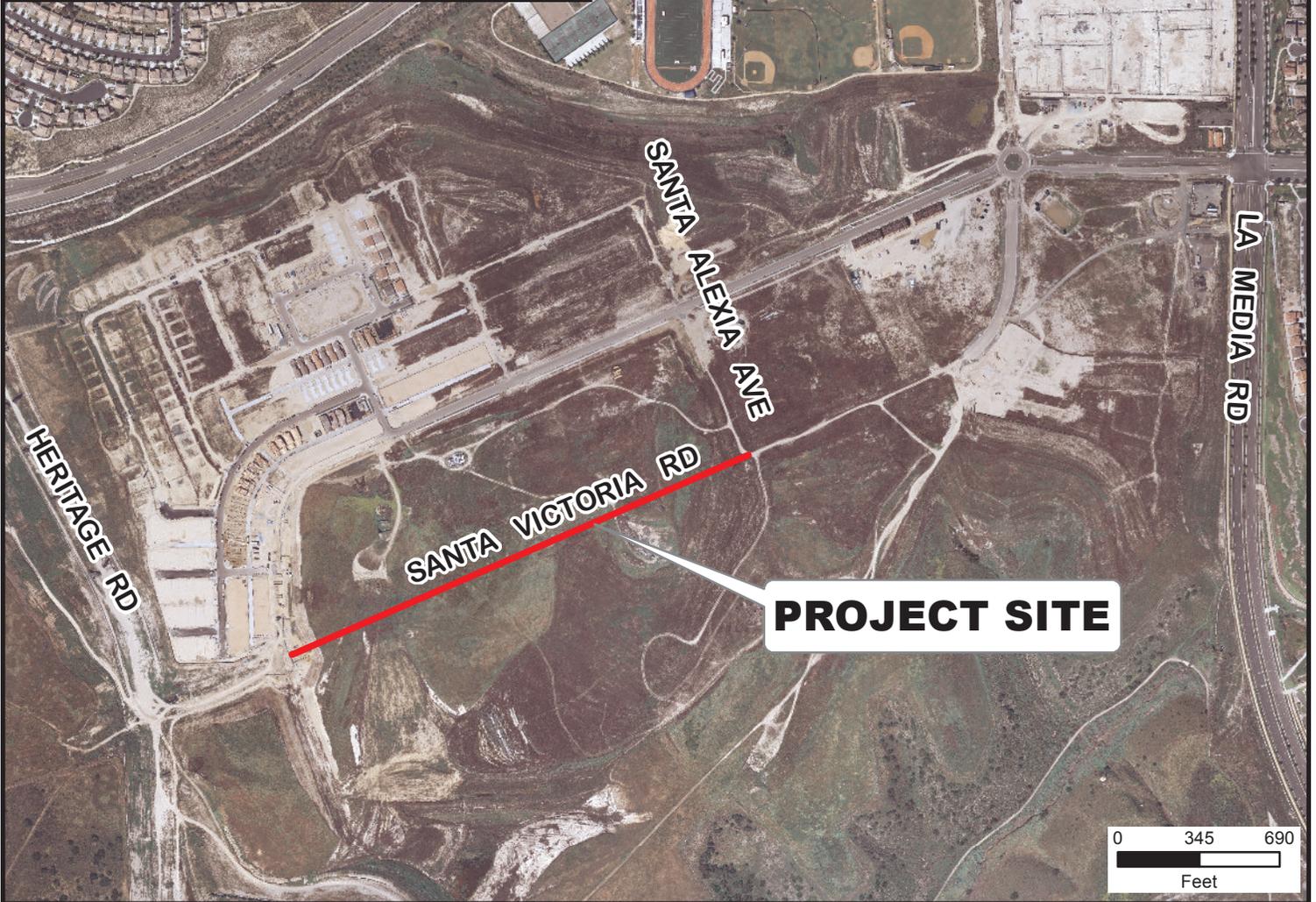
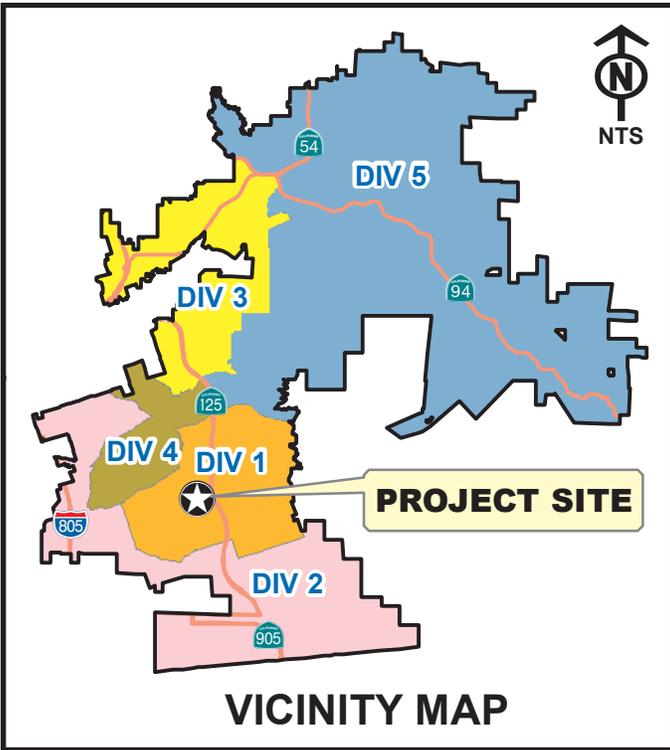
The District may reimburse the developer/property owner for construction costs if the project meets the following criteria and guidelines:

1. The General Manager has determined that it is appropriate for the District's customers to participate in the construction of the project.
2. The developer/property owner shall obtain three (3) bids from qualified contractors and provide copies of the initial bids to the District. The developer/property owner is responsible for selecting the lowest responsive bidder. The developer/property owner will be reimbursed for the CIP portions of the project based on the unit prices submitted with the lowest responsive bid.
3. A nexus study will be performed by the District to identify those property owners who may benefit from the construction of the proposed facility.
4. Prior to the public notice being sent to those property owners affected by the reimbursement agreement, an informational Staff Report shall be presented to the Board.
5. The District shall notice all those property owners which will be subject to the reimbursement charge. These properties will then be responsible to pay their fair share of the cost of the facilities, plus interest, at such time as they connect to the system.
6. The developer/property owner shall request and execute the reimbursement agreement with the District prior to awarding any contracts for construction.

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7. Each reimbursement agreement requires approval by the Board. A Staff Report shall be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.
8. Except as provided below, the District will pay 100 percent of the reimbursement cost after the General Manager accepts the project.
9. The District may elect to finance the facilities by borrowing, if it is determined that borrowing is in the best interest of the District's customers.
10. If for any reason reimbursement funds are not available at the time the project is operationally complete, the District may elect to defer the reimbursement until the General Manager determines that it is appropriate to make payments.
11. Funds for reimbursement shall be carried as a CIP until the reimbursement has been made.
12. This type of reimbursement agreement contains no end date for the collection by the District of its contributed share of the cost, and shall be the responsibility of all current and subsequent property owners.
13. District staff shall collect the reimbursement amount due at the same time the standard District capacity fees for the new service are collected.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.



**OTAY WATER DISTRICT**  
**20-INCH RECYCLED WATER MAIN**  
**LOCATION MAP**

