

OTAY WATER DISTRICT
BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY
January 5, 2011
3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. OATH OF OFFICE CEREMONY

GARY CROUCHER
DAVID GONZALEZ

5. RECESS FOR RECEPTION
6. RECONVENE OTAY WATER DISTRICT BOARD MEETING
7. PRESENTATION OF RECOGNITION PLAQUE TO BOARD PRESIDENT
8. ELECTION OF BOARD PRESIDENT

As per Chapter 2, Section 1.03.B, *Procedure for Election*, of the District's Code of Ordinances, the General Manager shall chair the proceedings for election of the President. The newly-elected President shall assume office immediately and shall chair the proceedings for the election of the Vice President and Treasurer.

9. ELECTION OF BOARD VICE PRESIDENT
10. ELECTION OF BOARD TREASURER
11. CONVENE OTAY SERVICE CORPORATION BOARD MEETING
12. ELECTION OF OFFICERS
 - a) PRESIDENT
 - b) VICE-PRESIDENT
 - c) TREASURER

13. APPOINTMENT OF OFFICERS
 - a) EXECUTIVE DIRECTOR
 - b) CHIEF FINANCIAL OFFICER
 - c) SECRETARY
14. ADJOURN OTAY SERVICE CORPORATION BOARD MEETING
15. CONVENE OTAY WATER DISTRICT FINANCING AUTHORITY BOARD MEETING
16. ELECTION OF OFFICERS
 - d) PRESIDENT
 - e) VICE-PRESIDENT
 - f) TREASURER
17. APPOINTMENT OF OFFICERS
 - d) EXECUTIVE DIRECTOR
 - e) CHIEF FINANCIAL OFFICER
 - f) SECRETARY
18. ADJOURN OTAY WATER DISTRICT FINANCING AUTHORITY BOARD MEETING
19. RECONVENE OTAY WATER DISTRICT BOARD MEETING
20. 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
21. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF JUNE 17, 2010

CONSENT CALENDAR

22. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) AWARD A CONSTRUCTION CONTRACT TO BLASTCO, INC. FOR THE 657-1 AND 657-2 RESERVOIR EXTERIOR/INTERIOR COATING AND UPGRADES PROJECT IN AN AMOUNT NOT-TO-EXCEED \$632,500
 - b) AWARD A CONSTRUCTION CONTRACT TO L.H. WOODS & SONS, INC. IN THE AMOUNT OF \$379,000 FOR THE DEL RIO ROAD AND GILLISPIE DRIVE EMERGENCY INTERCONNECTIONS PROJECT

- c) APPROVE CHANGE ORDER NO. 1 TO THE EXISTING CONTRACT WITH AECOM TECHNICAL SERVICES IN AN AMOUNT NOT-TO-EXCEED \$176,805 FOR THE RANCHO DEL REY GROUNDWATER WELL DEVELOPMENT PROJECT
- d) APPROVE CHANGE ORDER NO. 2 TO THE EXISTING CONTRACT WITH RBF CONSULTING FOR CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FOR THE 36-INCH PIPELINE, SDCWA OTAY FCF NO. 14 TO THE REGULATORY SITE PROJECT IN AN AMOUNT NOT-TO-EXCEED \$101,075
- e) APPROVE CREDIT CHANGE ORDER NO. 3 TO THE EXISTING CONSTRUCTION CONTRACT WITH CCL CONTRACTING, INC. FOR THE JAMACHA ROAD 36-INCH POTABLE WATER PIPELINE AND 12-INCH POTABLE WATER PIPELINE REPLACEMENT PROJECTS IN THE AMOUNT OF <\$1,474,033.22>
- f) APPROVE THE ISSUANCE OF A REQUEST FOR PROPOSAL FOR PHASE 2 OF THE RANCHO DEL REY WELL PROJECT WHICH WILL INCLUDE EQUIPPING THE WELL AND DESIGNING A WELLHEAD TREATMENT FACILITY
- g) DECLARE VEHICLES AND EQUIPMENT SURPLUS TO THE DISTRICT'S NEEDS
- h) APPROVE FISCAL YEAR 2011 EXPENDITURES FOR BANKING SERVICES WITH UNION BANK IN AN AMOUNT NOT-TO-EXCEED THE BUDGETED TOTAL OF \$149,700
- i) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO SUMMIT TRUCK BODIES IN THE AMOUNT OF \$139,797.81 FOR THE PURCHASE OF ONE (1) CLASS 8 SERVICE LINE TRUCK
- j) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO MIRAMAR TRUCK CENTER IN THE AMOUNT OF \$89,925 FOR THE PURCHASE OF ONE (1) NEW CLASS 8 DUMP TRUCK

ACTION ITEMS

23. ENGINEERING AND WATER OPERATIONS

- a) APPROVE WATER SUPPLY ASSESSMENTS AND VERIFICATION REPORTS, AS REQUIRED BY SENATE BILLS 610 AND 221, FOR THE OTAY RANCH VILLAGE EIGHT WEST AND OTAY RANCH VILLAGE NINE PROJECTS (KENNEDY)

24. BOARD

- a) DISCUSSION OF 2011 BOARD MEETING CALENDAR

INFORMATIONAL ITEMS

- 25. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:
 - a) REPORT ON DIRECTOR'S EXPENSES FOR THE 1st QUARTER OF FISCAL YEAR 2011 (PRENDERGAST)
 - b) INFORMATIONAL REPORT ON THE PROPOSED NEW BILL PRINT FORMAT AND ENHANCEMENTS (CAREY)

REPORTS

- 26. GENERAL MANAGER'S REPORT
 - a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE
- 27. DIRECTORS' REPORTS/REQUESTS
- 28. PRESIDENT'S REPORT

RECESS TO CLOSED SESSION

- 29. CLOSED SESSION
 - a. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION [GOVERNMENT CODE §54956.9(a)]
 - (I) MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER AND FILED WITH THE SUPERIOR COURT OF THE COUNTY OF SAN DIEGO CONSOLIDATED UNDER CASE NO. 37-2007-00077024-CU-BC-SC
 - (II) INFRASTRUCTURE ENGINEERING CORP. v. OTAY WATER DISTRICT, COUNTY OF SAN DIEGO, SUPERIOR COURT, CASE NO. 37-2008-00093876-CU-BC-CTL

RETURN TO OPEN SESSION

- 30. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION
- 31. ADJOURNMENT

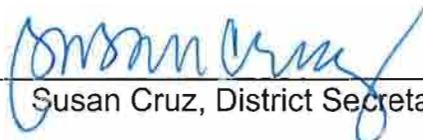
All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

If you have any disability which 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 December 30, 2010, 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 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on December 30, 2010.



Susan Cruz, District Secretary

AGENDA ITEM 21

MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT June 17, 2010

1. The meeting was called to order by President Bonilla at 11:35 a.m.
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL

Directors Present: Bonilla, Breitfelder, Croucher, Lopez and Robak

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Water Operations Manny Magana, General Counsel Yuri Calderon, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Accounting Manager Rita Bell, Engineering Manager Jim Peasley, Engineering Manager Ron Ripperger and District Secretary Susan Cruz and others per attached list.

4. APPROVAL OF AGENDA

A motion was made by Director Breitfelder, seconded by Director Croucher and carried with the following vote:

| | |
|----------|---|
| Ayes: | Directors Bonilla, Breitfelder, Lopez and Robak |
| Noes: | None |
| Abstain: | None |
| Absent: | None |

to approve the agenda.

5. 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

No one wished to be heard.

6. ACCEPTANCE OF RESIGNATION TENDERED BY DIRECTOR LARRY BREITFELDER

Director Breitfelder indicated that in the last forty-eight hours he has been hearing from many people through email, telephone calls and blogs asking him to reconsider resigning from his seat on the Otay Water District board. He stated that they have presented some very good arguments, however, he felt very strongly that the public and the members of the board deserve someone who can give their undivided attention to the duties of this office. He stated that it is with a

heavy heart that he tenders his resignation and he trusts that the members of the board will appoint, in the interim, an individual to fill his seat who will make good decisions in the public's interest until a replacement can be elected in November.

Director Croucher indicated that he appreciated the time he served on the board with Director Breitfelder and that he has learned from him. He stated that it has been a pleasure working together as a group and focusing on the right things for the District and he felt that Director Breitfelder would do the same for the City.

Director Lopez indicated that he has seen Director Breitfelder's political growth and development. He indicated that he felt that the experience he has received at the District has prepared him for a seat on the City of Chula Vista's Council. He stated that the board has always been able to work together as a team and doing what was best for the District and he felt that Director Breitfelder would do the same as a member of the City's Council. He wished Director Breitfelder good luck in the elections in November.

Director Robak congratulated Director Breitfelder on his primary victory and wished him success in the November elections. He indicated that he appreciated his focus as a member of the Otay board and wished him success with the broader perspective of the City of Chula Vista.

President Bonilla indicated that he was sorry to see Director Breitfelder go. He indicated that he has seen his growth and he has shown maturity and the ability to be impartial and a team player. Through his experience with the District, he has developed a confidence that he can be helpful to the City of Chula Vista on a larger scale and that he appreciated the work he did for the District. He indicated that Director Breitfelder had his personal support in his campaign for a Council seat and congratulated him for his success in the primaries.

A motion was made by Director Bonilla, seconded by Director Lopez and carried with the following vote:

| | |
|----------|---|
| Ayes: | Directors Bonilla, Breitfelder, Croucher, Lopez and Robak |
| Noes: | None |
| Abstain: | None |
| Absent: | None |

to accept Director Breitfelder's resignation from the District's Board of Directors.

General Manager Watton invited Larry Breitfelder to the July 7, 2010 board meeting for a reception in his honor to thank him for his service to the District.

7. DISCUSSION ON APPOINTMENT TO VACANCY ON THE BOARD OF DIRECTORS, DIVISION 1

General Counsel Yuri Calderon indicated that he had prepared a brief presentation for the Division 1 seat appointment process. He indicated that the District has three options under California statute:

1. Appoint a new director to serve the remaining time of the Division 1 seat term.
2. The District can call a special election.
 - a. He noted that in this case this option would not be appropriate as the regular election is coming up in a very short period of time.
3. If the District does not take action within 60 days of the vacancy, the County Board of Supervisors will either appoint an individual on behalf of the District or order a special election. The seat cannot sit vacant for more than 60 days.

General Counsel Calderon indicated that when a vacancy occurs, the District must notify the County elections officer, the Voter of Registrar, and the clerk of the San Diego County Board of Supervisors within 15 days of the vacancy that the District intends to make an appointment to fill the seat. He stated that he has prepared a letter and will send it immediately.

He stated that the appointment must be made within 60 days of the date the District received notice of the vacancy or the effective date of the vacancy, whichever is later. He indicated that in this situation, it is the same date, June 17, 2010. He stated that before the District can make an appointment, it must post a Notice of Vacancy in three places within the District for at least 15 days. He stated a copy of the notice has been placed on the dias for each member to review. The District will also distribute press releases indicating the vacancy on the District's board.

He indicated that after an appointment is made, the District must notify:

- Secretary of State within 10 days
- County Registrar of Voters within 15 days
- County Clerk within 15 days
- Clerk of the Board of Supervisors within 15 days

He presented the proposed timeline to fill the vacancy:

- June 17: Effective date of resignation; Board accepts resignation and approves process; notifies agencies; posts notice.
- July 2: Deadline to submit applications; qualify candidates.
- July 5-7: *Ad Hoc* Committee of the Board screens written applications and interview applicants for vacancy.
- July 7: *Ad Hoc* Committee presents finalists for the vacancy. Board interviews and makes appointment at Board meeting.
- July 17: Deadline to notify Secretary of State.

July 22: Deadline to notify County Registrar of Voters, County Clerk (within 15 days), and Clerk of the Board of Supervisors.

General Counsel Calderon stated that candidates must be at least 18 years of age, registered to vote, a U.S. citizen and resident of the State and Division 1. He stated that if there are few candidates, the candidates would be moved forward to the full board to be interviewed. If there are a large number of candidates that will require interviews and screening, the District could implement an Ad Hoc Committee to handle the screening and narrow the pool that will be interviewed by the full board. The board could make an appointment at the beginning of the July 7, 2010 board meeting, which would allow the District to have a full board at that meeting. He stated that the board could also hold a special meeting to appoint the candidate. He noted that this is a suggested timeline for the board's consideration and was a happy to answer questions or comments on modifications to the timeline.

President Bonilla indicated that should there be a large number of candidates, he would like to propose that an Ad Hoc Committee prescreen the candidates. He noted that with Larry Breitfelder's resignation, there will be vacancies in the committee and organizational appointments and he would be contacting each of the Directors to discuss appointments along with appointments to the Ad Hoc Committee to screen candidates for the Division 1 seat.

Director Croucher indicated that he was supportive of the timeline and process proposed by Counsel. Director Lopez stated that he also concurred. Director Robak indicated that if there was a lack of candidates, he would like to keep the option open to allow more time to make the appointment so more candidates can be gathered. Counsel noted that the schedule proposed would provide the board the option to gather additional candidates if needed. The District's deadline to make an appointment is August 16, so there is time in the proposed schedule to further publicize the vacancy. It was also noted that a map showing the boundaries of Division 1 will be attached to the notice.

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

| | |
|----------|---|
| Ayes: | Directors Bonilla, Breitfelder, Croucher, Lopez and Robak |
| Noes: | None |
| Abstain: | None |
| Absent: | None |

to approve the proposed timeline and review process for the appointment to the Division 1 seat.

8. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 12:03 p.m.

President

ATTEST:

District Secretary



STAFF REPORT

| | | | | |
|-----------------------------|--|-------------------------|------------------------------|------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 | |
| SUBMITTED BY: | Kevin Cameron <i>KC</i> Assistant Civil Engineer I | PROJECT/ SUBPROJECT: | P2505-001103 P2506-001103 | DIV. NO. 3 |
| | Ron Ripperger <i>WR</i> Engineering Manager | | | |
| APPROVED BY: (Chief) | Rod Posada <i>RPosada</i> Chief, Engineering | | | |
| APPROVED BY: (Asst. GM): | Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering and Operations | | | |
| SUBJECT: | Award of a Construction Contract to Blastco, Inc. for the 657-1 & 657-2 Reservoir Exterior/Interior Coating and Upgrades Project | | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) award a construction contract to Blastco, Inc. (Blastco) and authorize the General Manager to execute an agreement with Blastco for the 657-1 & 657-2 Reservoir Exterior/Interior Coating and Upgrades Project in an amount not to exceed \$632,500 (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 construction contract with Blastco for the 657-1 & 657-2 Reservoir Exterior/Interior Coating and Upgrades Project in an amount not to exceed \$632,500.

ANALYSIS:

The District's corrosion consultant, Schiff Associates (Schiff), completed a Corrosion Control Program (CCP) in June 2009 that addressed the installation, maintenance, and monitoring of corrosion protection systems for the District's steel reservoirs and buried

metallic piping. The CCP included a reservoir maintenance schedule that showed the 657-1 and 657-2 Reservoirs to be re-coated and updated to current code. The maintenance requirements include replacing anodes for the cathodic protection system, removing the existing exterior and interior coatings, and applying a new coating to the exterior and interior of each reservoir.

In addition to replacing the anodes and re-coating the reservoirs, structural upgrades are necessary to comply with the American Water Works Association (AWWA) and the Occupational Safety and Health Administration (OSHA) standards. An internal and external inspection of each reservoir was completed in August 2008 by Utility Services Company. The recommended structural upgrades, developed with input from engineering and operations staff, are as follows: new exterior ladder, new level indicators, new fall prevention devices on the interior ladders, additional manways for access, new anode access ports, new roof vents, new lanyard cables, and miscellaneous tank penetrations for chlorination and sampling. These upgrades will ensure compliance with AWWA and OSHA requirements as well as provide better access for Operations staff to maintain these facilities.

On October 27, 2010, Schiff performed an interior inspection on the 657-1 and 657-2 Reservoirs to assess the condition of the roof structure, analyze the coating condition, and reveal any changed conditions from the previous inspections. Schiff's inspection report found extensive corrosion on the rafters, and a leak in the elbow of the overflow pipe in the 657-1 Reservoir. These items were included in the contract documents.

Staff developed the contract documents and the project was advertised for bid on November 3, 2010 on the District's website and several other publications including the San Diego Union Tribune and San Diego Daily Transcript.

One (1) addendum was sent out to all bidders and planhouses to address questions and clarifications to the contract documents during the bidding period.

Bids were publicly opened on November 30, 2010, with the following results:

| | <u>CONTRACTOR</u> | <u>TOTAL BID AMOUNT</u> | <u>CORRECTED BID AMOUNT</u> |
|---|------------------------------|-------------------------|-----------------------------|
| 1 | Blastco, Inc. | \$632,500 | - |
| 2 | Muehlan Marine, Inc. | \$633,500 | - |
| 3 | Western Industrial, Inc. | \$638,645 | \$638,780 |
| 4 | RPI Coating, Inc. | \$685,000 | - |
| 5 | Olympus and Associates Inc.* | \$786,582 | - |
| 6 | Techno Coatings, Inc. | \$1,064,700 | - |

*Bid opened on December 1, 2010.

The Engineer's Estimate is \$807,000.

Staff reviewed the bids submitted for conformance with the contract requirements and determined that Blastco was the lowest responsive and responsible bidder. Blastco holds both a Class A and Class C-33 Contractor's License which expires on Oct. 31, 2011. Overall, the reference checks indicated a good performance record on similar projects. Staff has verified that the bid bond provided by Blastco is valid. Staff will also verify that Blastco's Performance Bond is valid prior to execution of the contract.

The bid for Olympus and Associates Inc. was delivered to the District on time, but was not received by the Project Manager prior to the bid opening. Legal Counsel directed Staff to contact all bidders and invite them to witness the opening of Olympus' bid on December 1, 2010 at 3:00 p.m at District headquarters. The contractors elected to have the Project Manager call them with the bid results rather than attend the second bid opening.

FISCAL IMPACT:



Funding for the overall projects comes from two CIP projects, P2505, the 657-1 Reservoir Exterior/Interior Coating and Upgrades, and P2506, the 657-2 Reservoir Exterior/Interior Coating and Upgrades.

The total budget for CIP P2505, as approved in the FY 2011 budget, is \$375,000. Total expenditures, plus outstanding commitments and forecast, is \$375,000. See Attachment B-1 for budget detail.

The total budget for CIP P2506, as approved in the FY 2011 budget, is \$375,000. Total expenditures, plus outstanding commitments and forecast, is \$375,000. See Attachment B-2 for budget detail.

Staff included allowances in the bid sheet list for structural modifications and cell site equipment relocation for a total amount of \$50,000.

Based on a review of the financial budgets, the Project Manager has determined that each budget is sufficient to support the projects.

Finance has determined that 100% of the funding is available from the Replacement Fund for both CIP P2505 and P2506.

STRATEGIC GOAL:

This project supports the Operations Department Mission statement, "To provide all operations and maintenance services in the highest possible professional, efficient, safe, and cost effective manner to all internal and external customers, and to strive to continually improve the level of service this department provides."

LEGAL IMPACT: _____

None.



General Manager

P:\WORKING\CIP P2505 & 2506 657-1&2 Reservoir Coating\Staff Reports\BD 01-05-11, Staff Report, 6571&2 Coatings Bid Award.doc

KC/RR/RP:jf

Attachments: Attachment A - Committee Action
Attachment B-1 - Budget Detail for CIP P2505
Attachment B-2 - Budget Detail for CIP P2506
Exhibit A - Location Map



ATTACHMENT A

| | |
|---|--|
| SUBJECT/PROJECT: P2505-001103 P2506-001103 | Award of a Construction Contract to Blastco, Inc. for the 657-1 & 657-2 Reservoir Exterior/Interior Coating and Upgrades Project |
|---|--|

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on December 7, 2010 and the following comments were made:

- Staff is requesting that the Board of Directors award a construction contract to Blastco, Inc. (Blastco) and authorize the General Manager to execute an agreement with Blastco for the 657-1 & 657-2 Reservoir Exterior/Interior Coating and Upgrades Project (Project) in an amount not to exceed \$632,500.
- The 657-1 and 657-2 reservoirs are due to be re-coated in FY 2011 per the District's Corrosion Control Program. During the re-coating process, the reservoirs will also require structural upgrades to bring them up to current American Water Works Association (AWWA) and Occupational Safety and Health Administration (OSHA) standards.
- It was indicated that on November 3, 2010, bids were publicly opened. Staff stated that on November 16, 2010, a pre-bid meeting was held and that sixteen (16) contractors attended. During the bidding process, one (1) addendum was sent out in response to questions and clarifications to the contract documents.
- Staff stated that the District received six (6) proposals, which staff reviewed and determined that Blastco was the lowest responsive and responsible bidder. Staff also indicated that Blastco received an overall good response from its reference checks.

- Staff stated that there are sufficient funds for the two CIP projects which will be funded by the District's CIP budget: 1) CIP P2505, the 657-1 Reservoir Exterior/Interior Coating and Upgrades; and 2) CIP P2506, the 657-2 Reservoir Exterior/Interior Coating and Upgrades.
- Legal Counsel reported that during the bidding process, the District received a bid protest from the second lowest bidder, Muehlhan Marine, Inc. with regard to the bid item for specialty inspection. The Contract Documents, Instructions to Bidders, require that bidders list any sub-contractors and sub-consultants if they will perform work under the contract in excess of one-half (0.5) of one (1) percent of the total contract value. The lowest bidder, Blastco, Inc., had not listed the consultant for specialty inspection, but did include the specialty inspection's cost within their bid total. Muehlhan Marine, Inc.'s protest claims that Blastco did not comply with the bid requirements as they did not list their sub-consultant. Staff consulted with District's legal counsel regarding the protest and the requirement was waived as a minor irregularity as the mis-listing did not impact the overall bid. Staff discussed this with Muehlhan Marine, Inc. and they withdrew their bid protest.
- In response to a question from the Committee, staff stated that Blastco's Class A and Class C-33 Contractor's License were mentioned in the staff report to indicate that they are licensed for engineering and coating services, respectively.
- The Committee inquired as to why staff is recommending Blastco for the project. It was indicated that Blastco has provided services to other agencies, including water districts. Blastco has never worked for the District, however their reference checks indicated an overall good performance on similar projects.
- The Committee inquired when the project would be completed. Staff stated that it is anticipated that it would be about five months from the time construction physically begins onsite to complete the project. It was noted that staff's goal is to begin re-coating and upgrading the reservoirs during the winter (January 2011) as it would be better to take the reservoirs out of service while there is a low demand for water. Staff is anticipating to have the project completed by the summer (June 2011) to meet the higher demand for water.

- It was indicated that outreach services will be provided to the surrounding neighbors to notify them of the upcoming project. In addition, staff indicated that landscaping will be added to the project scope where feasible.
- The Committee inquired about the public outreach effort that was performed on recent reservoir coating projects. Staff stated that the most recent similar project where public outreach was used was the 1296-1, 2 Reservoirs coating. Staff indicated that the surrounding neighbors appreciated the notifications and updates of the project and that they were very impressed with the landscaping design surrounding the project's site.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.



ATTACHMENT B-1

| | |
|-------------------------|---|
| SUBJECT/PROJECT: | Award of a Construction Contract to Blastco, Inc. for the |
| P2505-001103 | 657-1 & 657-2 Reservoir Exterior/Interior Coating and |
| P2506-001103 | Upgrades Project |

Otay Water District
P2505 - 657-1 Reservoir Interior/Exterior Coating

Date Updated: November 30, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|---------------------------|------------------|---------------------|--|---------------------------------|-----------------------------|
| 375,000 | | | | | |
| Planning | | | | | |
| Labor | 822 | 822 | - | 822 | |
| Total Planning | 822 | 822 | - | 822 | |
| Design | | | | | |
| Labor | 13,508 | 13,508 | | 13,508 | |
| Service Contracts | 143 | 143 | - | 143 | SAN DIEGO UNION-TRIBUNE LLC |
| | 38 | 38 | - | 38 | SAN DIEGO DAILY TRANSCRIPT |
| Total Design | 13,688 | 13,688 | - | 13,688 | |
| Construction | | | | | |
| Labor | 20,000 | 519 | 19,481 | 20,000 | |
| Construction Contract | 320,500 | - | 320,500 | 320,500 | Blastco, Inc. |
| CM Contract | 14,990 | - | 14,990 | 14,990 | As-Needed CM |
| Project Closeout | 5,000 | - | 5,000 | 5,000 | |
| Total Construction | 360,490 | 519 | 359,971 | 360,490 | |
| Grand Total | 375,000 | 15,030 | 359,971 | 375,000 | |



ATTACHMENT B-2

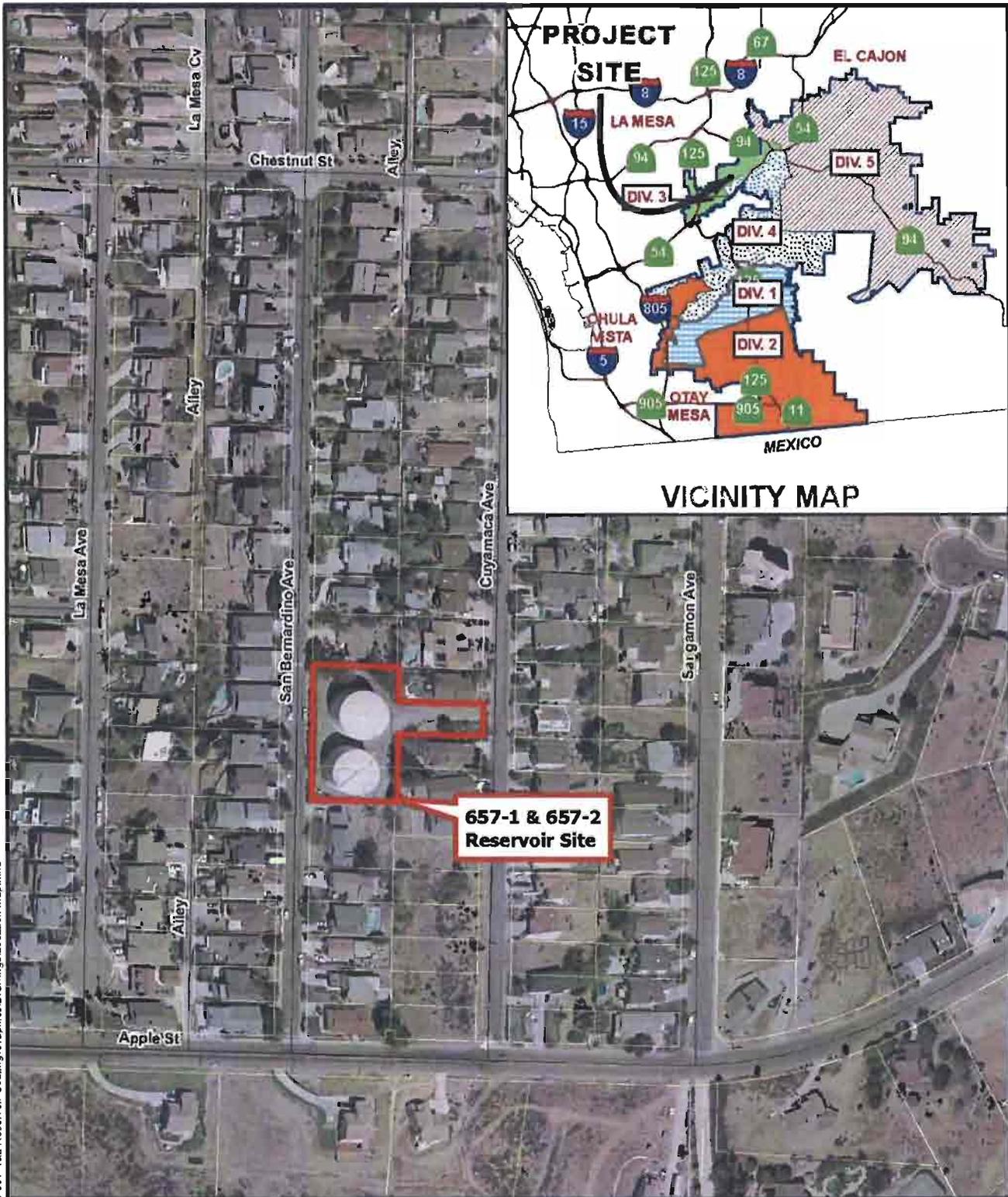
| | |
|-------------------------|---|
| SUBJECT/PROJECT: | Award of a Construction Contract to Blastco, Inc. for the |
| P2505-001103 | 657-1 & 657-2 Reservoir Exterior/Interior Coating and |
| P2506-001103 | Upgrades Project |

Otay Water District
P2506 - 657-2 Reservoir Interior/Exterior Coating

Date Updated: November 30, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|---------------------------|------------------|---------------------|--|---------------------------------|-----------------------------|
| 375,000 | | | | | |
| Planning | | | | | |
| Labor | 569 | 569 | - | 569 | |
| Total Planning | 569 | 569 | - | 569 | |
| Design | | | | | |
| Labor | 12,933 | 12,933 | | 12,933 | |
| Service Contracts | 143 | 143 | - | 143 | SAN DIEGO UNION-TRIBUNE LLC |
| | 38 | 38 | - | 38 | SAN DIEGO DAILY TRANSCRIPT |
| Total Design | 13,114 | 13,114 | - | 13,114 | |
| Construction | | | | | |
| Labor | 25,000 | 614 | 24,386 | 25,000 | |
| Construction Contract | 312,000 | - | 312,000 | 312,000 | Blastco, Inc. |
| CM Contract | 19,317 | - | 19,317 | 19,317 | As-Needed CM |
| Project Closeout | 5,000 | - | 5,000 | 5,000 | |
| Total Construction | 361,317 | 14,727 | 346,590 | 361,317 | |
| Grand Total | 375,000 | 28,410 | 346,590 | 375,000 | |

P:\WORKING\CIP P2505 & 2506 657-1&2 Reservoir Coating\Drawings\Location Map.mxd



OTAY WATER DISTRICT
 657-1 (1.0 MG) & 657-2 (0.87 MG) RESERVOIRS
 EXTERIOR/INTERIOR COATINGS & UPGRADES
 SPRING VALLEY, CA



CIP # P2505 & P2506

EXHIBIT A

Quality Assurance Approval Sheet

Subject: Award of a Construction Contract to Blastco, Inc.
for the 657-1 & 657-2 Reservoir Exterior/Interior
Coating and Upgrades Project

Project No.: P2505-001103
P2506-001103

Document Description: Staff Report for the January 5, 2011 Board Meeting

Author:  12/2/10
Signature Date

Kevin Cameron
Printed Name

QA Reviewer:  12/2/10
Signature Date

Gary Silverman
Printed Name

Manager:  12/2/10
Signature Date

Ron Ripperger
Printed Name

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.



STAFF REPORT

| | | | | |
|---------------|--|---------------|-----------------|--------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 | |
| SUBMITTED BY: | Daniel Kay <i>DK</i> | PROJECT/ | P2488/ | DIV. 3 |
| | Associate Civil Engineer | SUBPROJECT: | P2489- | NO. |
| | Ron Ripperger <i>u</i> | | 001103 | |
| | Engineering Manager | | | |
| APPROVED BY: | Rod Posada <i>R Posada</i> | | | |
| (Chief) | Chief, Engineering | | | |
| APPROVED BY: | Manny Magaña <i>M Magaña</i> | | | |
| (Asst. GM): | Assistant General Manager, Engineering and Operations | | | |
| SUBJECT: | Award a Construction Contract to L.H. Woods & Sons, Inc. for the Del Rio Road & Gillispie Drive Emergency Interconnections Project | | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) award a construction contract to L.H. Woods & Sons Inc. (L.H. Woods) in the amount of \$379,000 for the Del Rio Road & Gillispie Drive Emergency Interconnections Project (see Exhibits A & B for project locations).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a construction contract with L.H. Woods for the Del Rio Road and Gillispie Drive Emergency Interconnection Project in an amount not to exceed \$379,000.

ANALYSIS:

The District has identified an opportunity and a beneficial need for the construction of two interconnections with Helix Water District (Helix).

The proposed interconnections are located on Del Rio Road and Gillispie Drive in Spring Valley. The project will consist of installing a vault, bi-directional meter, blow-offs, new telemetry, and new SCADA equipment at each location. The interconnections will benefit both Helix and the District by allowing water to be transferred interchangeably between each system in the event of an emergency situation. In previous outages and emergencies, similar interconnections have proven to provide increased reliability and flexibility.

The Board approved an agreement between Helix and the District at the April 7, 2010 Board meeting. Since the interconnections will benefit both Districts, the agreement states that Helix and the District will share equally the cost for design, construction, operation, and maintenance of the facilities. The District is the lead agency for the planning, design and construction of the interconnections.

The design for this project was performed in-house by District staff with an electrical consultant, Engineering Partners, Inc., providing the electrical and instrumentation drawings and specifications.

The project was advertised for bid on November 3, 2010 on the District's website and several other publications including the Union Tribune and San Diego Daily Transcript.

A non-mandatory Pre-Bid Meeting was held on November 16, 2010. A presentation was given by District staff to explain the project and discuss any questions or concerns from the contractors. There was one (1) contractor that attended the meeting and meeting minutes were published.

Subsequently, one (1) addendum was sent out to all bidders and planhouses to address questions and clarifications to the contract documents during the bidding period. Bids were publicly opened on November 30, 2010 with the following results:

| <u>CONTRACTOR</u> | <u>TOTAL BID AMOUNT</u> |
|---------------------------|-------------------------|
| 1. L.H. Woods & Sons Inc. | \$379,000.00 |
| 2. Arrieta Construction | \$428,748.38 |

The Engineer's Estimate is \$192,000.

The evaluation process included reviewing all bids submitted for conformance to the contract documents. The lowest bidder, L.H. Woods, submitted a responsible bid and holds a Class A Contractor's

license which expires on May 31, 2011. References were checked and L.H. Woods was found to be a highly rated company. Staff has verified that the bid bond provided by L.H. Woods is valid. Once L.H. Woods signs the contract, they will furnish the performance bond. Staff will verify the performance bond before the District executes the contract.

FISCAL IMPACT:



The total budget for CIP P2488, as approved in the FY 2011 budget, is \$150,000.00. Total expenditures, plus outstanding commitments and forecast, are \$139,036. See Attachment B-1 for budget detail.

The total budget for CIP P2489, as approved in the FY 2011 budget, is \$150,000.00. Total expenditures, plus outstanding commitments and forecast, are \$136,257. See Attachment B-2 for budget detail.

Including the agreed upon 50% reimbursement from Helix for design and construction costs, the District's share will be within the existing FY 2011 budget. Based on a review of the financial budgets, the Project Manager has determined that each budget is sufficient to support the project.

Finance has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is from the Betterment Fund for both CIP P2488 and P2489.

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," as well as the General Manager's vision, "...prepared for the future..." by guaranteeing the District will always be able to meet future water supply obligations and plan, design, and construct new facilities.

LEGAL IMPACT:

None.



General Manager

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DK/RR/RP:jf

Attachments: Attachment A - Committee Action
 Attachment B-1 - Budget Detail for CIP P2488
 Attachment B-2 - Budget Detail for CIP P2489
 Exhibit A - Location Map for CIP 2488
 Exhibit B - Location Map for CIP 2489



ATTACHMENT A

| | |
|---|--|
| SUBJECT/PROJECT: P2488/P2489-001103 | Award a Construction Contract to L.H. Woods & Sons, Inc. for the Del Rio Road & Gillispie Drive Emergency Interconnections |
|---|--|

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on December 7, 2010 and the following comments were made:

- Staff is requesting that the Board of Directors award a construction contract to L.H. Woods & Sons Inc. (L.H. Woods) in the amount of \$379,000 for the Del Rio Road & Gillispie Drive Emergency Interconnections Project.
- Staff stated that on April 7, 2010, the Board approved an agreement between Helix and the District to share equally the cost for design, construction, operation, and maintenance of the facilities. It was indicated that the Otay Water District would be the lead agency for the Project.
- It was indicated that Helix and the District will benefit from the interconnections, in emergency situations, by allowing water to be transferred interchangeably between each system.
- Staff indicated that both interconnections will consist of installing a vault, bi-directional meter, blow-offs, new telemetry, and will have SCADA capabilities.
- Staff stated that the Project was advertised for bid on November 3, 2010 and that a non-mandatory Pre-Bid Meeting was held on November 16, 2010 which one (1) contractor (L.H. Woods) attended the meeting. Staff indicated that bids were publicly opened on November 30, 2010 and the two (2) proposals were submitted to the District: 1) L.H. Woods & Sons, Inc. (\$379,000); and 2) Arrieta Construction (\$428,748.38).

- It was indicated that staff reviewed all bids and concluded that L.H. Woods was the lowest and most responsible bid. It was noted that staff conducted reference checks and indicated that L.H. Woods was found to be a highly rated company.
- Staff noted that the District's Engineer's Estimate was \$192,000 off budget because it did not include the reimbursement by the Helix Water District, and that there is sufficient funds to cover the Project.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.



ATTACHMENT B-1

Otay Water District
P2488 - Del Rio Road Helix & Otay Agency Interconnection

Date Updated: November 23, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|--------------------------------------|------------------|---------------------|--|---------------------------------|-------------------------------|
| 150,000 | | | | | |
| Planning | | | | | |
| Labor | 1,314 | 1,314 | | 1,314 | |
| Total Planning | 1,314 | 1,314 | - | 1,314 | |
| Design | | | | | |
| Labor | 36,915 | 36,915 | - | 36,915 | |
| Consultant Contracts | 5,950 | 5,950 | - | 5,950 | MWH CONSTRUCTORS INC |
| | 500 | 500 | - | 500 | STEWART TITLE OF CA INC |
| | 2,805 | 2,805 | - | 2,805 | ENGINEERING PARTNERS INC, THE |
| Service Contracts | 331 | 331 | - | 331 | SAN DIEGO UNION-TRIBUNE LLC |
| Contracted Services | 665 | 665 | - | 665 | KIRK PAVING INC |
| Infrastructure Equipment & Materials | 558 | 558 | - | 558 | COUNTY OF SAN DIEGO - DPW |
| Reimbursement by Helix | (23,863) | - | (23,863) | (23,863) | HELIX WATER DISTRICT |
| Total Design | 23,862 | 47,725 | - | 47,725 | |
| Construction | | | | | |
| Labor | 20,000 | 2,149 | 17,851 | 20,000 | |
| Service Contracts | 11,795 | 11,795 | - | 11,795 | SAN DIEGO GAS & ELECTRIC |
| Construction Contract | 185,925 | - | 185,925 | 185,925 | L.H. WOODS & SONS |
| Reimbursement by Helix | (113,860) | - | (113,860) | (113,860) | HELIX WATER DISTRICT |
| Closeout | 10,000 | - | 10,000 | 10,000 | |
| Total Construction | 113,860 | 13,944 | 99,916 | 113,860 | |
| Grand Total | 139,038 | 62,982 | 78,053 | 139,036 | |

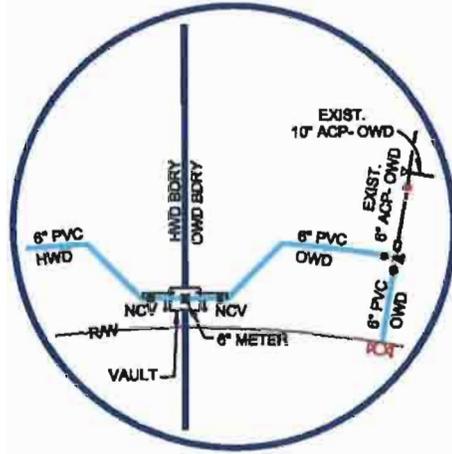
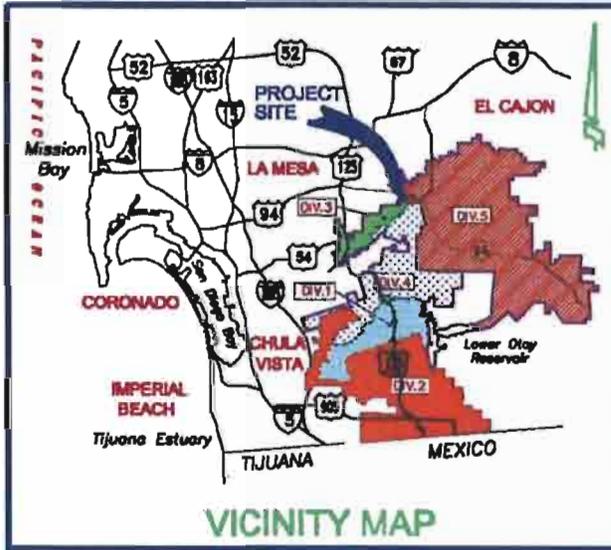


ATTACHMENT B-2

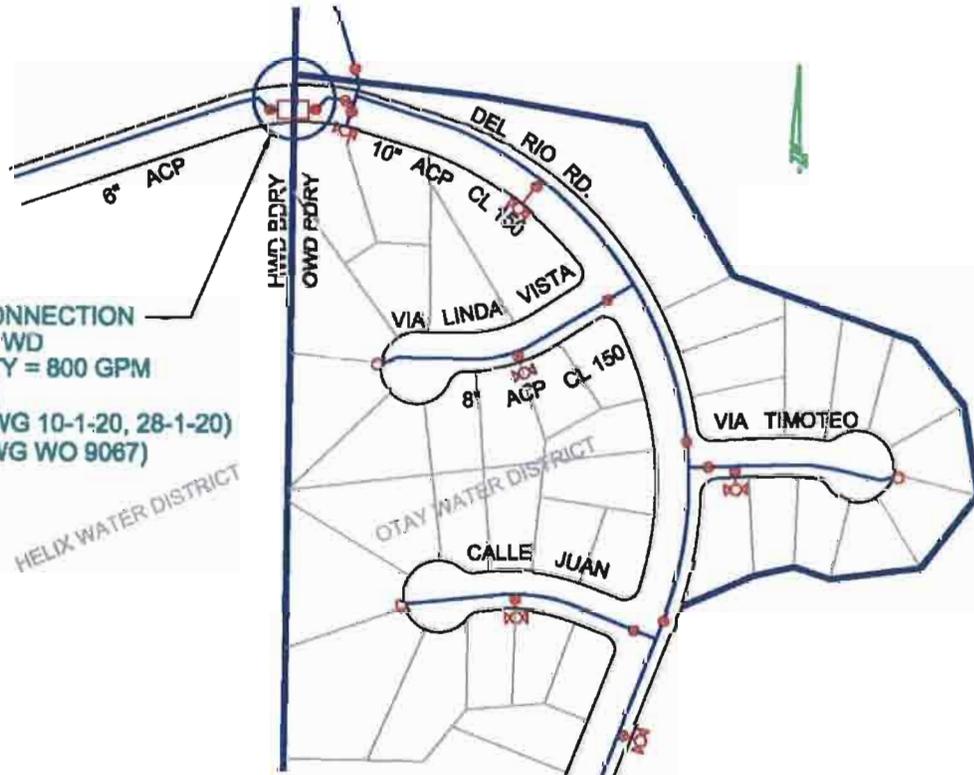
Otay Water District
 P2489 - Gillespie Drive Helix & Otay Agency Interconnection

Date Updated: November 23, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|---------------------------|------------------|---------------------|--|---------------------------------|-------------------------------|
| 150,000 | | | | | |
| Planning | | | | | |
| Labor | 189 | 189 | - | 189 | |
| Regulatory Agency Fees | 100 | 100 | - | 100 | PETTY CASH CUSTODIAN |
| Total Planning | 289 | 289 | - | 289 | |
| Design | | | | | |
| Labor | 33,690 | 33,690 | - | 33,690 | |
| Consultant Contracts | 4,200 | 4,200 | - | 4,200 | MWH CONSTRUCTORS INC |
| | 2,805 | 2,805 | - | 2,805 | ENGINEERING PARTNERS INC, THE |
| Construction Contracts | 6,820 | 6,820 | - | 6,820 | HELIX WATER DISTRICT |
| Professional Legal Fees | 374 | 374 | - | 374 | GARCIA CALDERON & RUIZ LLP |
| Reimbursement by Helix | (23,945) | - | (23,945) | (23,945) | HELIX WATER DISTRICT |
| Total Design | 23,945 | 47,889 | - | 47,889 | |
| Construction | | | | | |
| Labor | 20,000 | 1,926 | 18,074 | 20,000 | |
| Service Contracts | 972 | 972 | - | 972 | SAN DIEGO GAS & ELECTRIC |
| Construction Contract | 193,075 | - | 193,075 | 193,075 | L.H. WOODS & SONS |
| Reimbursement by Helix | (112,024) | - | (112,024) | (112,024) | HELIX WATER DISTRICT |
| Closeout | 10,000 | - | 10,000 | 10,000 | |
| Total Construction | 112,023 | 2,898 | 109,125 | 112,023 | |
| Grand Total | 136,257 | 51,078 | 85,181 | 136,257 | |



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OTAY WATER DISTRICT

DEL RIO ROAD
INTERCONNECTION
WITH HELIX WATER DISTRICT

P2488

EXHIBIT A

Quality Assurance Approval Sheet

Subject: Award a Construction Contract to
L.H. Woods & Sons, Inc. for the
Del Rio Road & Gillispie Drive
Emergency Interconnections

Project No.: P2488-001103
P2489-001103

Document Description: Staff Report for the January 5, 2011 Board Meeting

Author:  12/2/10
Signature Date

Daniel Kay
Printed Name

QA Reviewer:  12/2/10
Signature Date

Gary Silverman
Printed Name

Manager:  12/2/10
Signature Date

Ron Ripperger
Printed Name

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.



STAFF REPORT

| | | | |
|-----------------------------|--|---------------|-----------------------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 |
| SUBMITTED BY: | James Peasley <i>JP</i> Engineering Manager | PROJECT No. | P2434- DIV. No. 2 001101 |
| APPROVED BY: (Chief) | Rod Posada <i>R Posada</i> Chief, Engineering | | |
| APPROVED BY: (Asst. GM): | Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering and Operations | | |
| SUBJECT: | Change Order No. 1 to the Professional Engineering Services Contract with AECOM Technical Services, Inc. for the Rancho del Rey Groundwater Well Development Project | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve Change Order No. 1 to the existing contract with AECOM Technical Services, Inc. (AECOM) in an amount not-to-exceed \$176,805 for the Rancho del Rey Groundwater Well Development (RDR Groundwater Well) Project (see Exhibit A for project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute Change Order No. 1 (see Exhibit B) to the existing contract with AECOM in an amount not-to-exceed \$176,805 for the RDR Groundwater Well Project.

ANALYSIS:

The development and/or acquisition of potential groundwater supply projects by the District has been resurrected in response

to the regional water supply issues that have impacted water supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the spiraling retail water pricing pressures. Local ground water supply projects will allow for less reliance upon imported water, achieve a level of independence from regional wholesale water agencies, and diversify the District's water supply portfolio consistent with the District's March 2007 Integrated Water Resources Plan.

As a result, and in recognition of the need to develop sufficient alternative water supplies, the District took the next step towards development of a groundwater production well at the Rancho del Rey site. The Board awarded a professional engineering contract to AECOM for the RDR Groundwater Well Project on January 6, 2010 in the amount of \$1,561,625.

The purpose of the RDR Groundwater Well Project scope of work is to firmly establish the feasibility of developing a groundwater resource production system, including determining sustainable well yield, groundwater quality, and assessing any limitations or constraints that may arise. These items were accomplished with construction and testing of a full-scale production well and a multiple level monitoring well.

The RDR Groundwater Well Project scope of work accomplished the following:

- Regulatory and agency coordination, compliance, and permitting.
- Groundwater well water and brine disposal discharge analysis.
- Multiple level groundwater monitoring well installation.
- Planning, design, construction, and testing of a production well.
- Monitoring well and production well completion report.

The primary outcome of the RDR Groundwater Well Project is that the groundwater well is physically feasible and capable as a long-term (i.e., approximately 30 years) production system, with a maximum sustainable yield of about 700 acre-feet per year. The approximately 700 acre-feet per year of well yield can be used as feed water to a reverse osmosis treatment system to obtain a local potable water resource of about 500 to 600 acre-feet per year.

In response to the community concerns about noise and vibration levels, the District chose to modify the contract terms to:

1. Limit the days of work and work hours per day during the drilling and other operations at the project site.
2. Increase sound mitigation measures.
3. Extend the contract duration.

As a result of the reduced work schedule, the duration that the drilling subcontractor, AECOM, and equipment were on site increased. These changes resulted in a cost increase of \$302,213.

There were also cost savings that included reduced well casing size, reduced drill cuttings hauling and disposal, and conductor casing material type revision. These three items totaled a cost reduction of \$161,700.

In addition, there were other increased costs including labor to overcome sewer discharge permit obstacles, laboratory analyses for additional constituents, some new landscaping, and enhanced site erosion control totaling \$36,292.

District staff and AECOM worked with the drilling contractor to reduce their fees. For example, we were able to obtain a reduced fee for standby charges related to noise and vibration issues. AECOM also provided a discount on a portion of their labor costs.

Combining the increased costs for the drilling, laboratory, and other expenses along with the reductions, the net increase for this Change Order is \$176,805 or an 11.3% increase over the original contract amount.

FISCAL IMPACT:



The total budget for CIP Project P2434, Rancho del Rey Groundwater Well Development, as part of the approved FY 2011 CIP budget, is \$4,250,000. Expenditures to date are \$2,023,099. Total expenditures, plus outstanding commitments, including this contract, totals \$2,550,223. See Attachment B for budget detail.

The Project Manager anticipates that, based on the attached financial analysis, the CIP budget for P2434 will be sufficient to support the anticipated expenses payable to AECOM, including the requested change order.

It is important to note that the Project Manager has determined that the budget is not sufficient to cover the second phase of this CIP, the construction of a reverse osmosis treatment facility. This anticipated shortfall is being addressed in the staff report requesting authorization to issue a RFP for design of the second phase of the Rancho del Rey Well Project.

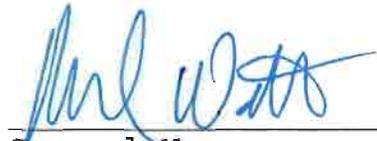
Finance has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is available from the Betterment Fund.

STRATEGIC GOAL:

The RDR Groundwater Well Development 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 Otay strategic goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT: _____

None.



General Manager

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JP/RP:jf

Attachments: Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Location Map
Exhibit B - Change Order No. 1



ATTACHMENT A

| | |
|----------------------------------|--|
| SUBJECT/PROJECT: P2434-001101 | Change Order No. 1 to the Professional Engineering Services Contract with AECOM Technical Services, Inc. for the Rancho del Rey Groundwater Well Development Project |
|----------------------------------|--|

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on December 7, 2010 and the following comments were made:

- Staff is requesting that the Otay Water District (District) Board of Directors (Board) approve Change Order No. 1 to the existing contract with AECOM Technical Services, Inc. (AECOM) in an amount not-to-exceed \$176,805 for the Rancho del Rey Groundwater Well Development (RDR Groundwater Well) Project.
- On January 6, 2010, the Board awarded a professional engineering contract to AECOM for the RDR Groundwater Well Project in the amount of \$1,561,625. Staff discussed AECOM's scope of work and indicated that the primary outcome of the RDR Groundwater Well Project is that the groundwater well is physically feasible and capable as a long-term (i.e. approximately 30 years) production system.
- Staff discussed some of the challenges that the Project encountered, which caused a delay in its progress. Staff stated that one of the challenges encountered was in response to the community's concerns about noise and vibration levels, in which the District chose to modify AECOM's contract terms to:
 - Limit the days of work and work hours per day during the drilling and other operations at the project site.
 - Increase sound mitigation measures.
 - Extend the contract duration.

- It was noted that District staff was able to negotiate with the consultant where both AECOM and WDC the well driller lowered their per diem rates.
- Staff stated that as a result of the contract modification, combining the increased costs for the drilling, laboratory, and other expenses along with the reductions, the net increase for the Change Order is \$176,805.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.



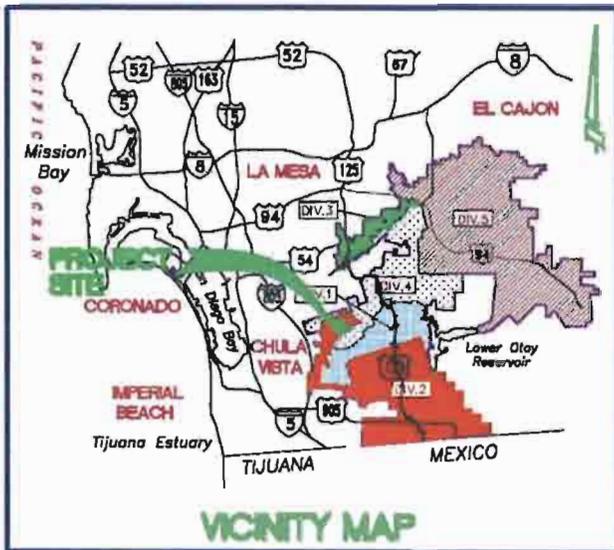
ATTACHMENT B

| | |
|----------------------------------|--|
| SUBJECT/PROJECT: P2434-001101 | Change Order No. 1 to the Professional Engineering Services Contract with AECOM Technical Services, Inc. for the Rancho del Rey Groundwater Well Development Project |
|----------------------------------|--|

Date Updated: November 29, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|-------------------------|------------------|---------------------|--|---------------------------------|--------------------------------------|
| 4,250,000 | | | | | |
| Planning | | | | | |
| Labor | 308,719 | 308,719 | | 308,719 | |
| Land | 326,092 | 326,092 | - | 326,092 | |
| Permits | 125 | 125 | - | 125 | CITY OF CHULA VISTA-DEPT. OF |
| Materials | 1,348 | 1,348 | - | 1,348 | VARIOUS |
| Rental | 159 | 159 | - | 159 | PENHALL COMPANY |
| Construction Costs | 26,154 | 26,154 | - | 26,154 | CHILDTIME CHILDCARE, INC. |
| Professional Legal Fees | 4,829 | 4,829 | - | 4,829 | GARCIA CALDERON & RUIZ LLP |
| Consultant Contracts | 19,481 | 19,481 | - | 19,481 | JONES & STOKES ASSOCIATES INC |
| | 13,825 | 13,825 | - | 13,825 | MWH CONSTRUCTORS INC |
| | 1,100 | 1,100 | - | 1,100 | SOUTHWESTERN COLLEGE |
| | 3,065 | 3,065 | - | 3,065 | SOUTHERN CALIFORNIA SOIL |
| | 15,000 | - | 15,000 | 15,000 | SEPARATION PROCESSES INC |
| | 6,930 | 6,930 | - | 6,930 | VALLEY CONSTRUCTION MANAGEMENT |
| | 1,561,625 | 1,231,406 | 330,219 | 1,561,625 | AECOM TECHNICAL SERVICES INC |
| Change Order No. 1 | 176,805 | - | 176,805 | 176,805 | AECOM TECHNICAL SERVICES INC, C.O.#1 |
| Service Contracts | 5,100 | - | 5,100 | 5,100 | S R BRADLEY & ASSOCIATES INC |
| | 186 | 186 | - | 186 | SAN DIEGO DAILY TRANSCRIPT |
| | 624 | 624 | - | 624 | UNION TRIBUNE PUBLISHING CO |
| | 399 | 399 | - | 399 | REPROHAUS CORP |
| | 440 | 440 | - | 440 | URBINA'S MASTER SWEEPING INC |
| | 6 | 6 | - | 6 | COUNTY OF SAN DIEGO |
| | 134 | 134 | - | 134 | COURIER EXPRESS, INC. |
| | 205 | 205 | - | 205 | USA SIGN CO. |
| | 3,226 | 3,226 | - | 3,226 | QUALITY ASSURANCE LABORATORY |
| | 7,108 | 7,108 | - | 7,108 | MULTI WATER SYSTEMS |
| | 1,955 | 1,955 | - | 1,955 | BARRETT CONSULTING GROUP |
| | 5,665 | 5,665 | - | 5,665 | EARTH TECH |
| | 3,344 | 3,344 | - | 3,344 | CITY OF CHULA VISTA |
| | 16,714 | 16,714 | - | 16,714 | BOYLE ENGINEERING CORPORATION |
| | 112 | 112 | - | 112 | MONTGOMERY WATSON LABORATORIES |
| | 2,500 | 2,500 | - | 2,500 | ANDREW A. SMITH COMPANY |
| | 2,000 | 2,000 | - | 2,000 | ENARTEC ENGINEERING PLANNING |
| | 35,200 | 35,200 | - | 35,200 | ALCEM FENCE COMPANY INC. |
| Regulatory Agency Fees | 50 | 50 | - | 50 | PETTY CASH CUSTODIAN |
| Total Planning | 2,550,223 | 2,023,099 | 527,124 | 2,550,223 | |
| Grand Total | 2,550,223 | 2,023,099 | 527,124 | 2,550,223 | |

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OTAY WATER DISTRICT
 RANCHO DEL WAY PARKWAY, CHULA VISTA, CA
 RANCHO DEL REY GROUND WATER DEVELOPMENT

CIP P2434

EXHIBIT A

EXHIBIT B

OTAY WATER DISTRICT

2554 SWEETWATER SPRINGS BLVD., SPRING VALLEY, CA. 91978, (619) 670-2222

CONTRACT/P.O. CHANGE ORDER No. 1

PROJECT/ITEM: Rancho Del Rey Groundwater Well Development Project

CONTRACTOR/VENDOR: AECOM Technical Services, Inc. REF.CIP No.: P2434-001101

APPROVED BY: Board

REF. P.O. No: 713180

DATE: 01-05-11

DESCRIPTION:

There are five items as part of this change order:

- 1) Increased cost due to shorten work days and hours per day.
- 2) Increased cost due to permits and analysis required.
- 3) Decrease in cost due to reduced hauling and disposal fees and other savings.
- 4) Decrease in cost due to reduced well casing size and conductor casing material change.
- 5) Increase contract duration by three months.

REASON:

- 1) The contract terms were modified to accommodate the community concerns about noise and vibration levels. In order to accommodate the concerns, work days and hours were limited during the operation at the site. Also, sound mitigation measures were increased. The cost increase for modification to the contract is \$302,213.
- 2) Other costs, including labor to overcome sewer discharge permit obstacles, constituents' laboratory analysis, new landscaping, and enhanced site erosion control. The cost increase for these items is \$36,292.
- 3) A cost savings, which included reduced well casing size, reduced drill cuttings hauling and disposal, and conductor casing material type revision. These items totaled a cost savings of \$161,700.

CHANGE P.O. TO READ:

Revise contract to add \$176,805 for a total contract amount of \$1,738,430.00.

Revise contract to extend contract duration by three months to March 31, 2011.

| | | |
|---|----|--------------|
| ORIGINAL CONTRACT/P.O. AMOUNT: | \$ | 1,561,625.00 |
| ADJUSTED AMOUNT FROM PREVIOUS CHANGE: | \$ | 0.00 |
| TOTAL COST OF THIS CHANGE ORDER: | \$ | 176,805.00 |
| NEW CONTRACT/P.O. AMOUNT IS: | \$ | 1,738,430.00 |
| ORIGINAL CONTRACT COMPLETION DATE: | | 12/31/10 |
| CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE: | | 90 days |
| REVISED CONTRACT COMPLETION DATE: | | 03/31/11 |

IT IS UNDERSTOOD WITH THE FOLLOWING APPROVALS, THAT THE CONTRACTOR/VENDOR IS AUTHORIZED AND DIRECTED TO MAKE THE HEREIN DESCRIBED CHANGES. IT IS ALSO AGREED THAT THE TOTAL COST FOR THIS CHANGE ORDER CONSTITUTES FULL AND COMPLETE COMPENSATION FOR OBLIGATIONS REQUIRED BY THE CONTRACT/P.O. ALL OTHER PROVISIONS AND REQUIREMENTS OF THE CONTRACT/P.O. REMAIN IN FULL FORCE AND EFFECT.

CONTRACTOR/VENDOR:

SIGNATURE: _____

NAME: _____

TITLE: _____ DATE: _____

ADDRESS: _____

STAFF APPROVALS:

PROJ. MGR: _____ Sr Eng (Int) _____ DATE: _____

DIV. MGR: _____ DATE: _____

CHIEF: _____ DATE: _____

ASST. GM: _____ DATE: _____

DISTRICT APPROVAL:

GEN. MANAGER: _____ DATE: _____

COPIES: FILE (Orig.), CONTRACTOR/VENDOR, CHIEF-FINANCE, INSPECTION, ENGR. SECRETARY, PROJECT BINDER

CHANGE ORDER LOG

Rancho Del Rey Groundwater Well Development Project

Consultant: AECOM Technical Services, Inc.

Project: P2434

Subproject: 001101

| C.O. | AMOUNT | APPROVED | | DESCRIPTION | TYPE C.O. |
|------|--------------|----------|------|--|-----------|
| | | BY | DATE | | |
| 1 | \$176,805.00 | Board | | Increase due to work days shortened, additional permits and analysis required, and extend completion date. | Owner |
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| | | |
|---------------------------|----------------|-------|
| Total C.O.'s To Date: | \$176,805.00 | 11.3% |
| Original Contract Amount: | \$1,561,625.00 | |
| Current Contract Amount: | \$1,738,430.00 | |

Change Order Breakdown for the Month:

| Month | Net C.O.\$ | Limit | Authorization | C.O. % |
|-------|------------|----------|---------------|--------|
| | | \$2,000 | Insp | 0.0% |
| | | \$10,000 | PM/Supervisor | 0.0% |
| | | \$20,000 | Manager | 0.0% |
| | | \$25,000 | Chief | 0.0% |
| | | \$35,000 | AGM | 0.0% |
| | | \$50,000 | GM | 0.0% |



AECOM
3995 Via Oro Avenue
Long Beach, CA 90810

562.420.2933 tel
562.420.2915 fax

November 17, 2010

Mr. Jim Peasley
Engineering Manager
2554 Sweetwater Springs Blvd.
Spring Valley, California 91978-2004

Subject: Rancho del Rey Change Order

Dear Mr. Peasley,

We appreciate the opportunity to meet with Mr. Posada and you this week regarding the Rancho del Rey well. Although there were several challenges to drilling and constructing the production well and monitoring well, the effort was successful. The wells have and will continue to provide important information into this valuable local water resource. The production well was completed deeper than originally planned and demonstrate the viability of producing water from the volcanic rock in addition to the overlying sediments. This letter explains the change order related to alterations which occurred during the course of the project. The change order covers the drilling and consulting fees. The major changes are summarized below.

Major Cost Increases

- **Increased Time** – Prior to the commencement of work (post-bid) Otay Water District decided to adjust the anticipated work schedule in an effort to address potential community relations concerns about noise. The City of Chula Vista allows for work to occur from 7am to 10pm Monday through Friday and 8am to 10pm on weekends before needing to invoke more stringent noise actions. The District made the decision to eliminate the weekend work schedule (except during well construction) and to reduce the number of hours onsite during the week so that all work would be completed by 7pm. In addition, the District also had concerns about large delivery vehicles moving around in the parking lot of the ChildTime daycare center during peak pick-up and drop-off periods. Accordingly, there were no deliveries made to the site before 9am or between the hours of 2pm to 6pm. The reduced work schedule increased the duration the drilling contractor and AECOM were onsite.

This resulted in additional costs for items like:

- Sound mitigation – \$142,213
- Labor - \$57,000
- Per Diem - \$49,000
- Prevailing wage surcharge - \$43,000
- Equipment rental (forklift, air-compressor, etc) - \$11,000

Major Cost Savings

- **Casing Size** – Following the construction of the monitoring well, we were able to evaluate and thus reduce the casing size of the production well from 18-inches in diameter to 12-inches.
 - This casing reduction resulted in a net savings of \$87,000
- **Waste Disposal** – Drill cuttings were originally intended to be disposed of by hauling them to a non-hazardous waste facility. The District was able to provide an nearby District-owned property to place the non-hazardous drill cuttings. This eliminated hauling the cuttings to a disposal site.
 - Net savings to the District – \$45,800
- **Casing Materials** – The bid package listed the conductor casing for the well to be stainless steel. However, because the casing is fully encapsulated in cement, it is well protected from corrosion. Therefore it was decided to use mild-steel casing for this section.
 - Net savings to the District -- \$28,900

Smaller additions and reductions occurred throughout the project including additional time acquiring the sewer discharge permit, additional laboratory expenses (increased number of constituents required for analysis), etc.

We have worked with the drilling contractor to reduce some of their fees. For example, we were able to obtain a reduced fee for standby issues due to noise issues. In addition, AECOM is providing a discount on the October invoice as a goodwill gesture.

Combining the increased costs for the drilling, laboratory and other expenses along with the reductions such as those discussed above, the net requested increase for this change order is \$176,805.

Yours sincerely,



Ronald Sorensen
Program Manager, Sr. Hydrogeologist
ronald.sorensen@aecom.com

Quality Assurance Approval Sheet

Subject: Change Order No. 1 to the Professional
Engineering Services Contract with AECOM
Technical Services, Inc. for the Rancho del Rey
Groundwater Well Development Project

Project No.: P2434-001101

Document Description: Staff Report for the January 5, 2011 Board Meeting

Author:


Signature

12/1/10
Date

James Peasley
Printed Name

QA Reviewer:


Signature

12/1/10
Date

Gary Silverman
Printed Name

Manager:


Signature

12/1/10
Date

Rod Posada
Printed Name

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.



STAFF REPORT

| | | | | |
|-----------------------------|--|-------------------------|------------------|---------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 | |
| SUBMITTED BY: | Ron Ripperger <i>[Signature]</i> Engineering Manager | PROJECT/ SUBPROJECT: | P2009- 001102 | DIV. 5 NO. |
| APPROVED BY: (Chief) | Rod Posada <i>[Signature]</i> Chief, Engineering | | | |
| APPROVED BY: (Asst. GM): | Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering and Operations | | | |
| SUBJECT: | Change Order No. 2 to the Construction Management Services Contract with RBF Consulting for the 36-Inch Pipeline, SDCWA Otay FCF No. 14 to the Regulatory Site Project | | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approves Change Order No. 2 to the existing contract with RBF Consulting (RBF) for construction management and inspection services for the 36-Inch Pipeline, SDCWA Otay FCF No. 14 to the Regulatory Site Project in an amount not to exceed \$101,075 (see Exhibit A for project location).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute Change Order No. 2 (see Exhibit B) to the contract with RBF in an amount not to exceed \$101,075.

ANALYSIS:

On January 16, 2008, the Board awarded a contract to RBF, to provide construction management and inspection services. RBF's scope of work initially included pre-construction support such as constructability reviews, public relations support, bidding support and construction management over a 24-month period. RBF's pre-construction efforts were increased due to the District's replacement of the design

consultant. Based on staff's recommendation, the General Manager executed Change Order No. 1 on June 15, 2010 in the amount of \$46,995 to provide funding for the additional scope of work.

After Change Order No. 1 was executed, it became necessary to extend the construction contract duration with CCL due to a variety of factors including coordination with their subcontractor to perform additional paving, modifications to the sampling system at the Regulatory Site Vault 7, and a longer timeframe than anticipated for flushing and completing bacteriological testing of the new pipeline. Change Order No. 2 documents the concentrated effort that was required by RBF staff to oversee CCL's final work items and to ensure the project was completed to the District's satisfaction. The contract was completed at the end of November and the project is ready to be accepted.

FISCAL IMPACT:



The total budget for CIP P2009, as approved in the FY 2011 budget, is \$21,000,000. RBF's original contract amount is \$1,088,785; with the approval of Change Order No. 2 their new contract amount will be \$1,236,855. Total CIP expenditures, plus outstanding commitments and forecast, including this Change Order, are approximately \$19,522,797.

The Project Manager anticipates that, based on the attached financial analysis, the CIP budget for P2009 will be sufficient to support this project. See Attachment B for details.

Finance has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is available from the Betterment Fund for CIP P2009.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, and efficient manner." This project fulfills the two of the District's Strategic Goals, No. 1 - Community and Governance and No. 5 - Potable Water, by maintaining proactive and productive relationships with the project stakeholders, and by guaranteeing that the District will provide for current and future water needs.

LEGAL IMPACT: _____

None.

A handwritten signature in blue ink, appearing to read "M. J. Watts", is written over a horizontal line.

General Manager

P:\WORKING\CIP P2009 36-inch PL - FCF 14 to Reg Site\Staff Reports\BD 01-05-11, Staff Report, RBF CO#2, (RR-RP).doc

RR/RP:jf

Attachments Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Project Location Map
Exhibit B - Change Order No. 2



ATTACHMENT A

| | |
|---|--|
| SUBJECT/PROJECT: P2009-001102 | Change Order No. 2 to the Construction Management Services Contract with RBF Consulting for the 36-Inch Pipeline, SDCWA Otay FCF No. 14 to the Regulatory Site Project |
|---|--|

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on December 7, 2010 and the following comments were made:

- Staff is requesting that the Otay Water District (District) Board of Directors (Board) approves Change Order No. 2 to the existing contract with RBF Consulting (RBF) for construction management and inspection services for the 36-Inch Pipeline, SDCWA Otay FCF No. 14 to the Regulatory Site Project (Project) in an amount not-to-exceed \$101,075.
- On January 26, 2008, the Board awarded a construction management contract to RBF for a 24-month duration to oversee the Project. During RBF's contract period, the District replaced the Project's design consultant. Because of this action, RBF's pre-construction efforts were increased due to the extended time required to complete the Project's design and to bid out the project for construction. Staff noted that Change Order No. 1 to RBF's contract provided funding for the added scope of work.
- Staff stated that additional time was needed to complete the Project's final items such as paving, work at the Regulatory Site's Vault No. 7, and for flushing and completing bacteriological testing of the new pipeline. RBF was retained to oversee the completion of these items.
- Staff indicated that Change Order No. 2 to RBF's contract will document the extended effort that was required by RBF staff to oversee final work items and to ensure that the Project was completed to the District's satisfaction.

- Staff stated that the Project was completed in November 2010 and is currently in the process of being accepted by the District. Staff is recommending that the Board approve Change Order No. 2 to RBF's existing contract and indicated that it would increase RBF's contract amount by \$101,075, for a revised contract amount of \$1,236,855.
- In response to a question from the Committee, staff stated that RBF was the consultant who helped oversee and resolve issues with regard to the 640 Reservoir project and also on other past projects. It was indicated that the 36-Inch Pipeline project has been challenging and RBF was very instrumental, as with past projects, in moving the project forward for a successful result.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.



ATTACHMENT B

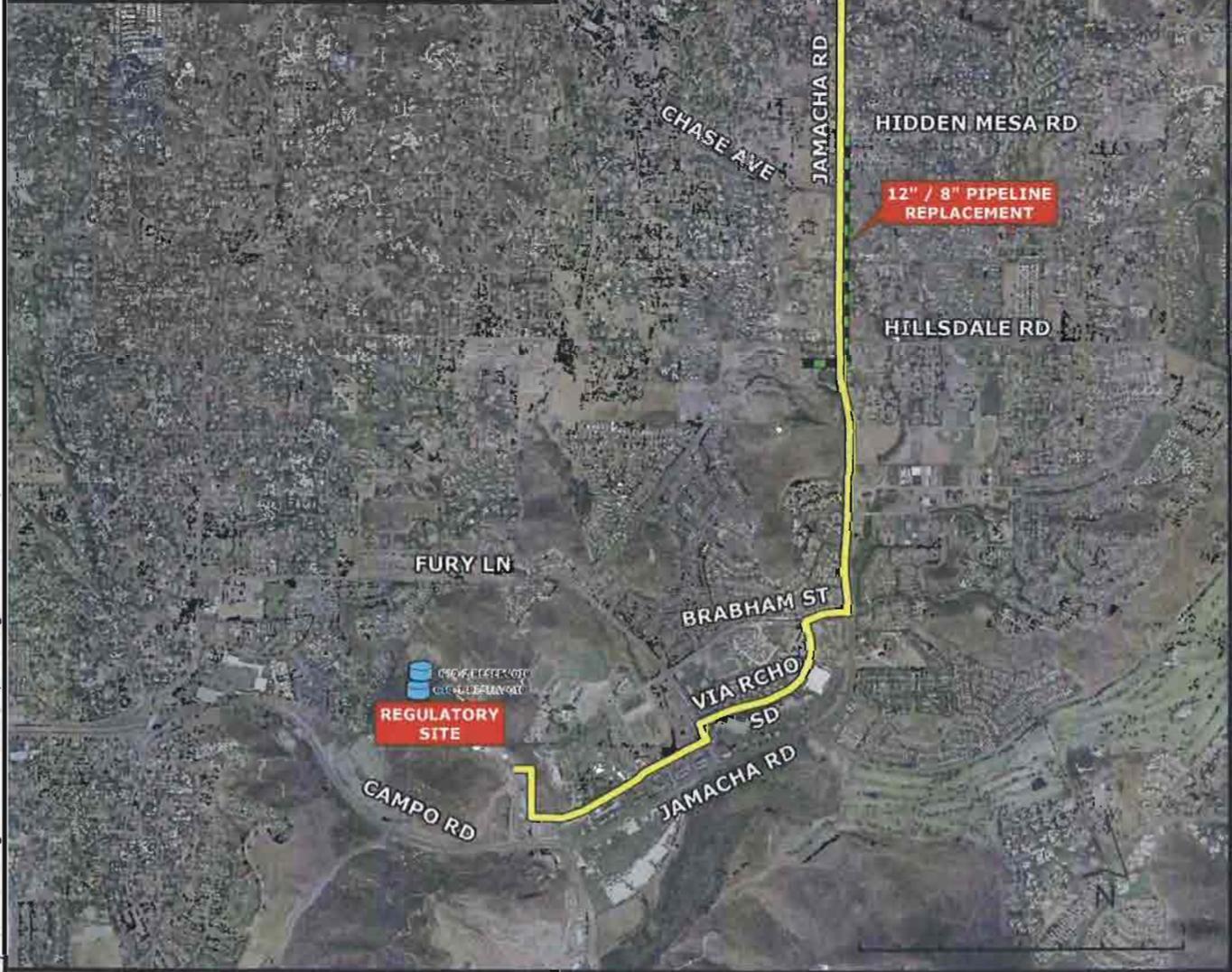
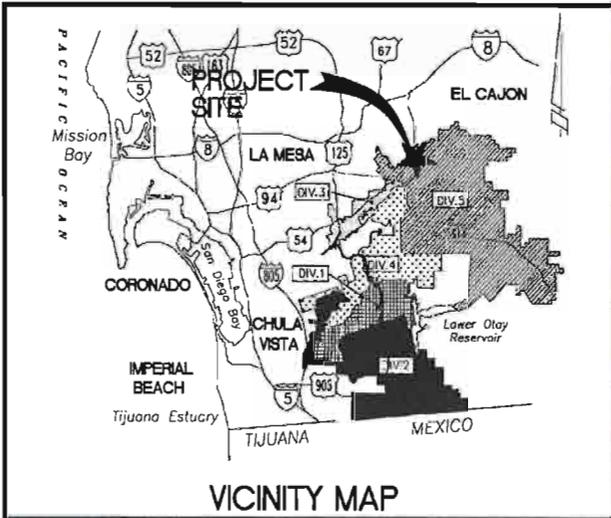
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|-------------------------|---|
| SUBJECT/PROJECT: | Change Order No. 2 to the Construction Management Services Contract with RBF for the 36-Inch Pipeline, SDCWA Otay FCF No. 14 to the Regulatory Site Project |
| P2009-001102 | |

Otay Water District
P2009 - 36-Inch Pipeline from SDCWA Otay FCF No. 14 to the Regulatory Site

Data Updated: November 05, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|-------------------------|------------------|---------------------|--|---------------------------------|-------------------------------|
| 21,000,000 | | | | | |
| Planning | | | | | |
| Labor | 285,782 | 285,782 | | 285,782 | |
| Printing | 993 | 993 | - | 993 | OCB REPROGRAPHICS |
| | 596 | 596 | - | 596 | MAIL MANAGEMENT GROUP INC |
| Business Meetings | 110 | 110 | - | 110 | PETTY CASH CUSTODIAN |
| | 84 | 84 | - | 84 | US BANK CORPORATE PAYMENT |
| Postage | 341 | 341 | - | 341 | US POSTMASTER |
| Professional Legal Fees | 5,595 | 5,595 | - | 5,595 | BURKE WILLIAMS & SORENSEN LLP |
| | 187,474 | 187,474 | - | 187,474 | GARCIA CALDERON & RUIZ LLP |
| Other Legal Expenses | 4,948 | 4,948 | - | 4,948 | GARCIA CALDERON & RUIZ LLP |
| | (10,290) | (10,290) | - | (10,290) | WOODRUFF, SPRADLIN & SMART |
| Regulatory Agency Fees | 1,927 | 1,927 | - | 1,927 | COUNTY OF SAN DIEGO |
| | 100 | 100 | - | 100 | US FISH & WILDLIFE SERVICE |
| Consultant Contracts | 1,080,288 | 1,080,288 | - | 1,080,288 | INFRASTRUCTURE ENGINEERING |
| | 25,684 | 25,684 | - | 25,684 | JONES & STOKES ASSOCIATES INC |
| | 1,100 | 1,100 | - | 1,100 | SOUTHWESTERN COLLEGE (COC) |
| Service Contracts | 398 | 398 | - | 398 | UNION TRIBUNE PUBLISHING CO |
| | 957 | 957 | - | 957 | SAN DIEGO DAILY TRANSCRIPT |
| | 350 | 350 | - | 350 | RYAN BETHKE |
| | 705 | 705 | - | 705 | OLLI BROS |
| Total Planning | 1,587,141 | 1,587,142 | - | 1,587,142 | |
| Design | | | | | |
| Labor | 691,627 | 691,627 | | 691,627 | |
| Mileage Reimbursement | 69 | 69 | - | 69 | PETTY CASH CUSTODIAN |
| Meals and Incidentals | 63 | 63 | - | 63 | PETTY CASH CUSTODIAN |
| Business Meetings | 46 | 46 | - | 46 | PETTY CASH CUSTODIAN |
| | 215 | 215 | - | 215 | US BANK CORPORATE PAYMENT |
| Professional Legal Fees | 67,883 | 67,883 | - | 67,883 | STEPHEN V MCCUE ESQ |
| | 79,098 | 79,098 | - | 79,098 | GARCIA CALDERON & RUIZ LLP |
| | 153 | 153 | - | 153 | R W BECK |
| Other Legal Expenses | 5,581 | 5,581 | - | 5,581 | GARCIA CALDERON & RUIZ LLP |
| | 17,071 | 17,071 | - | 17,071 | R W BECK |
| | 1,671 | 1,671 | - | 1,671 | SHELBURNE SHERR COURT |
| Regulatory Agency Fees | 271 | 271 | - | 271 | COUNTY OF SAN DIEGO - DPW |
| Other Agency Fees | 12,830 | 12,830 | - | 12,830 | CITY OF EL CAJON |
| Consultant Contracts | 99 | 99 | - | 99 | PETTY CASH CUSTODIAN |
| | 2,915 | 2,915 | - | 2,915 | LEE & RO (As-Needed Design) |
| | 3,656 | 3,656 | - | 3,656 | RBF (As-Needed Drafting) |
| | 1,050 | 1,050 | - | 1,050 | SOUTHLAND TITLE |
| | 1,640 | 1,640 | - | 1,640 | CALTRANS |
| | 527,826 | 527,826 | - | 527,826 | LEE & RO INC |
| | 61,629 | 61,629 | - | 61,629 | C.O. #1 |

| | | | | | |
|---------------------------------|-------------------|-------------------|----------------|-------------------|---------------------------------------|
| | 13,440 | 13,440 | - | 13,440 | SWINERTON MANAGEMENT |
| | 4,744 | 4,744 | - | 4,744 | WRA & ASSOCIATES INC |
| | 41,513 | 41,513 | - | 41,513 | SOUTHERN CALIFORNIA SOIL |
| | 36,750 | 36,750 | - | 36,750 | MWH CONSTRUCTORS INC |
| | 4,900 | 4,900 | - | 4,900 | KEN DAROIS |
| Miscellaneous Contracts | 87 | 87 | - | 87 | SAN DIEGO DAILY TRANSCRIPT |
| | 93,000 | 93,000 | - | 93,000 | SAN DIEGO COUNTY WATER |
| | 107,138 | 101,801 | 5,337 | 107,138 | HARRIS & ASSOCIATES INC |
| | 28 | 28 | - | 28 | SAN DIEGO COUNTY |
| | 5,700 | 5,700 | - | 5,700 | BELLA TERRA HOA |
| | 700 | 700 | - | 700 | SUZETTE C SWANGER |
| | 3,000 | 3,000 | - | 3,000 | RAYMOND KEITH HANNA |
| | 229,800 | 229,800 | - | 229,800 | GROSSMONT-CUYAMACA COMMUNITY |
| Service Contracts | 7,500 | 7,500 | - | 7,500 | KEAGY REAL ESTATE |
| | 91 | 91 | - | 91 | SAN DIEGO DAILY TRANSCRIPT |
| | 244 | 244 | - | 244 | UNION TRIBUNE PUBLISHING CO |
| | 349 | 349 | - | 349 | MCGRAW-HILL COMPANIES |
| | 6,912 | 6,912 | - | 6,912 | REPROHAUS CORP |
| Special Projects | 48 | 48 | - | 48 | SEDONA STAFFING SERVICES |
| | | | | | |
| Total Design | 2,031,334 | 2,025,996 | 5,337 | 2,031,334 | |
| Construction | | | | | |
| Labor | 325,000 | 288,181 | 36,819 | 325,000 | |
| Mileage Reimbursement | 119 | 119 | - | 119 | PETTY CASH CUSTODIAN |
| Meals and Incidentals | 83 | 83 | - | 83 | PETTY CASH CUSTODIAN |
| Business Meetings | 150 | 150 | - | 150 | US BANK CORPORATE PAYMENT |
| Postage | 1,606 | 1,606 | - | 1,606 | US POSTMASTER |
| Printing | 2,814 | 1,139 | 1,675 | 2,814 | MAIL MANAGEMENT GROUP INC |
| | 141 | 141 | - | 141 | US BANK CORPORATE PAYMENT |
| Regulatory Agency Fees | 17,375 | 17,375 | - | 17,375 | SAN DIEGO COUNTY WATER |
| | 11,641 | 11,641 | - | 11,641 | CITY OF EL CAJON |
| | 88,279 | 5,100 | 83,178 | 88,279 | HELIX WATER DISTRICT |
| Other Agency Fees | 1,172 | 1,172 | - | 1,172 | HELIX WATER DISTRICT |
| | 68,725 | - | 68,725 | 68,725 | HELIX WATER DISTRICT |
| | 9,625 | 9,625 | - | 9,625 | CITY OF EL CAJON |
| Consultant Contracts | 1,088,785 | 1,088,785 | - | 1,088,785 | RBF CONSULTING (CM) |
| | 46,995 | 46,995 | - | 46,995 | C.O. #1 |
| | 101,075 | 77,534 | 23,541 | 101,075 | C.O. #2 |
| | 13,128 | 13,128 | - | 13,128 | SOUTHERN CALIFORNIA SOIL |
| | 30,000 | 29,171 | 829 | 30,000 | MARSTON+MARSTON INC |
| | 52,357 | 34,865 | 17,492 | 52,357 | LEE & RO INC (Constr. Phase Services) |
| | 252 | 252 | - | 252 | SAN DIEGO NEIGHBORHOOD |
| Construction Contracts | 527,000 | 527,000 | - | 527,000 | SAN DIEGO COUNTY WATER |
| | 12,869 | 12,869 | - | 12,869 | SOUTHERN CALIFORNIA SOIL |
| | 27,850 | 27,850 | - | 27,850 | HELIX WATER DISTRICT |
| | 13,680,525 | 12,439,847 | 1,240,678 | 13,680,525 | CCL CONTRACTING |
| | (243,847) | (243,847) | - | (243,847) | C.O. #1 |
| | (63,418) | (63,418) | - | (63,418) | C.O. #2 |
| | (1,474,033) | - | (1,474,033) | (1,474,033) | C.O. #3 |
| | 1,485,918 | 1,233,364 | 252,554 | 1,485,918 | CALIFORNIA BANK & TRUST |
| | 49,901 | 49,901 | - | 49,901 | COUNTY OF SAN DIEGO - DPW |
| | 5,998 | 5,998 | - | 5,998 | CLARKSON LAB & SUPPLY INC |
| | - | - | - | - | HARRIS & ASSOCIATES INC |
| Professional Legal Fees | 83 | 83 | - | 83 | GARCIA CALDERON & RUIZ LLP |
| Service Contracts | 1,311 | 1,311 | - | 1,311 | UNION TRIBUNE PUBLISHING CO |
| | 266 | 266 | - | 266 | MCGRAW-HILL COMPANIES |
| | 450 | 450 | - | 450 | REEL 'EM IN INC |
| | 252 | 252 | - | 252 | SAN DIEGO NEIGHBORHOOD NEWS |
| | 1,769 | 1,769 | - | 1,769 | MAIL MANAGEMENT GROUP INC |
| | 121 | 121 | - | 121 | SD DAILY TRANSCRIPT |
| Infrastructure Equipment & Mate | 16,375 | 1,626 | 14,750 | 16,375 | MESA LABORATORIES INC |
| Backfill | 14,000 | 14,000 | - | 14,000 | TC CONSTRUCTION INC |
| Inline Valve | 1,609 | 1,609 | - | 1,609 | FERGUSON WATERWORKS # 1082 |
| | | | | | |
| Total Construction | 15,904,322 | 15,638,114 | 266,208 | 15,904,322 | |
| Grand Total | 19,522,797 | 19,251,252 | 271,545 | 19,522,797 | |



OTAY WATER DISTRICT
 PIPELINE 36-INCH,
 SDCWA FCF NO. 14 TO REGULATORY SITE

CIP P2009

P:\WORKING\CIP P2009\Graphics\Exhibits-Figures\2009 Exhibit A, Final Alignment 2-24-09.mxd

EXHIBIT A

EXHIBIT B

OTAY WATER DISTRICT

2554 SWEETWATER SPRINGS BLVD., SPRING VALLEY, CA. 91978, (619) 670-2222

CONTRACT/P.O. CHANGE ORDER No. 02

PROJECT/ITEM: Construction Management and Inspection Services for the 36-inch Pipeline from SDCWA No. 14 to Regulatory Site

CONTRACTOR/VENDOR: RBF Consulting

REF.CIP No.: P2009

APPROVED BY: Board

REF. P.O. No: 707935

DATE: 10-Nov-10

DESCRIPTION:

Increase Contract value for additional services per the attached request for contract amendment dated November 8, 2010.

REASON:

Resulting from added scope performed as a result of extending the duration of the construction contract additional services are necessary to provide required construction management and inspection services to complete.

CHANGE P.O. TO READ:

Revise contract to add \$101,075.00 for a total contract amount of \$1,236,855.00.

| | |
|--|-----------------|
| ORIGINAL CONTRACT/P.O. AMOUNT: | \$ 1,088,785.00 |
| ADJUSTED AMOUNT FROM PREVIOUS CHANGE: | \$ 1,135,780.00 |
| TOTAL COST OF THIS CHANGE ORDER: | \$ 101,075.00 |
| NEW CONTRACT/P.O. AMOUNT IS: | \$ 1,236,855.00 |
| ORIGINAL CONTRACT COMPLETION DATE: | 01/31/10 |
| CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE: | No |
| REVISED CONTRACT COMPLETION DATE: | 03/01/11 |

IT IS UNDERSTOOD WITH THE FOLLOWING APPROVALS, THAT THE CONTRACTOR/VENDOR IS AUTHORIZED AND DIRECTED TO MAKE THE HEREIN DESCRIBED CHANGES. IT IS ALSO AGREED THAT THE TOTAL COST FOR THIS CHANGE ORDER CONSTITUTES FULL AND COMPLETE COMPENSATION FOR OBLIGATIONS REQUIRED BY THE CONTRACT/P.O. ALL OTHER PROVISIONS AND REQUIREMENTS OF THE CONTRACT/P.O. REMAIN IN FULL FORCE AND EFFECT.

CONTRACTOR/VENDOR:

SIGNATURE: 

NAME: Wayne Papac

TITLE: Vice President DATE: 11-10-10

ADDRESS: 9755 Clairemont Mesa Blvd

San Diego, CA 92124

STAFF APPROVALS:

PROJ. MGR : _____ DATE: _____

DIV. MGR : _____ DATE: _____

CHIEF: _____ DATE: _____

ASST. GM : _____ DATE: _____

DISTRICT APPROVAL:

GEN. MANAGER: _____ DATE: _____

COPIES: FILE (Orig.), CONTRACTOR/VENDOR, CHIEF-ENGINEERING, CHIEF-FINANCE, ENGR. MGR.
 ACCTS PAYABLE, INSPECTION, PROJ. MGR., ENGR. SECRETARY, PURCHASING, PROJECT BINDER

CHANGE ORDER LOG

Construction Management and Inspection Services for the 36-inch Pipeline from SDCWA No. 14 to Regulatory Site
 Consultant/Contractor RBF Consulting

Project: P2009
 Subproject:

| C.O. | AMOUNT | APPROVED | | DESCRIPTION | TYPE C.O. |
|------|--------------|----------|-----------|---|-----------|
| | | BY | DATE | | |
| 1 | \$46,995.00 | GM | 6/15/2010 | Compensation for Additional Services during Pre-Construction | Owner |
| 2 | \$101,075.00 | Board | | Compensation for Additional Services as part of construction contract extension | Owner |
| 3 | | | | | |
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| | | |
|---------------------------|----------------|-------|
| Total C.O.'s To Date: | \$148,070.00 | 13.6% |
| Original Contract Amount: | \$1,088,785.00 | |
| Current Contract Amount: | \$1,236,855.00 | |

Change Order Breakdown for the Month:

| Month | Net C.O.\$ | Limit | Authorization | C.O. % |
|-------|------------|----------|---------------|--------|
| 11/10 | \$0.00 | \$1,000 | Insp | 0.0% |
| | | \$5,000 | PM/Supervisor | 0.0% |
| | | \$10,000 | Manager | 0.0% |
| | | \$15,000 | Chief | 0.0% |
| | | \$20,000 | AGM | 0.0% |
| | | \$50,000 | GM | 0.0% |



OTAY WATER DISTRICT
RECEIVED

2010 NOV -9 AM 10: 55

November 8, 2010

Otay Water District
Attn: Ron Ripperger, PE, Project Manager
2554 Sweetwater Springs Boulevard
Spring Valley, CA 91978

Re: Request for Contract Amendment
Construction Management and Inspection Services for the 36-inch Pipeline from
SDCWA No. 14 to Regulatory Site (P-2009)

Dear Mr. Ripperger:

When our contract was issued in February of 2008, it was anticipated that construction operations would be complete in December of 2009. Due to changes in the engineering firm of record, delays were encountered resulting in a anticipated construction contract completion date of August 24, 2010 for which Contract Change Order No. 1 was issued. Due to Project requirements the actual construction completion was October 31, 2010, and formal administrative close-out shall be complete by November 30, 2010.

Our original negotiated budget for pre-construction support anticipated 7 months of services encompassing constructability reviews, public relations support and bidding support for a total of \$83,144.00. Resulting from extenuating circumstances surrounding the replacement of the original design firm our pre-construction efforts were increased to a total of 18 months with a total cost of \$272,191.25 resulting in a delta of \$189,047.25.

We have worked with District staff throughout the construction process to minimize costs, where possible, in an effort to mitigate the impacts of the additional pre-construction support. Our Change Order No.01 compensated us up to and including August 31, 2010, however, the Contractor did not complete the field work until October 31, 2010, and there remain continued administrative close-out activities and a small amount of field work to be completed by the end of November. In order to complete the remaining activities and recover costs from September 1, 2010 through completion and final deliverables please process a Contract Change Order for the following:

| | | | | | |
|----------------------------------|--------------------|-----------|------------|-------|--------------|
| Task 1 – Construction Inspection | – James Bassett | 339 hrs @ | \$145/hr | = | \$49,155.00 |
| Task 2 – Construction Management | – Wayne Papac | 5 hrs @ | \$180/hr | = | \$900.00 |
| Task 2 – Construction Management | – Douglas Cook | 232 hrs @ | \$160/hr | = | \$37,120.00 |
| Task 2 – Construction Management | – Ellen Buensuceso | 132 hrs @ | \$75/hr | = | \$9,900.00 |
| Task 3 - ODC's | | 2 mo @ | \$2,000.00 | = | \$4,000.00 |
| | | | | ===== | |
| | | | | | \$101,075.00 |

We respectfully request a contract FINAL amendment to add \$101,075.00 to our current contract to include completion of required services.

Respectfully submitted,



Wayne Papac
Vice President / Project Manager
Authorized Officer

Quality Assurance Approval Sheet

Subject: Change Order No. 2 to the Construction
Management Services Contract with RBF
Consulting for the 36-Inch Pipeline, SDCWA
Otay FCF No. 14 to the Regulatory Site Project

Project No.: P2009-001102

Document Description: Staff Report for January 5, 2011 Board Meeting.

Author:


Signature

11/30/10
Date

Ron Ripperger
Printed Name

QA Reviewer:


Signature

11/30/10
Date

Gary Silverman
Printed Name

Manager:


Signature

12/1/10
Date

Rod Posada
Printed Name

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible, and uniform in its presentation style.



STAFF REPORT

| | | | | |
|-----------------------------|--|--------------------------|------------------|---------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 | |
| SUBMITTED BY: | Ron Ripperger <i>[Signature]</i> Engineering Manager | PROJECT / SUBPROJECT: | P2009- 001103 | DIV. 5 NO. |
| APPROVED BY: (Chief) | Rod Posada <i>[Signature]</i> Chief, Engineering | | | |
| APPROVED BY: (Asst. GM): | Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering and Operations | | | |
| SUBJECT: | Credit Change Order No. 3 to the Construction Contract with CCL Contracting Inc. for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Projects | | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approves Credit Change Order No. 3 to the existing construction contract with CCL Contracting Inc. (CCL) for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Projects in the amount of <\$1,474,033.22> (see Exhibit A for project location.)

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute Credit Change Order No. 3 (see Exhibit B) for <\$1,474,033.22> to the construction contract with CCL for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Projects.

ANALYSIS:

At the June 3, 2009 Board Meeting, CCL was awarded a construction contract for the 36-Inch Pipeline Project in the amount of

\$16,189,243. Project construction began in July 2009 and was completed in November 2010.

On January 6, 2010 the Board approved Credit Change Order No. 1 which provided for a change in installation methods of the 36-inch pipe under an existing riparian area within the southeasterly portion of Cuyamaca College due to differing site conditions. The original Bid Item No. 7 in the contract for P2009 included \$936,434 for a traditional tunnel operation. Change Order No. 1 modified this item to a jack and bore operation for a revised cost of \$692,587 resulting in a net change of <\$243,847>.

On July 7, 2010 the Board approved Credit Change Order No. 2 which provided for a variety of items including an increase in costs due to revising the location of airvac assemblies, removal of rocks and boulders encountered during the jack & bore operation within Cuyamaca College, and changing the specified spacers within the steel casing to redwood skids. In addition, the pipeline had to be realigned during construction due to conflicts with the new 12-inch pipe. This change order also included deletion of an allowance item for installation of a sound wall within Cuyamaca College of (\$200,000). The total cost for all the additive items was \$136,852. Including the credit for the sound wall allowance, Credit Change Order No. 2 provided a net reimbursement amount to the District of <\$63,418.11>.

Credit Change Order No. 3 is the final change order for the project essentially closing out the contract with CCL. This change order includes twenty-two (22) separate items consisting of one increase (Item No. 21) and twenty-one (21) deductions to the contract amount. In addition, Credit Change Order No. 3 extends the contract duration by fifty-three (53) days.

Item No. 21, valued at \$11,575.20, provides for the addition of a sample pump and associated mechanical and electrical work at Vault No. 7 at the Regulatory Site. The remaining twenty-one (21) items provide credits for various items such as reduced quantity of rock removal, dewatering to the storm drain, disposal of Class II regulated waste, reduced quantity of sewer lateral reconstruction, and other miscellaneous allowances added to the contract based on an independent risk analysis. The deductive items also include a credit back for allowances such as unknown utilities and paving. Exhibit B provides all the detail for this change.

FISCAL IMPACT:



Funding for the overall project comes from CIP P2009, the 36-Inch pipeline installation. This Credit Change Order reduces the contract by <\$1,474,033.22>.

The total budget for CIP P2009, as approved in the FY 2011 budget, is \$21,000,000. Total expenditures, plus outstanding commitments and forecast including this Credit Change Order, are \$19,522,797. See Attachment B for budget detail.

The Project Manager anticipates that, based on the attached financial analysis, the CIP budget for P2009 will be sufficient to support this project.

Finance has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is available from the Betterment Fund for CIP P2009.

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." This project fulfills two of the District's Strategic Goals, No. 1 - Community and Governance and No. 5 - Potable Water, by maintaining proactive and productive relationships with the project stakeholders and by guaranteeing that the District will provide for current and future water needs.

LEGAL IMPACT:

None.



General Manager

P:\WORKING\CIP P2009 36-inch PL - FCF 14 to Reg Site\Staff Reports\BD 01-05-11 , Staff Report, CCL CO#3, (RR-RP).doc

RR/RP:jf

Attachments: Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Project Location Map
Exhibit B - Credit Change Order No. 3



ATTACHMENT A

| | |
|---|--|
| SUBJECT/PROJECT: P2009-001103 | Credit Change Order No. 3 to the Construction Contract with CCL Contracting Inc. for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Projects |
|---|--|

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on December 7, 2010 and the following comments were made:

- Staff is requesting that the Otay Water District (District) Board of Directors (Board) approves Credit Change Order No. 3 to the existing construction contract with CCL Contracting Inc. (CCL) for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Projects in the amount of <\$1,474,033.22>.
- On June 3, 2009, the Board awarded a construction contract to CCL for a 14-month duration. Staff indicated that two (2) Change Orders were previously approved by the Board, which resulted in a net overall credit to the District. Credit Change Order No. 3 to CCL's existing contract is the final change order for the project and includes an extension of fifty-three (53) days with the District's intention to close out the contract once the Project is completed.
- Staff indicated that the change order consisted of twenty-two (22) items with a credit of twenty-one (21) deductions to the contract amount, leaving one (1) item to the change order (Item 21) which was the installation of a sample pump at Vault No. 7 at the Regulatory Site.
- Staff stated that the Project was completed in November 2010 and is currently in the process of being accepted by the District. Staff is recommending that the Board approve Change Order No. 3 to CCL's existing contract and indicated that it would reduce

CCL's contract amount by \$1,474,033.22 for a new contract amount of \$14,407,944.

- It was indicated that additional budget detail for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Project is included in Exhibit B.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.



ATTACHMENT B

SUBJECT/PROJECT: Credit Change Order No. 3 to the Construction Contract with CCL Contracting Inc. for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Projects

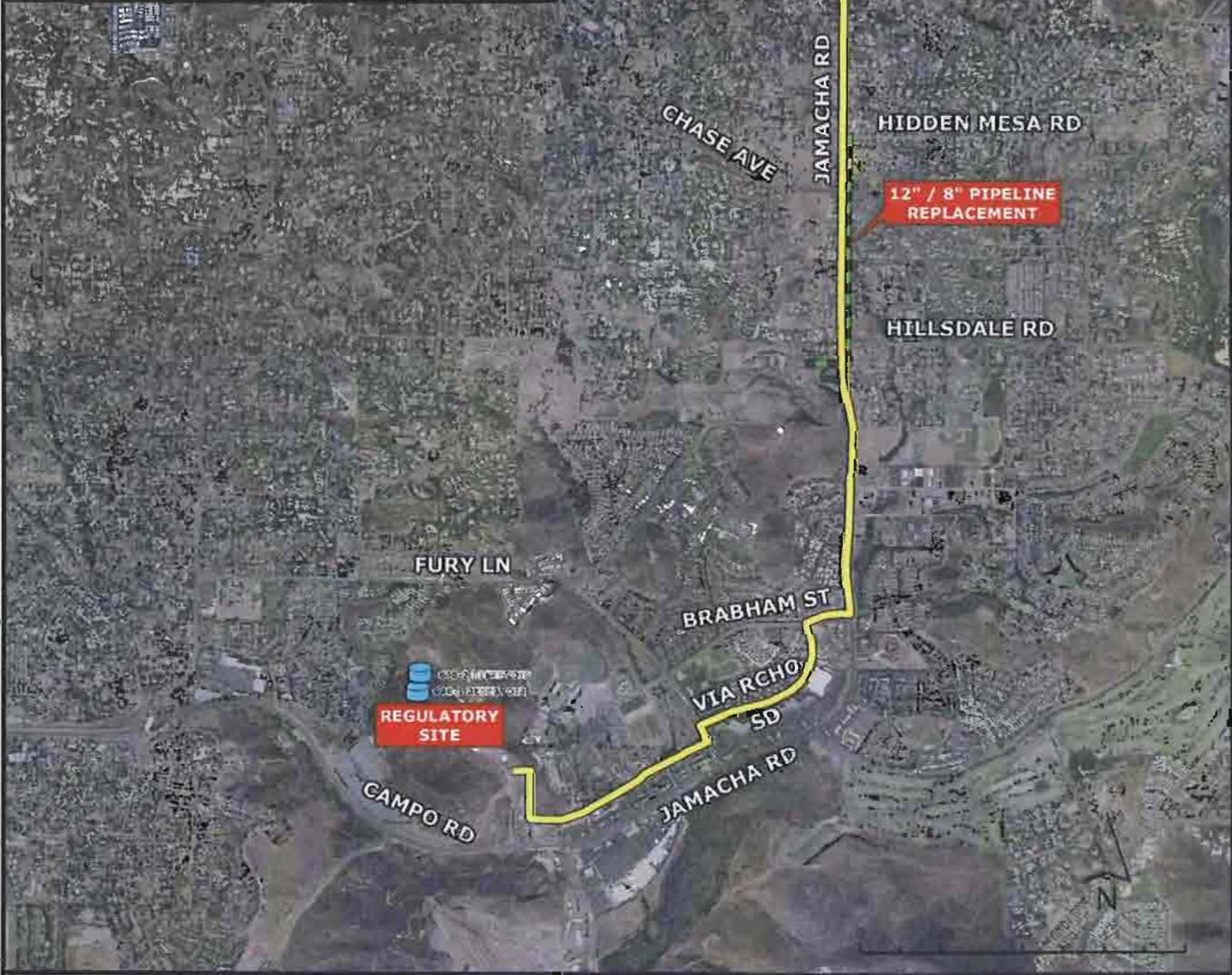
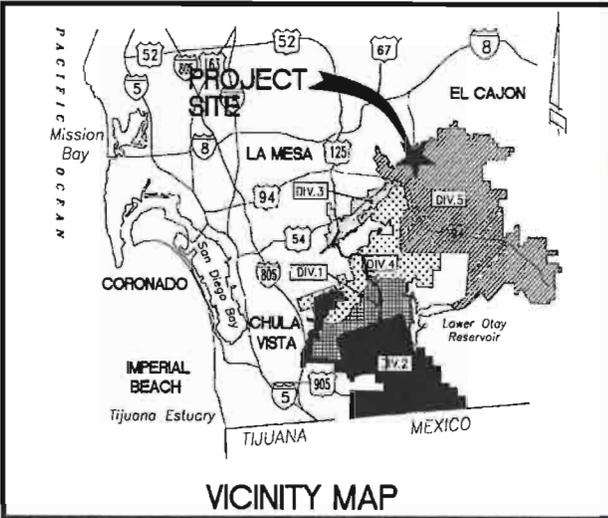
P2009-001103

Otay Water District
P2009 - 36-inch Pipeline from SDCWA Otay FCF No. 14 to the Regulatory Site

Date Updated: November 05, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|-------------------------|------------------|---------------------|--|---------------------------------|-------------------------------|
| 21,000,000 | | | | | |
| Planning | | | | | |
| Labor | 285,782 | 285,782 | | 285,782 | |
| Printing | 993 | 993 | - | 993 | OCB REPROGRAPHICS |
| | 596 | 596 | - | 596 | MAIL MANAGEMENT GROUP INC |
| Business Meetings | 110 | 110 | - | 110 | PETTY CASH CUSTODIAN |
| | 84 | 84 | - | 84 | US BANK CORPORATE PAYMENT |
| Postage | 341 | 341 | - | 341 | US POSTMASTER |
| Professional Legal Fees | 5,595 | 5,595 | - | 5,595 | BURKE WILLIAMS & SORENSEN LLP |
| | 187,474 | 187,474 | - | 187,474 | GARCIA CALDERON & RUIZ LLP |
| Other Legal Expenses | 4,948 | 4,948 | - | 4,948 | GARCIA CALDERON & RUIZ LLP |
| | (10,290) | (10,290) | - | (10,290) | WOODRUFF, SPRADLIN & SMART |
| Regulatory Agency Fees | 1,927 | 1,927 | - | 1,927 | COUNTY OF SAN DIEGO |
| | 100 | 100 | - | 100 | US FISH & WILDLIFE SERVICE |
| Consultant Contracts | 1,080,288 | 1,080,288 | - | 1,080,288 | INFRASTRUCTURE ENGINEERING |
| | 25,684 | 25,684 | - | 25,684 | JONES & STOKES ASSOCIATES INC |
| | 1,100 | 1,100 | - | 1,100 | SOUTHWESTERN COLLEGE (COC) |
| Service Contracts | 398 | 398 | - | 398 | UNION TRIBUNE PUBLISHING CO |
| | 957 | 957 | - | 957 | SAN DIEGO DAILY TRANSCRIPT |
| | 350 | 350 | - | 350 | RYAN BETHKE |
| | 705 | 705 | - | 705 | OLLI BROS |
| Total Planning | 1,587,141 | 1,587,142 | - | 1,587,142 | |
| Design | | | | | |
| Labor | 691,627 | 691,627 | | 691,627 | |
| Mileage Reimbursement | 69 | 69 | - | 69 | PETTY CASH CUSTODIAN |
| Meals and Incidentals | 63 | 63 | - | 63 | PETTY CASH CUSTODIAN |
| Business Meetings | 46 | 46 | - | 46 | PETTY CASH CUSTODIAN |
| | 215 | 215 | - | 215 | US BANK CORPORATE PAYMENT |
| Professional Legal Fees | 67,883 | 67,883 | - | 67,883 | STEPHEN V MCCUE ESQ |
| | 79,098 | 79,098 | - | 79,098 | GARCIA CALDERON & RUIZ LLP |
| | 153 | 153 | - | 153 | R W BECK |
| Other Legal Expenses | 5,581 | 5,581 | - | 5,581 | GARCIA CALDERON & RUIZ LLP |
| | 17,071 | 17,071 | - | 17,071 | R W BECK |
| | 1,671 | 1,671 | - | 1,671 | SHELBURNE SHERR COURT |
| Regulatory Agency Fees | 271 | 271 | - | 271 | COUNTY OF SAN DIEGO - DPW |
| Other Agency Fees | 12,830 | 12,830 | - | 12,830 | CITY OF EL CAJON |
| Consultant Contracts | 99 | 99 | - | 99 | PETTY CASH CUSTODIAN |
| | 2,915 | 2,915 | - | 2,915 | LEE & RO (As-Needed Design) |
| | 3,656 | 3,656 | - | 3,656 | RBF (As-Needed Drafting) |
| | 1,050 | 1,050 | - | 1,050 | SOUTHLAND TITLE |
| | 1,640 | 1,640 | - | 1,640 | CALTRANS |
| | 527,826 | 527,826 | - | 527,826 | LEE & RO INC |
| | 61,629 | 61,629 | - | 61,629 | C.O. #1 |

| | | | | | |
|---------------------------------|-------------------|-------------------|----------------|-------------------|---------------------------------------|
| | 13,440 | 13,440 | - | 13,440 | SWINERTON MANAGEMENT |
| | 4,744 | 4,744 | - | 4,744 | WRA & ASSOCIATES INC |
| | 41,513 | 41,513 | - | 41,513 | SOUTHERN CALIFORNIA SOIL |
| | 36,750 | 36,750 | - | 36,750 | MWH CONSTRUCTORS INC |
| | 4,900 | 4,900 | - | 4,900 | KEN DAROIS |
| Miscellaneous Contracts | 87 | 87 | - | 87 | SAN DIEGO DAILY TRANSCRIPT |
| | 93,000 | 93,000 | - | 93,000 | SAN DIEGO COUNTY WATER |
| | 107,138 | 101,801 | 5,337 | 107,138 | HARRIS & ASSOCIATES INC |
| | 28 | 28 | - | 28 | SAN DIEGO COUNTY |
| | 5,700 | 5,700 | - | 5,700 | BELLA TERRA HOA |
| | 700 | 700 | - | 700 | SUZETTE C SWANGER |
| | 3,000 | 3,000 | - | 3,000 | RAYMOND KEITH HANNA |
| | 229,800 | 229,800 | - | 229,800 | GROSSMONT-CUYAMACA COMMUNITY |
| Service Contracts | 7,500 | 7,500 | - | 7,500 | KEAGY REAL ESTATE |
| | 91 | 91 | - | 91 | SAN DIEGO DAILY TRANSCRIPT |
| | 244 | 244 | - | 244 | UNION TRIBUNE PUBLISHING CO |
| | 349 | 349 | - | 349 | MCGRAW-HILL COMPANIES |
| | 6,912 | 6,912 | - | 6,912 | REPROHAUS CORP |
| Special Projects | 48 | 48 | - | 48 | SEDONA STAFFING SERVICES |
| | | | | | |
| Total Design | 2,031,334 | 2,025,996 | 5,337 | 2,031,334 | |
| Construction | | | | | |
| Labor | 325,000 | 288,181 | 36,819 | 325,000 | |
| Mileage Reimbursement | 119 | 119 | - | 119 | PETTY CASH CUSTODIAN |
| Meals and Incidentals | 83 | 83 | - | 83 | PETTY CASH CUSTODIAN |
| Business Meetings | 150 | 150 | - | 150 | US BANK CORPORATE PAYMENT |
| Postage | 1,606 | 1,606 | - | 1,606 | US POSTMASTER |
| Printing | 2,814 | 1,139 | 1,675 | 2,814 | MAIL MANAGEMENT GROUP INC |
| | 141 | 141 | - | 141 | US BANK CORPORATE PAYMENT |
| Regulatory Agency Fees | 17,375 | 17,375 | - | 17,375 | SAN DIEGO COUNTY WATER |
| | 11,641 | 11,641 | - | 11,641 | CITY OF EL CAJON |
| | 88,279 | 5,100 | 83,178 | 88,279 | HELIX WATER DISTRICT |
| Other Agency Fees | 1,172 | 1,172 | - | 1,172 | HELIX WATER DISTRICT |
| | 68,725 | - | 68,725 | 68,725 | HELIX WATER DISTRICT |
| | 9,625 | 9,625 | - | 9,625 | CITY OF EL CAJON |
| Consultant Contracts | 1,088,785 | 1,088,785 | - | 1,088,785 | RBF CONSULTING (CM) |
| | 46,995 | 46,995 | - | 46,995 | C.O. #1 |
| | 101,075 | 77,534 | 23,541 | 101,075 | C.O. #2 |
| | 13,128 | 13,128 | - | 13,128 | SOUTHERN CALIFORNIA SOIL |
| | 30,000 | 29,171 | 829 | 30,000 | MARSTON+MARSTON INC |
| | 52,357 | 34,865 | 17,492 | 52,357 | LEE & RO INC (Constr. Phase Services) |
| | 252 | 252 | - | 252 | SAN DIEGO NEIGHBORHOOD |
| Construction Contracts | 527,000 | 527,000 | - | 527,000 | SAN DIEGO COUNTY WATER |
| | 12,869 | 12,869 | - | 12,869 | SOUTHERN CALIFORNIA SOIL |
| | 27,850 | 27,850 | - | 27,850 | HELIX WATER DISTRICT |
| | 13,680,525 | 12,439,847 | 1,240,678 | 13,680,525 | CCL CONTRACTING |
| | (243,847) | (243,847) | - | (243,847) | C.O. #1 |
| | (63,418) | (63,418) | - | (63,418) | C.O. #2 |
| | (1,474,033) | - | (1,474,033) | (1,474,033) | C.O. #3 |
| | 1,485,918 | 1,233,364 | 252,554 | 1,485,918 | CALIFORNIA BANK & TRUST |
| | 49,901 | 49,901 | - | 49,901 | COUNTY OF SAN DIEGO - DPW |
| | 5,998 | 5,998 | - | 5,998 | CLARKSON LAB & SUPPLY INC |
| | - | - | - | - | HARRIS & ASSOCIATES INC |
| Professional Legal Fees | 83 | 83 | - | 83 | GARCIA CALDERON & RUIZ LLP |
| Service Contracts | 1,311 | 1,311 | - | 1,311 | UNION TRIBUNE PUBLISHING CO |
| | 266 | 266 | - | 266 | MCGRAW-HILL COMPANIES |
| | 450 | 450 | - | 450 | REEL 'EM IN INC |
| | 252 | 252 | - | 252 | SAN DIEGO NEIGHBORHOOD NEWS |
| | 1,769 | 1,769 | - | 1,769 | MAIL MANAGEMENT GROUP INC |
| | 121 | 121 | - | 121 | SD DAILY TRANSCRIPT |
| Infrastructure Equipment & Mate | 16,375 | 1,626 | 14,750 | 16,375 | MESA LABORATORIES INC |
| Backfill | 14,000 | 14,000 | - | 14,000 | TC CONSTRUCTION INC |
| Inline Valve | 1,609 | 1,609 | - | 1,609 | FERGUSON WATERWORKS # 1082 |
| | | | | | |
| Total Construction | 15,904,322 | 15,638,114 | 266,208 | 15,904,322 | |
| | | | | | |
| Grand Total | 19,522,797 | 19,251,252 | 271,545 | 19,522,797 | |



OTAY WATER DISTRICT
 PIPELINE 36-INCH,
 SDCWA FCF NO. 14 TO REGULATORY SITE

CIP P2009

EXHIBIT B

OTAY WATER DISTRICT

2554 SWEETWATER SPRINGS BLVD., SPRING VALLEY, CA. 91978, (619) 670-2222

CONTRACT/P.O. CHANGE ORDER No. 3

PROJECT/ITEM: Jamacha Rd 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Project

CONTRACTOR/VENDOR: CCL Contracting

REF.CIP No.: P2009 / P2038

APPROVED BY: Board

REF. P.O. No: 710770

REF. W.O. No.:

DATE: 11/03/2010

DESCRIPTION:

See attached page 2 of 5 for continuation.

REASON:

See attached page 4 of 5 for continuation.

CHANGE P.O. TO READ:

Revise Contract to deduct \$1,474,033.22 and add 53 days time for a total Contract amount of \$14,407,944.27 with a Contract Duration of 493 Calendar Days.

| | | |
|--|----|----------------|
| ORIGINAL CONTRACT/P.O. AMOUNT: | \$ | 16,189,243.00 |
| ADJUSTED AMOUNT FROM PREVIOUS CHANGE: | \$ | 15,881,977.49 |
| TOTAL COST OF THIS CHANGE ORDER: | \$ | (1,474,033.22) |
| NEW CONTRACT/P.O. AMOUNT IS: | \$ | 14,407,944.27 |
| ORIGINAL CONTRACT COMPLETION DATE: | | Aug 4, 2010 |
| CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE: | | 53 days |
| CONTRACT COMPLETION DATE: | | Oct 15, 2010 |

IT IS UNDERSTOOD WITH THE FOLLOWING APPROVALS, THAT THE CONTRACTOR/VENDOR IS AUTHORIZED AND DIRECTED TO MAKE THE HEREIN DESCRIBED CHANGES. IT IS ALSO AGREED THAT THE TOTAL COST FOR THIS CHANGE ORDER CONSTITUTES FULL AND COMPLETE COMPENSATION FOR OBLIGATIONS REQUIRED BY THE CONTRACT/P.O. ALL OTHER PROVISIONS AND REQUIREMENTS OF THE CONTRACT/P.O. REMAIN IN FULL FORCE AND EFFECT.

CONTRACTOR/VENDOR:

[Signature]
TITLE: Secretary DATE: 11/5/10

ADDRESS: CCL Contracting
1938 Don Lee Place, Escondido, CA 92029

STAFF APPROVALS:

PROJ. MGR. *[Signature]* DATE: 11/10/10
DIV. MGR: _____ DATE: _____
CHIEF: _____ DATE: _____
ASSIST G.M.: _____ DATE: _____

DISTRICT APPROVAL:

GEN. MANAGER: _____ DATE: _____

COPIES: FILE (Orig.), CONTRACTOR/VENDOR, CHIEF.-ENGINEERING., ASST CHIEF.-FINANCE ENGR. MGR.
 ACCTS PAYABLE INSPECTION PROJ MGR ENGR. SECRETARY PURCHASING

Description of Work

| <u>Description</u> | <u>Increase</u> | <u>Decrease</u> | <u>Time</u> |
|--|-----------------|-----------------|-------------|
| <u>Item No. 1:</u> This Change Order decreases the amount allocated for Bid Item 22, Rock Removal by \$133,332.00 to a new authorized amount of \$116,268.00. (Delete 4,166.63 CY at \$32 / CY) | | \$133,332.00 | 0 |
| <u>Item No. 2:</u> This Change Order decreases the amount allocated for Bid Item 23, Dewatering to Sewer System by \$40,000.00 to a new authorized amount of \$0.00. (Delete 5,000 LF at \$8 / LF) | | \$40,000.00 | 0 |
| <u>Item No. 3:</u> This Change Order decreases the amount allocated for Bid Item 24, Dewatering to Storm Drain by \$14,364.00 to a new authorized amount of \$12,636.00. (Delete 1,404 LF at \$9 / LF) | | \$14,364.00 | 0 |
| <u>Item No. 4:</u> This Change Order decreases the amount allocated for Bid Item 26, Unsuitable Soils by \$36,000.00 to a new authorized amount of \$0.00. (Delete 800 CY at \$45 / CY) | | \$36,000.00 | 0 |
| <u>Item No. 5:</u> This Change Order decreases the amount allocated for Bid Item 27, Regulatory Site Sample Line Allowance by \$7,651.24 to a new authorized amount of \$2,348.76. | | \$7,651.24 | 0 |
| <u>Item No. 6:</u> This Change Order decreases the amount allocated for Bid Item 28, Disposal of Class I Regulated Waste Material by \$25,000.00 to a new authorized amount of \$0.00. (Delete 50 TON at \$500 / TON) | | \$25,000.00 | 0 |
| <u>Item No. 7:</u> This Change Order decreases the amount allocated for Bid Item 29, Disposal of Class II Regulated Waste Material by \$30,000.00 to a new authorized amount of \$0.00. (Delete 100 TON at \$300 / TON) | | \$30,000.00 | 0 |
| <u>Item No. 8:</u> This Change Order decreases the amount allocated for Bid Item 30, Disposal of Class III Regulated Waste Material by \$20,000.00 to a new authorized amount of \$0.00. (Delete 200 TON at \$100 / TON) | | \$20,000.00 | 0 |
| <u>Item No. 9:</u> This Change Order decreases the amount allocated for Bid Item 31, Additional Potholing – Utilities No Shown on Drawings by \$98,700.00 to a new authorized amount of \$6,300.00. (Delete 141 EA at \$700 / EA) | | \$98,700.00 | 0 |
| <u>Item No. 10:</u> This Change Order decreases the amount allocated for Bid Item 32, Relocate/Reconstruct Sewer Laterals by \$84,000.00 to a new authorized amount of \$0.00. (Delete 70 EA at \$1,200 / EA) | | \$84,000.00 | 0 |
| <u>Item No. 11:</u> This Change Order decreases the amount allocated for Bid Item 33, Relocate/Reconstruct Water Laterals by \$16,000.00 to a new authorized amount of \$0.00. (Delete 40 EA at \$400 / EA) | | \$16,000.00 | 0 |
| <u>Item No. 12:</u> This Change Order decreases the amount allocated for Bid Item 34, Relocation of Pipeline Construction Operation by \$84,000.00 to a new authorized amount of \$0.00. (Delete 12 EA at \$12,000 / EA) | | \$84,000.00 | 0 |

| | | | |
|---------------------|--|-------------------------|-------------------|
| <u>Item No. 13:</u> | This Change Order decreases the amount allocated for Bid Item 35, Utility Under Crossings Not Identified on the Plans Greater Than 4-inches in Diameter by \$25,000.00 to a new authorized amount of \$0.00. (Delete 100 EA at \$250 / EA) | \$25,000.00 | 0 |
| <u>Item No. 14:</u> | This Change Order decreases the amount allocated for Bid Item 37, Unknown or Unidentified Utilities Allowance by \$291,883.77 to a new authorized amount of \$208,116.23. | \$291,883.77 | 0 |
| <u>Item No. 15:</u> | This Change Order decreases the amount allocated for Bid Item 38, SDCWA Periodic Shutdowns by \$50,000.00 to a new authorized amount of \$0.00. (Delete 10 Day at \$5,000 / Day) | \$50,000.00 | 0 |
| <u>Item No. 16:</u> | This Change Order decreases the amount allocated for Bid Item 39, Grove Road Pipeline (Caltrans Portion) Allowance by \$50,000.00 to a new authorized amount of \$0.00. | \$50,000.00 | 0 |
| <u>Item No. 17:</u> | This Change Order decreases the amount allocated for Bid Item 40, Agency Inspection and Permit Fees Allowance by \$162,307.00 to a new authorized amount of \$37,693.00. | \$162,307.00 | 0 |
| <u>Item No. 18:</u> | This Change Order decreases the amount allocated for Bid Item 41, Additional Mandatory Night Shift Operations by \$100,000.00 to a new authorized amount of \$0.00. (Delete 40 Shifts at \$2,500 / Shift) | \$100,000.00 | 0 |
| <u>Item No. 19:</u> | This Change Order decreases the amount allocated for Bid Item 42, Mobilization and Demobilization of Dewatering Water Treatment System Allowance by \$100,000.00 to a new authorized amount of \$0.00. | \$100,000.00 | 0 |
| <u>Item No. 20:</u> | This Change Order decreases the amount allocated for Bid Item 43, Additional Paving Allowance by \$62,915.88 to a new authorized amount of \$37,084.12. | \$62,915.88 | 0 |
| <u>Item No. 21:</u> | This Change Order provides for addition of a sample pump and associated mechanical and electrical work at Vault 7. | \$11,575.20 | 53 |
| <u>Item No. 22:</u> | This Change Order provides for reimbursement for District costs of additional test/flushing water and bacteriological sampling costs pursuant to Section 15041 of the Contract. | \$54,454.53 | |
| | Sub Total Amount | \$11,575.20 | \$1,485,608.42 53 |
| | Total Net Change Order Amount | <u>(\$1,474,033.22)</u> | |

Revisions to: BID SCHEDULE

| Item # | Description | Quantity | Unit | Unit Price | Amount |
|--------|--|----------|------|------------|--------------|
| 22 | Rock Removal | 3,633.37 | CY | \$32.00 | \$116,268.00 |
| 23 | Dewatering to Sewer System | 0 | LF | \$8.00 | \$0.00 |
| 24 | Dewatering to Storm Drain | 1,404 | LF | \$9.00 | \$12,636.00 |
| 26 | Unsuitable Soils | 0 | CY | \$45.00 | \$0.00 |
| 27 | Regulatory Site Sample Line Allowance | 1 | LS | LS | \$2,348.76 |
| 28 | Disposal of Class I Regulated Waste Material | 0 | CY | \$500.00 | \$0.00 |

| | | | | | |
|----|---|---|--------|-------------|--------------|
| 29 | Disposal of Class II Regulated Waste Material | 0 | CY | \$300.00 | \$0.00 |
| 30 | Disposal of Class III Regulated Waste Material | 0 | CY | \$100.00 | \$0.00 |
| 31 | Additional Potholing – Utilities Not Shown on Drawings | 9 | EA | \$700.00 | \$6,300.00 |
| 32 | Relocate/Reconstruct Sewer Laterals | 0 | EA | \$1,200.00 | \$0.00 |
| 33 | Relocate/Reconstruct Water Laterals | 0 | EA | \$400.00 | \$0.00 |
| 34 | Relocation of Pipeline Construction Operation | 0 | EA | \$12,000.00 | \$0.00 |
| 35 | Utility Under Crossings Not Identified on the Plans Greater Than 4-inches in Diameter | 0 | EA | \$250.00 | \$0.00 |
| 37 | Unknown or Unidentified Utilities Allowance | 1 | LS | LS | \$208,116.23 |
| 38 | SDCWA Periodic Shutdowns | 0 | Day | \$5,000.00 | \$0.00 |
| 39 | Grove Road Pipeline (Caltrans Portion) | 1 | LS | LS | \$0.00 |
| 40 | Agency Inspection and Permit Fees | 1 | LS | LS | \$37,693.00 |
| 41 | Additional Mandatory Night Shift Operations | 0 | Shifts | \$2,500.00 | \$0.00 |
| 42 | Mobilization and Demobilization of Dewatering Water Treatment System | 1 | LS | LS | \$0.00 |
| 43 | Additional Paving | 1 | LS | LS | \$37,084.12 |

Reason:Item No. 1:

The Contract Bid Item No. 22, Rock Removal, quantity required a decrease due to field conditions.

Item No. 2:

The Contract Bid Item No. 23, Dewatering to Sewer System, quantity required a decrease due to field conditions.

Item No. 3:

The Contract Bid Item No. 24, Dewatering to Storm Drain, quantity required a decrease due to field conditions.

Item No. 4:

The Contract Bid Item No. 26, Unsuitable Soils, quantity required a decrease due to field conditions.

Item No. 5:

The Contract Allowance Bid Item, Item No. 27, Regulatory Site Sample Line Allowance, was utilized to the maximum practical extent in the performance of the contract work and is no longer required.

Item No. 6:

The Contract Bid Item No. 28, Disposal of Class I Regulated Waste Material, quantity required a decrease due to field conditions.

Item No. 7:

The Contract Bid Item No. 29, Disposal of Class II Regulated Waste Material, quantity required a decrease due to field conditions.

Item No. 8:

The Contract Bid Item No. 30, Disposal of Class III Regulated Waste Material, quantity required a decrease due to field conditions.

Item No. 9:

The Contract Bid Item No. 31, Additional Potholing – Utilities Not Shown on Drawings, quantity required a decrease due to field conditions.

Item No. 10:

The Contract Bid Item No. 32, Relocate/Reconstruct Sewer Laterals, quantity required a decrease due to field conditions.

Item No. 11:

The Contract Bid Item No. 33, Relocate/Reconstruct Water Laterals, quantity required a decrease due to field conditions.

Item No. 12:

The Contract Bid Item No. 34, Relocation of Pipeline Construction Operation, quantity required a decrease due to field conditions.

Item No. 13:

The Contract Bid Item No. 35, Utility Under Crossings Not Identified on the Plans Greater Than 4-inches in Diameter, quantity required a decrease due to field conditions.

Item No. 14:

The Contract Bid Item No. 37, Unknown or Unidentified Utilities Allowance, was utilized to the maximum practical extent in the performance of the contract work and is no longer required.

Item No. 15:

The Contract Bid Item No. 38, SDCWA Periodic Shutdowns, quantity required a decrease due to field conditions.

Item No. 16:

The Contract Bid Item No. 39, Grove Road Pipeline (Caltrans Portion) Allowance, was utilized to the maximum practical extent in the performance of the contract work and is no longer required.

Item No. 17:

The Contract Bid Item No. 40, Agency Inspection and Permit Fees Allowance, was utilized to the maximum practical extent in the performance of the contract work and is no longer required.

Item No. 18:

The Contract Bid Item No. 41, Additional Mandatory Night Shift Operations, quantity required a decrease due to field conditions.

Item No. 19:

The Contract Bid Item No. 42, Mobilization and Demobilization of Dewatering Water Treatment System Allowance, was utilized to the maximum practical extent in the performance of the contract work and is no longer required.

Item No. 20:

The Contract Bid Item No. 43, Additional Paving Allowance, was utilized to the maximum practical extent in the performance of the contract work and is no longer required.

Item No. 21:

Incorporation of the Sample Line downstream of the static mixer at Vault 7 installed as part of this project necessitated the need for an additional sample pump to allow for monitoring of the effectiveness of the new static mixer. This change is necessary to incorporate the needed additional sample pump and associated piping and electrical modifications at Vault 7.

Item No. 22:

The Contractor did not pass bacteriological testing by the second set of tests. Section 15041-3.6 of the Contract states re-disinfection and re-testing beyond the second set of samples shall be at the Contractor's expense. The District incurred costs for additional flushing/test water from SDCWA and Helix Water District in addition to charges for additional bacteriological tests. This change is necessary to allow the District to recover the additional expenditures incurred.

CHANGE ORDER LOG

Jamacha Rd 36-inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement

: CCL Contracting

P2009 / P2038
PO NO. 710770

| APPROVED | | | | | |
|----------|------------------|-------|----------|--|---|
| C.O. | AMOUNT | BY | DATE | DESCRIPTION | TYPE C.O. |
| 1 | (\$243,847.40) | Board | 1/6/2010 | Differing Site Condition at Tunnel - Change Tunnel to Jack & Bore Operation | Differing Site Condition |
| 2 | (\$63,418.11) | Board | 7/7/2010 | Rock Encountered in Jack & Bore, Change Casing Spacer Detail, Conflicting Waterline, Change Manway Detail, Rain Days, Delete Soundwall Allowance, Time associated with field | Differing Site Condition and Owner Program Change |
| 3 | (\$1,474,033.22) | Board | | Modifications to Vault 7 at the Regulatory Site, Credit for excess test water and bacteriological testing and closeout of remaining unseed bid items. | Differing Site Condition and Owner Program Change |
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| 34 | | | | | |
| 35 | | | | | |

Total C.O.'s To Date: (\$1,781,298.73) -11.0%

Original Contract Amount: \$16,189,243.00

Current Contract Amount: \$14,407,944.27

Change Order Breakdown for the Month:

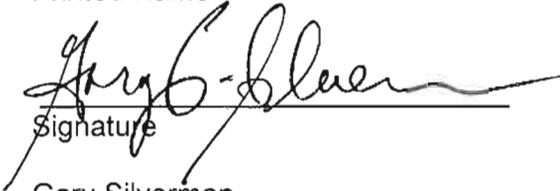
| Month | Net C.O.\$ | Limit | Authorization | C.O. % |
|-------|------------|----------|---------------|--------|
| 11/10 | | \$1,000 | Insp | 0.0% |
| | | \$5,000 | PM/Supervisor | 0.0% |
| | | \$10,000 | Manager | 0.0% |
| | | \$15,000 | Chief | 0.0% |
| | | \$20,000 | AGM | 0.0% |
| | | \$50,000 | GM | 0.0% |

Quality Assurance Approval Sheet

Subject: Credit Change Order No. 3 to the Construction Contract with CCL Contracting Inc. for the Jamacha Road 36-Inch Potable Water Pipeline and 12-Inch Potable Water Pipeline Replacement Projects

Project No.: P2009-001103

Document Description: Staff Report for January 5, 2011 Board Meeting

| | | |
|--------------|--|-------------------------|
| Author: |  Signature | <u>11-30-10</u> Date |
| | <u>Ron Ripperger</u> Printed Name | |
| QA Reviewer: |  Signature | <u>11-30-10</u> Date |
| | <u>Gary Silverman</u> Printed Name | |
| Manager: |  Signature | <u>12/1/10</u> Date |
| | <u>Rod Posada</u> Printed Name | |

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible, and uniform in its presentation style.



STAFF REPORT

| | | | | | |
|-----------------------------|---|-------------------------|------------------|-------------|------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 | | |
| SUBMITTED BY: | Gary Silverman <i>GS</i> Senior Civil Engineer | PROJECT/ SUBPROJECT: | P2434- 001101 | DIV. NO. | 2, 4 |
| | Ron Ripperger <i>RR</i> Engineering Manager | | | | |
| APPROVED BY: (Chief) | Rod Posada <i>RP</i> Chief, Engineering | | | | |
| APPROVED BY: (Asst. GM): | Manny Magaña <i>MM</i> Assistant General Manager, Engineering and Operations | | | | |
| SUBJECT: | Authorization to Issue a RFP for the Design of Phase 2 of the Rancho del Rey Well Project | | | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorize staff to proceed with issuing a RFP for Phase 2 of the Rancho del Rey Well Project, which would include equipping the well and designing a wellhead treatment facility (see Exhibit A for project location).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for staff to proceed with issuing a RFP for Phase 2 of the Rancho del Rey Well Project, which would include equipping the well and designing a wellhead treatment facility.

ANALYSIS:

In 1997, the District purchased an existing 7-inch well and the surrounding property on Rancho del Rey Parkway (see Exhibit A) from

the McMillin Company with the intent to develop it as a source of potable water. A prior study had shown that groundwater in that location would support long-term pumping of about 390 gpm, but would require a larger well to achieve that flow. It was also known that treatment would be required to remove salts and boron, among other constituents, using reverse osmosis (RO) membranes and perhaps ion exchange.

In 2000, having received proposals for the design and construction of an RO treatment facility that far exceeded the allocated budget, the Board of Directors instructed staff to suspend the project until such time as it became economically viable.

In 2009, given the rising cost of imported water and the District's interest in securing its own water source for long-term supply reliability, the project was revisited. Local ground water supply projects will allow for less reliance upon imported water, achieve a level of independence from regional wholesale water agencies, and diversify the District's water supply portfolio consistent with the District's March 2007 Integrated Water Resources Plan. Toward this end, in January 2010, the Board authorized Phase 1 of the project, the drilling and development of the Rancho del Rey Well.

A new 12-inch production well was drilled 900-feet through the groundwater formation and into fractured bedrock below. It was screened with slotted, wire-wrapped stainless steel in multiple intervals to maximize production. Testing completed in September 2010, showed the long-term yield of the new well to be 450 gpm, higher than previous studies had estimated.

Before proceeding with equipping the well and installing wellhead treatment, staff contracted with Separation Processes, Inc. (SPI), a well-known membrane treatment firm, to conduct a detailed economic analysis. The purpose of the study was to confirm that the annualized unit cost of the new water source was economically viable. SPI, in their November 2010 study, estimated the unit cost of water to be \$1,510 per acre foot for the alternative that utilizes a seawater membrane for treating both salts and boron. The price includes all spent, committed, and projected future capital expenditures associated with the well project amortized over a 30-year useful life, plus anticipated annual operations and maintenance costs during that period. The Executive Summary of the SPI study is provided as Exhibit B.

When compared with the current imported treated water rate from San Diego County Water Authority (CWA), and with the knowledge that this rate will continually increase as Metropolitan Water District (MWD) and CWA raise their rates, the Rancho del Rey Well project appears to be economically viable. Exhibit C is a graph that compares the

CWA rate, which is projected to increase by about 10 percent per year each of the next 5 years, to the annualized cost of the Rancho del Rey Well, which can be expected to increase by about 2 percent per year over the same 5 year period. The graph shows that the well becomes the less costly source of water by FY 2014. Therefore, staff recommends that the Board authorize the issuance of a RFP to begin Phase 2 of this project.

In conjunction with the economic feasibility study, staff contracted with a local architect to prepare renderings of the proposed new treatment facility to show how it would fit on the site and be compatible with the neighborhood. The renderings were prepared based on a preliminary footprint layout prepared by SPI. The renderings and the layout are provided as Exhibit D and will also be presented via PowerPoint.

FISCAL IMPACT: 

The total budget for CIP P2434, as approved in the FY 2011 budget, is \$4,250,000. Total expenditures, plus outstanding commitments and forecast, is \$2,550,223. See Attachment B for budget detail.

Based on the \$3.5 million Phase 2 capital expenditure estimate in the SPI Study, the Project Manager has determined that the existing CIP budget will be insufficient to support the project once it is better defined through the design process. An anticipated supplemental funding of approximately \$2.0 million will be requested as part of the FY 2012 CIP budget.

With the shifting of certain CIP's into later years, Finance has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is available from the Betterment Fund.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, and efficient manner." This project fulfills the District's Strategic Goals No. 1 - Community and Governance, and No. 5 - Potable Water, by maintaining proactive and productive relationships with the project stakeholders and by guaranteeing that the District will provide for current and future water needs.

LEGAL IMPACT: _____

None.



ATTACHMENT A

| | |
|---|---|
| SUBJECT/PROJECT: P2434-001101 | Authorization to Issue a RFP for the Design of Phase 2 of the Rancho del Rey Well Project |
|---|---|

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on December 7, 2010 and the following comments were made:

- Staff is requesting that the Board of Directors (Board) authorize staff to proceed with issuing an RFP for Phase 2 of the Rancho del Rey Well Project (Project), which would include equipping the well and designing a wellhead treatment facility.
- Staff provided a background of the Project that included the following:
 - In 1997, the District purchased an existing 7-inch well and the surrounding property on Rancho del Rey Parkway from the McMillin Company with the intent to develop it as a source of potable water. Treatment was required to remove salts and boron, among other constituents, using reverse osmosis membranes and ion exchange.
 - In 2000, having received proposals for the design and construction of a reverse osmosis treatment facility that far exceeded the allocated budget, the Board of Directors instructed staff to suspend the project until such time as it became economically viable.
 - In January 2010, citing the rising cost of imported water and the District's interest in securing its own water source for long-term supply reliability, the Board authorized Phase 1 of this project, the drilling and development of the Rancho del Rey Well.

- Staff discussed the Project's Phase 1 activities that included the following:
 - A new 12-inch production well was drilled 900 feet through the groundwater formation and into fractured bedrock.
 - In September 2010, testing showed the long-term yield of the new well to be 450 gpm, higher than previous studies had estimated.
 - Separation Processes, Inc. (SPI), a highly qualified membrane treatment firm, was hired to conduct a detailed economic feasibility study to confirm that the annualized unit cost of the new water source was economically competitive with other sources.
 - The economic study estimated the unit cost of water to be \$1,510 per acre foot for an alternative that utilizes a seawater membrane for treating both salts and boron.
 - When compared with the current imported treated water rate from San Diego County Water Authority (CWA), and with the knowledge that this rate will continually increase as Metropolitan Water District and CWA raise their rates, the Rancho del Rey Well project appears to be economically viable.
- Staff stated that based on the results the economic analysis, it is recommended that the Board authorize the issuance of an RFP to begin Phase 2 of this project.
- It was noted that based on the \$3.5 million Phase 2 capital expenditure estimate, an anticipated supplemental funding of approximately \$2 million will be requested as part of the District's FY 2012 CIP budget.
- Staff indicated that a local architect prepared conceptual renderings of the Project to show how it would fit on the site and be compatible with the neighborhood. Staff noted that the next phase includes a design that will feature solar panels on the roof of the structure to minimize energy costs. Also being considered is the possible implementation of alternative means to generate energy within the District's service area, with credits used at the Rancho del Rey Facility to offset the cost of electric power.

- In response to a question from the Committee, staff indicated that a neighborhood outreach event is being planned to share with concerned resident the plans for the wellhead treatment facility and to answer questions. The architectural renderings and other informational materials will be displayed at this event. The Committee commended staff for their efforts to inform City of Chula Vista officials and the Rancho del Rey community about the Project's progress and purpose as it helps gain support towards the successful development of the Project.
- The Committee inquired about the timeline of when the Project is expected to be completed. Staff is anticipating that the Project will be completed by the end of FY 2013.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.



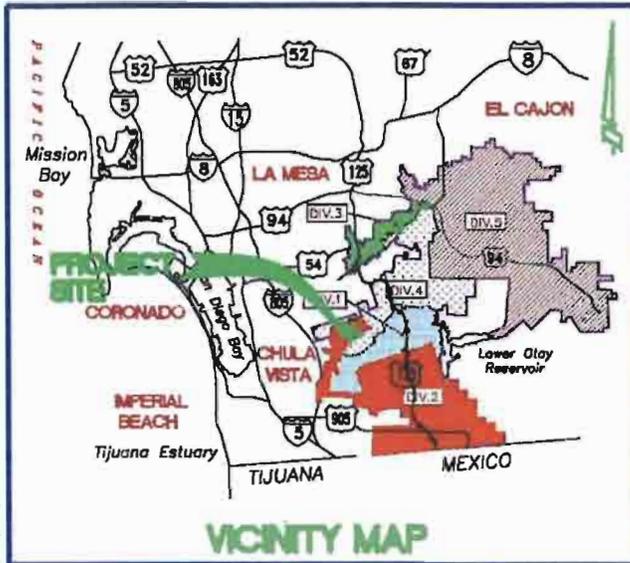
ATTACHMENT B

| | |
|-------------------------|---|
| SUBJECT/PROJECT: | Authorization to Issue a RFP for the Design of Phase 2 of the Rancho del Rey Well Project |
| P2434-001101 | |

Date Updated: November 29, 2010

| <i>Budget</i> | <i>Committed</i> | <i>Expenditures</i> | <i>Outstanding Commitment & Forecast</i> | <i>Projected Final Cost</i> | <i>Vendor/Comments</i> |
|-------------------------|------------------|---------------------|--|-----------------------------|--------------------------------------|
| 4,250,000 | | | | | |
| Planning | | | | | |
| Labor | 308,719 | 308,719 | | 308,719 | |
| Land | 326,092 | 326,092 | - | 326,092 | |
| Permits | 125 | 125 | - | 125 | CITY OF CHULA VISTA-DEPT. OF |
| Materials | 1,348 | 1,348 | - | 1,348 | VARIOUS |
| Rental | 159 | 159 | - | 159 | PENHALL COMPANY |
| Construction Costs | 26,154 | 26,154 | - | 26,154 | CHILDTIME CHILDCARE, INC. |
| Professional Legal Fees | 4,829 | 4,829 | - | 4,829 | GARCIA CALDERON & RUIZ LLP |
| Consultant Contracts | 19,481 | 19,481 | - | 19,481 | JONES & STOKES ASSOCIATES INC |
| | 13,825 | 13,825 | - | 13,825 | MWH CONSTRUCTORS INC |
| | 1,100 | 1,100 | - | 1,100 | SOUTHWESTERN COLLEGE |
| | 3,065 | 3,065 | - | 3,065 | SOUTHERN CALIFORNIA SOIL |
| | 15,000 | - | 15,000 | 15,000 | SEPARATION PROCESSES INC |
| | 6,930 | 6,930 | - | 6,930 | VALLEY CONSTRUCTION MANAGEMENT |
| | 1,561,625 | 1,231,406 | 330,219 | 1,561,625 | AECOM TECHNICAL SERVICES INC |
| Change Order No. 1 | 176,805 | - | 176,805 | 176,805 | AECOM TECHNICAL SERVICES INC, C.O.#1 |
| Service Contracts | 5,100 | - | 5,100 | 5,100 | S R BRADLEY & ASSOCIATES INC |
| | 186 | 186 | - | 186 | SAN DIEGO DAILY TRANSCRIPT |
| | 624 | 624 | - | 624 | UNION TRIBUNE PUBLISHING CO |
| | 399 | 399 | - | 399 | REPROHAUS CORP |
| | 440 | 440 | - | 440 | URBINA'S MASTER SWEEPING INC |
| | 6 | 6 | - | 6 | COUNTY OF SAN DIEGO |
| | 134 | 134 | - | 134 | COURIER EXPRESS, INC. |
| | 205 | 205 | - | 205 | USA SIGN CO. |
| | 3,226 | 3,226 | - | 3,226 | QUALITY ASSURANCE LABORATORY |
| | 7,108 | 7,108 | - | 7,108 | MULTI WATER SYSTEMS |
| | 1,955 | 1,955 | - | 1,955 | BARRETT CONSULTING GROUP |
| | 5,665 | 5,665 | - | 5,665 | EARTH TECH |
| | 3,344 | 3,344 | - | 3,344 | CITY OF CHULA VISTA |
| | 16,714 | 16,714 | - | 16,714 | BOYLE ENGINEERING CORPORATION |
| | 112 | 112 | - | 112 | MONTGOMERY WATSON LABORATORIES |
| | 2,500 | 2,500 | - | 2,500 | ANDREW A. SMITH COMPANY |
| | 2,000 | 2,000 | - | 2,000 | ENARTEC ENGINEERING PLANNING |
| | 35,200 | 35,200 | - | 35,200 | ALCEM FENCE COMPANY INC. |
| Regulatory Agency Fees | 50 | 50 | - | 50 | PETTY CASH CUSTODIAN |
| | | | | | |
| Total Planning | 2,550,223 | 2,023,099 | 527,124 | 2,550,223 | |
| Grand Total | 2,550,223 | 2,023,099 | 527,124 | 2,550,223 | |

P:\WORKING\CIP P2434\Graphics\Exhibits-Figures\Staff Report - Well Development - Property Site Plan.dwg 2/3/2010 2:27:54 PM PST



OTAY WATER DISTRICT
 RANCHO DEL WAY PARKWAY, CHULA VISTA, CA
 RANCHO DEL REY GROUND WATER DEVELOPMENT

CIP P2434

EXHIBIT A

EXHIBIT B



RANCHO DEL REY WELLHEAD TREATMENT PROJECT

FEASIBILITY STUDY

Prepared By:

Kevin L. Alexander, P.E.
Separation Processes, Inc.
3156 Lionshead Ave., Suite 2
Carlsbad, CA 92010
(760)400-3660



EXECUTIVE SUMMARY

The Rancho del Rey Wellhead Treatment Facility (Project) will introduce a new potable water source to the Otay Water District's Central System. This project provides the District with a local source of water to augment other available sources of water, thereby increasing water supply reliability and increasing independence from regional wholesale water agencies.

The original Rancho del Rey Well, drilled in 1991, had an estimated capacity of approximately 300 gpm and was drilled in a zone of fractured sandstone. The original well water quality indicated elevated levels of TDS (2,250 mg/l), boron (2.67 mg/l), chloride (1,200 mg/l) and turbidity (2 NTU), among others.

Recently, a new well was installed on the same site, and the original well was abandoned. Initial tests indicate that the new well will have a safe yield of 450 gpm. A water quality analysis performed on water from the well in September 2010 indicates that the water quality is similar to the 1991 sample. Concentrations of key constituents include TDS (2,400 mg/l), boron (2.5 mg/l), chloride (1,100 mg/l), and silica, as SiO₂ (17 mg/l). Turbidity was reported at 2.7 NTU and the 15 minute silt density index (SDI) was above 5. It is expected that the turbidity level and SDI will decrease with additional pumping.

The final product water quality from the facility must meet the Federal and State regulatory limits. The presence of boron in the water, a constituent that is relatively difficult to treat, drives the treatment process development.

This feasibility study considered various treatment alternatives as indicated in Table ES-1. Each of the alternatives was developed to a level sufficient to understand the differences in the overall system configuration and cost to construct, operate and maintain.

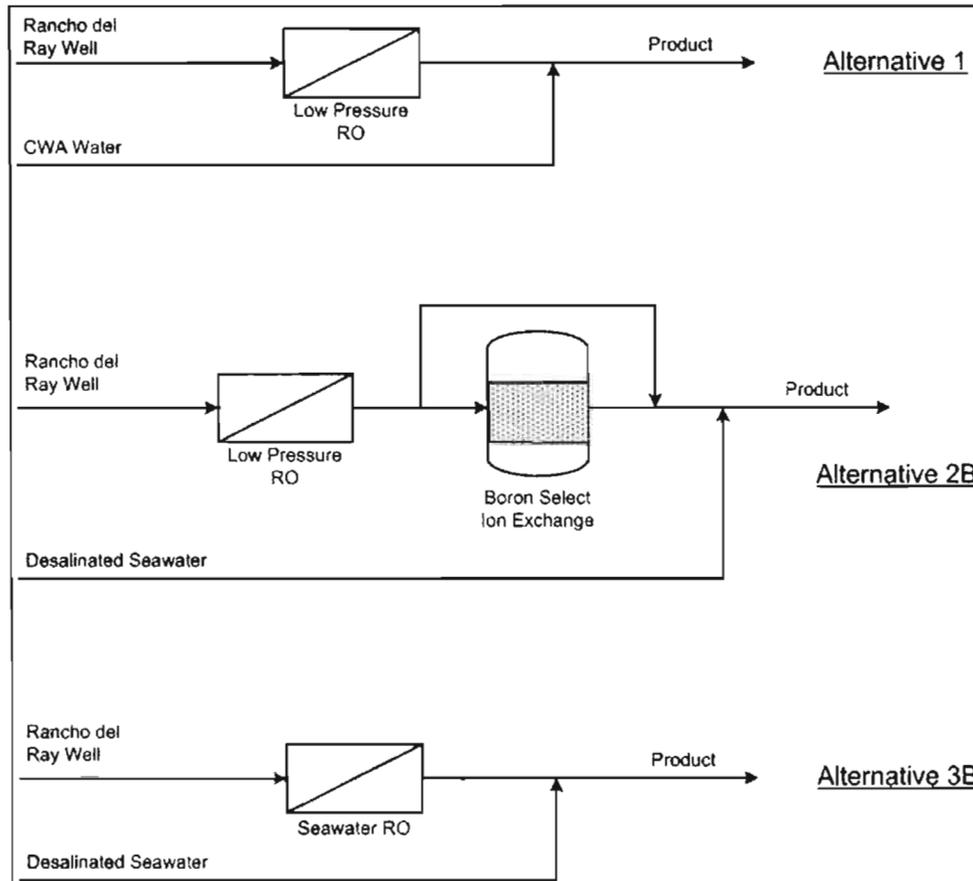
TABLE ES-1 – Rancho del Rey Wellhead Treatment Alternatives

| Alt. | Membrane | Ion Exchange | Blend Source | Boron Reduction Method | Stabilization Method | Final Boron Conc., mg/l | Blend Flow, gpm |
|------|--------------|--------------|--------------|------------------------|----------------------|-------------------------|-----------------|
| 1 | Low Pressure | No | CWA | Blend | NaOH + Blend | 0.8 | 1000 |
| 2a | Low Pressure | Yes | CWA | IX + Blend | NaOH + Blend | 0.5 | 382 |
| 2b | Low Pressure | Yes | Desal | IX | NaOH + Blend | 0.6 | 400 |
| 3a | Seawater | No | CWA | Membrane + Blend | NaOH + Blend | 0.5 | 300 |
| 3b | Seawater | No | Desal | Membrane | NaOH + Blend | 0.6 | 400 |



FIGURE ES-1 shows schematically three of the alternative process designs that were considered.

FIGURE ES-1 – Process Diagrams for Treatment Alternatives



Alternative 1 utilizes a low pressure reverse osmosis (RO) membrane to remove Total Dissolved Solids (TDS), however, the membrane is not capable of significant boron removal. Boron removal would be achieved by blending the RO product water with CWA water from the distribution system, which has a low boron concentration, to achieve the desired reduction. The blend also provides stabilization for protection from corrosion.

Alternative 2 utilizes the same low pressure RO membranes to remove TDS and adds an Ion Exchange (IX) system for removal of boron. In this alternative, the blend stream for corrosion stabilization may come from either CWA or from a future desalination facility in Mexico, which will likely be predominant in the distribution system once on-line.

Alternative 3 utilizes seawater membranes with higher salt rejection to remove both TDS and boron all in one step. This alternative also considers stabilizing for corrosion control with water from CWA or from the proposed desalination facility. The detailed economic feasibility study considering both operating and maintenance costs and capital costs to develop an annualized unit cost of producing water from the Rancho del Rey Well.

Table ES-2 shows a breakdown of operations and maintenance costs expressed as an annual expenditure (\$/year), as well as a unit cost (\$/AF) for treatment alternatives 1, 2B and 3B. Alternative 3B appears to be the least costly to operate despite the high cost of power for the high pressure seawater membrane, because it pumps a smaller blend stream than in Alternative 1 and doesn't have the higher chemical costs associated with the ion exchange unit in Alternative 2B.

Table ES-2 Operations and Maintenance Costs for Treatment Alternatives

| O&M Item | Alternative 1 | | Alternative 2B | | Alternative 3B | |
|-----------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | \$/yr | \$/AF | \$/yr | \$/AF | \$/yr | \$/AF |
| Equipment Power | \$229,807 | \$393 | \$190,622 | \$326 | \$227,403 | \$389 |
| Miscellaneous Energy | \$6,894 | \$12 | \$5,719 | \$10 | \$6,822 | \$12 |
| Chemical Costs | \$10,255 | \$18 | \$44,664 | \$76 | \$11,001 | \$19 |
| Concentrate Disposal | \$67,908 | \$116 | \$75,536 | \$129 | \$67,908 | \$116 |
| Operating Labor | \$83,220 | \$142 | \$83,220 | \$142 | \$83,220 | \$142 |
| Maintenance Labor | \$21,900 | \$37 | \$21,900 | \$37 | \$21,900 | \$37 |
| Maintenance Materials | \$47,461 | \$81 | \$47,387 | \$81 | \$41,461 | \$71 |
| Equipment Replacement | \$17,135 | \$29 | \$18,535 | \$32 | \$16,670 | \$28 |
| Miscellaneous | \$24,229 | \$41 | \$24,379 | \$42 | \$23,819 | \$41 |
| Total | \$508,809 | \$869 | \$511,962 | \$875 | \$500,204 | \$855 |

The estimated capital costs for Alternatives 1, 2 and 3 are shown in Table ES-3. The A and B variations for Alternatives 2 and 3 do not differ from a capital cost perspective, so only one is shown. The capital costs include the complete system with well pumping, treatment processes, distribution system pumping, and building to house the facility. The building is estimated conservatively at 50 ft by 80 ft with a perimeter fence and access gates, sidewalks and a small parking area in the front of the building. The building architecture matches the architecture of the adjacent child care facility. Capital costs use various sources, including budgetary quotations for major equipment and reference data from similar recent projects in California, Utah, and Arizona.

Once again, Alternative 3 appears to be the least cost alternative from a capital perspective because it doesn't have the ion exchange unit of Alternative 2 and the product water pumping equipment is smaller and, therefore, less expensive.

TABLE ES-3 Capital Costs for Treatment Alternatives

| Item | Unit | Alternative | | |
|---|----------|--------------------|--------------------|--------------------|
| | | 1 | 2a or 2b | 3a or 3b |
| Well Pump | | \$82,000 | \$82,000 | \$82,000 |
| Sulfuric Acid System | | \$23,000 | \$23,000 | \$23,000 |
| TI System | | \$20,000 | \$20,000 | \$20,000 |
| Cartridge Filter - Included in RO Train | | \$0 | \$0 | \$0 |
| RO Membrane Train | | \$454,000 | \$454,000 | \$454,000 |
| CIP System | | \$41,000 | \$41,000 | \$41,000 |
| Ion Exchange System | | \$0 | \$167,000 | \$0 |
| NaOCl System | | \$20,000 | \$20,000 | \$20,000 |
| Aqua Ammonia System | | \$23,000 | \$23,000 | \$23,000 |
| Blending System | | \$15,000 | \$15,000 | \$15,000 |
| NaOH System | | \$22,000 | \$22,000 | \$22,000 |
| Finished Water Pumping & Wetwell | | \$321,000 | \$281,000 | \$281,000 |
| Installation | 15% | \$153,000 | \$172,000 | \$147,000 |
| Mechanical Total | | \$1,174,000 | \$1,320,000 | \$1,128,000 |
| Building, 4,000 SF | \$150/SF | \$600,000 | \$600,000 | \$600,000 |
| Subtotal | | \$1,774,000 | \$1,920,000 | \$1,728,000 |
| Site Work | 7% | \$124,000 | \$134,000 | \$121,000 |
| Building HVAC | 3% | \$53,000 | \$58,000 | \$52,000 |
| Plumbing | 3% | \$53,000 | \$58,000 | \$52,000 |
| Electrical, I&C | 15% | \$266,000 | \$288,000 | \$259,000 |
| Subtotal | | \$2,270,000 | \$2,458,000 | \$2,212,000 |
| Contingency | 20% | \$454,000 | \$492,000 | \$442,000 |
| Overhead and Profit | 16% | \$363,000 | \$393,000 | \$354,000 |
| Engineering | 15% | \$341,000 | \$369,000 | \$332,000 |
| Total | | \$3,428,000 | \$3,712,000 | \$3,340,000 |



Table ES-4 combines the capital and O&M costs and expresses them as an annualized unit costs in terms of dollars per acre-foot (\$/AF).

TABLE ES-4 Alternative Annualized Unit Costs of Producing Water from the Rancho del Rey Well

| Description | Annualized Unit Costs, \$/AF |
|--------------------------------------|------------------------------|
| Alternative 1-LP RO with CWA | \$1,525 |
| Alternative 2B-LP RO with IX & Desal | \$1,530 |
| Alternative 3B-HP RO with Desal | \$1,510 |

The unit costs are FY 2011 numbers developed based on a 30-year useful life of the facility with a discount rate of 4.5%, chemical costs from vendor quotes and other facilities, power costs based on \$0.11 per kW-hr, labor for operating and maintenance, and repair and replacement. The facility is assumed to be a base load facility and will operate 95% of the time.

Conclusion

After a thorough review of the treatment alternatives, including the capital, operating and maintenance costs, it is recommended that the Otay Water District consider Alternative 3B as the preferred alternative. It is the least costly, would provide high quality drinking water over the life of the project, and would be relatively easy to operate.

Exhibit C

Projection of CWA vs. RDR Well Unit Cost, \$/AF

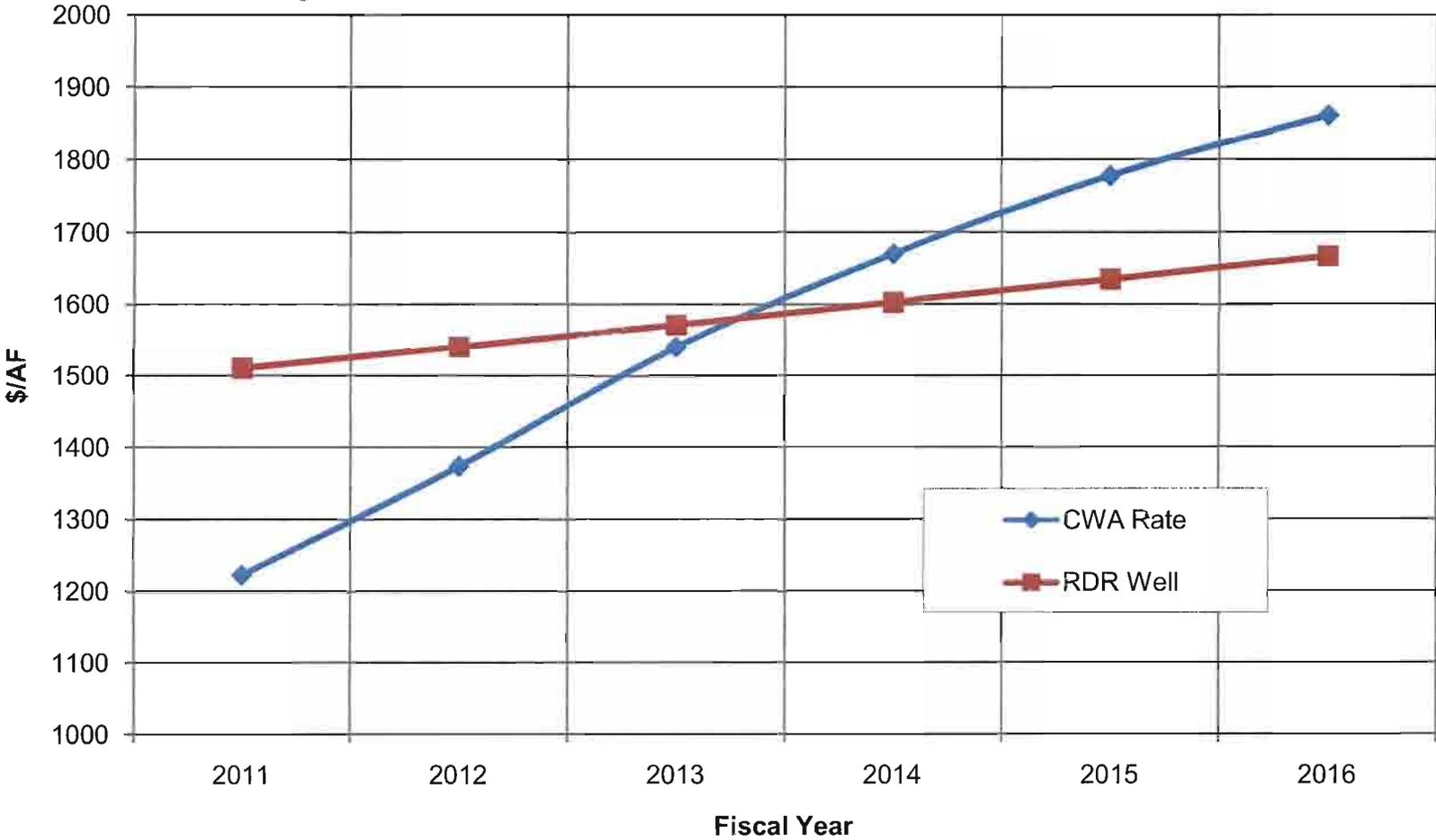


Exhibit D

Notes

RANCHO DEL REY PARKWAY

EX. CURB AND GUTTER

EX. SIDEWALK

4' HIGH IRON FENCE ON TOP OF 4.5' HIGH WALL

EXISTING IMPROVEMENTS IN THIS AREA NOT MAPPED

ASPHALT

6' HIGH IRON FENCE

PARKING LOT

HOSE BIB AND BACKFLOW

80'-0"

8" SPW

OLD WELL

ELECTRICAL ROOM

WELL #1

WELL #2

8" CWR

PRODUCT WELL

MONITOR WELL

GATE

6' HIGH IRON FENCE

SEWER CO

ASPHALT

CONC. PAD

24' WIDE PRIVATE UTILITY AND INGRESS/EGRESS EASEMENT GRANTED TO OWD PER PARCEL MAP NO 1E510

EXISTING IMPROVEMENT IN THIS AREA NOT MAPPED

N/F
OTAY WATER DISTRICT
DOC. # 97-518037
A.P.N. 599-382-43

RASH ENCLOSURE

Preliminary Site Plan

Otay Water District

Rancho Del Rey Well Head Treatment System







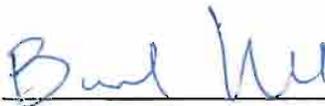
Quality Assurance Approval Sheet

Subject: Authorization to Issue a RFP for the Design of
the Rancho del Rey Well Project

Project No.: P2434-001101

Document Description: Staff Report for January 5, 2011 Board Report

Author:  12/1/10
Signature Date
Gary Silverman
Printed Name

QA Reviewer:  12/1/10
Signature Date
Bob Kennedy
Printed Name

Manager:  12/1/10
Signature Date
Ron Ripperger
Printed Name

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.



STAFF REPORT

| | | | |
|-----------------------------|---|---------------|-----------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 6, 2011 |
| SUBMITTED BY: | Stephen Dobrawa, <i>[Signature]</i> Purchasing Manager | W.O./G.F. NO: | DIV. NO. All |
| APPROVED BY: (Chief) | Rom Sarno, <i>[Signature]</i> Chief, Administrative Services | | |
| APPROVED BY: (Asst. GM): | German Alvarez, <i>[Signature]</i> Assistant General Manager, Finance and Administration | | |
| SUBJECT: | DECLARATION OF SURPLUS VEHICLES AND EQUIPMENT | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Board declare the identified vehicles and equipment as surplus to the District's needs.

COMMITTEE ACTION: _____

See "Attachment A".

PURPOSE:

To present a list of vehicles and equipment and obtain Board declaration that the items identified on the list are surplus to the District's needs.

ANALYSIS:

Listed below are various vehicles and equipment that have been determined by the user departments to be of no use, obsolete (spare parts and service not available), beyond useful life and/or, not cost effective to repair or operate and therefore, surplus to the District's needs.

Vehicles Identified as Surplus

| <u>Item</u> | <u>Qty</u> | <u>Description</u> | <u>Reason for Declaration</u> |
|-------------|------------|--|--|
| 1 | 1 | 1995 Ford Super Duty utility truck, unit #93, VIN 1FDLF47G3TEB38026, 82,493 miles, Replaced with unit #202 a Ford F550. | No longer meets District's operational specifications. No longer cost effective to maintain and operate. |
| 2 | 1 | 1996 Ford F-800 dump truck, unit #92, VIN 1FDXF80E8TVA24475, 101,104 miles, Identified for in-kind replacement FY11 | Same as above. |
| 3 | 1 | 1993 Ford F-800 dump truck, unit #8, VIN 1FDLF47G2SEA22962, 125,211 miles, Replaced with unit #206 a Ford F650 dump. | Same as above. Replaced |
| 4 | 1 | 1985 Ford LT9000 dump truck, unit #5, VIN 1FDYU90WXFVA23079, 165,934 miles, Replaced with unit #199 a LT8901 dump. | Same as above. |
| 5 | 1 | 1995 Ford Super Duty utility truck, unit #1, VIN 1FDLF47G2SEA22962, 95,355 miles, Replaced with unit #198 a Ford F350 vac truck. | Same as above. |
| 6 | 1 | 1997 Ford F-800 line truck, unit #98, VIN 1FDXF80E2VVA37936, 71,000 miles, Not scheduled for replacement. | Same as above. |
| 7 | 1 | 1997 Ford Aerostar Van, unit #99, VIN 1FMDA31X9VZB04139, 52,090 miles, Replaced with unit #208 a Ford Transit Connect. | Same as above. |
| 8 | 1 | 1998 Ford Ranger pickup truck, unit #101, VIN, 1FTYR14U8WPA63097, 86,275 miles, Replaced with unit #127 a Ford Ranger pickup. | Same as above. |
| 9 | 1 | 1998 Ford F-800 line truck, unit #106, VIN 1FDXF80E6WVA32305, 90,705 miles, Identified for in-kind replacement FY10 | Same as above. |
| 10 | 1 | 1999 Ford F-250 pickup truck, unit #107, VIN 1FTNX20L9XED68701, 95,315 miles, Replaced with unit #117 a Ford F-250 pickup. | Same as above. |
| 11 | 1 | 2001 Ford E-150 van, unit #119, VIN 1FTRE14L11HA17895, 103,805 miles, Replaced with unit #205 a Ford F-150 pickup. | Same as above. |

| | | | |
|----|---|---|----------------|
| 12 | 1 | 2001 Ford Taurus sedan, unit #133, VIN FAFP55S71A188711, 102,052 miles, Replaced with unit #207 a Toyota Matrix. | Same as above. |
| 13 | 1 | 2003 Ford Ranger pickup truck, unit #146, VIN 1FTRZ44V43PB00061, 71,448 miles, Replaced with unit #204 a Ford F-150 pickup. | Same as above. |
| 14 | 1 | 2003 Ford Ranger pickup truck, unit #147, VIN 1FTZR44V83PB00062, 73,278 miles, Not identified for replacement. | Same as above. |
| 15 | 1 | 2005 Ford Ranger pickup truck, unit #155, VIN 1FTYR44E95PA42798, 76,324 miles, Not identified for replacement. | Same as above. |
| 16 | 1 | 2008 Chevrolet Malibu sedan, unit #179, VIN 1G1ZK577184211819, 47,355 miles, Not identified for replacement. | Same as above. |

Equipment Identified as Surplus

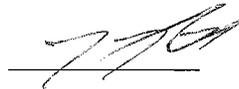
| <u>Item</u> | <u>Qty</u> | <u>Description</u> | <u>Reason for Declaration</u> |
|-------------|------------|---|--|
| 17 | 1 | 1978 Cummins Engine and Pump NTA855G. Serial #30115437. | No longer meets operational specifications or requirements. No longer required. |
| 18 | 1 | Smith Tapping Machine, Serial #2016484. | Not Operational. No longer cost effective to maintain and operate. No longer needed. |
| 19 | 1 | Stand-By Generator, Olympian, FA #2800 20KW, KVa 40, 240V, 166.6Amp. 0.2 hrs. | No longer meets operational specifications or requirements. No longer required. |
| 20 | 2 | 1995 LeRoi 175 Compressor, Model # Q175DJ4; FA #2759, Serial #3313X12; FA#2997, #Serial #3313X16. | No longer meets operational specifications or requirements. No longer required. No longer supported. |
| 21 | 1 | 1992 Callen Emergency Trailer, FA #2489, VIN #1AU082027NA002345. | No longer required. |

| | | | |
|----|---|---|--|
| 22 | 2 | 1995 Ingersoll-Rand Compressor, Model # P175W-JD-U; FA #1931, Serial #179419U8931; FA 2308, Serial #187157U90315. | No longer meets operational specifications or requirements. No longer required. No longer supported by manufacturer. |
| 23 | 1 | 1991 Caterpillar Stand-By Generator, Model #3208, Serial #5YF01189, KW 175, KVa 219, 480V, 267Amp, 430 Hrs. | No longer meets operational specifications or requirements. No longer required. |
| 24 | 1 | Trailer Mounted Asphalt Emulsion Sprayer, FA #1131. | No longer operational. No longer required. |
| 25 | 1 | 1981 Wisconson Trailer Mounted Trash Pump, Model #VH4D, FA #813, Serial #6048600. | No longer cost effective to operate and maintain. No longer required. |
| 26 | 1 | 1978 Caterpillar 920 Loader, FA 409, VIN #7K7070-3682, Serial #62K6301. | No longer cost effective to operate and maintain. No longer required. |
| 27 | 2 | Autocrane Truck Mount Crane Model #3023, Serial #DEX-012-01-01; FA #3156, Serial #320304-228BT-0598. | No longer meets operational specifications or requirements. No longer required. |

Before vehicles and equipment (where the individual acquisition cost exceeded \$5000) can be disposed of, the Board must first declare the items as surplus (*ref: Purchasing Manual, Section 12*).

The District's Purchasing Manual identifies the process for disposing of material, equipment, and supplies that have been declared surplus. Typically, items declared surplus are disposed of by sale through public auction.

FISCAL IMPACT:



The salvage value and associated gain or loss on items is not determined until their disposal. Therefore, the fiscal impact of the recommended action is not known at this time.

STRATEGIC GOAL:

This action supports the District's goal to ensure financial health through efficient operations.

LEGAL IMPACT: _____

None.



General Manager

Attachment A - Committee Action Statement

ATTACHMENT A

| | |
|-------------------------|---|
| SUBJECT/PROJECT: | DECLARATION OF SURPLUS VEHICLES AND EQUIPMENT |
|-------------------------|---|

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on December 6, 2010 and the following comments were made:

- Staff indicated that a list of equipment recommended to be surplus is presented to the board on an annual basis as they no longer meet the District's requirements, are not cost effective to repair or are no longer required by the District.
- Staff is requesting that the board declare the listed vehicles and equipment surplus to the District's needs. It was discussed that once the equipment is declared surplus, they would be disposed of in various ways that are consistent with the District's surplus policy, such as, traded-in, purchased by another agency, public auction, etc.
- It was noted that the District does not typically notify agencies of items that the District will be surplus, however, if staff is aware that an agency is looking for a particular item which is to be surplus, staff would contact that agency.
- The committee requested that staff send the surplus list to Mexico's agencies should they have an interest in the equipment to be surplus.
- The committee noted that some of the vehicles being surplus were 2003, 2005 and 2008 models and inquired the reason that these vehicles were being surplus. Staff indicated that the District changed its fleet management practices several years ago. Prior to the change, fleet vehicles were reviewed for surplus at 100,000 miles or ten years. When the District initiated the outsourcing of its

maintenance program for fleet vehicles, it began to look at reviewing vehicles for surplus at 60,000 miles or five years as this is when the vehicle begins to require more maintenance and where you would receive the best trade-in value.

- It was noted that the District is also moving to smaller and more fuel efficient vehicles when they would meet the District's needs.

The Committee supported staffs' recommendation and presentation to the full Board on the consent calendar.



STAFF REPORT

| | | | |
|-----------------------------|---|---------------|-----------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 |
| SUBMITTED BY: | James Cudlip, Finance Manager | W.O./G.F. NO: | DIV. NO. All |
| APPROVED BY: (Chief) | Joseph R. Beachem, Chief Financial Officer | | |
| APPROVED BY: (Asst. GM): | German Alvarez, Assistant General Manager, Administration and Finance | | |
| SUBJECT: | Banking Services Pricing Update | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve staff's recommendation to authorize the General Manager to approve FY-2011 expenditures for banking services with Union Bank, not to exceed the budgeted total of \$149,700.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To authorize the General Manager to approve FY-2011 expenditures for banking services with Union Bank, not to exceed the budgeted total of \$149,700.

BACKGROUND:

On February 3, 2010 the Board approved the continued use of Union Bank with the request to review this again in 2012. Because the cost of this service exceeds \$50,000 per year, on October 19, 2010, staff presented a proposal to the Finance and Administration Committee to amend the District's Purchasing Manual, to provide authority to the General Manager to approve certain routine business expenses as enumerated. The Committee requested that this item be brought to the Board for specific approval and not be added to the purchasing manuals list of routine expenditures as requested by staff.

ANALYSIS:

The total budgeted cost for banking service in Fiscal year 2011 is \$149,700 or \$12,475 per month. Fiscal year-to-date expenditure through October 31, 2010 are \$41,096, only \$10,274 per month. The majority of this positive variance results from fee reductions that Union Bank provided to the District in the second half of last fiscal year.

FISCAL IMPACT:



None. Average monthly costs for banking services indicate that total fees for fiscal year 2011 will not exceed the approved budgeted total of \$149,700.

STRATEGIC OUTLOOK:

The District ensures its continued financial health through long-term financial planning and debt planning.

LEGAL IMPACT:

None.



General Manager

Attachments:

A: Committee Action Form



ATTACHMENT A

| | |
|-------------------------|---------------------------------|
| SUBJECT/PROJECT: | Banking Services Pricing Update |
|-------------------------|---------------------------------|

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on December 6, 2010 and the following comments were made:

- Staff had discussed with committee in October 2010 that expenditures for banking services with Union Bank exceeds the General Manager's signing authority and is presenting for board approval banking services expenditures in an amount not exceed the budgeted total of \$149,700.
- Expenditures to date are approximately \$10,000 per month which is a little less than anticipated. Staff had budgeted approximately \$12,500 per month.
- Historically, banking services expenses has been approximately \$170,000 to \$180,00 annually. A large part of the savings is attributed to Union Bank decreasing its costs for some services, staff negotiating lower credit card fees, and a good increase in customers utilizing the internet and credit cards to pay their water bills which has reduced lock box expenses.

The Committee supported staffs' recommendation and presentation to the full Board on the consent calendar.



STAFF REPORT

| | | | |
|-----------------------------|---|---------------|--------------------------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5 th , 2011 |
| SUBMITTED BY: | Frank Anderson, Utility Services Manager <i>F.A.</i> | W.O./G.F. NO: | DIV. NO. All |
| APPROVED BY: (Chief) | Pedro Porras, Chief, Water Operations <i>[Signature]</i> | | |
| APPROVED BY: (Asst. GM): | Manny Magaña, <i>[Signature]</i> Assistant General Manager, Engineering & Operations | | |
| SUBJECT: | Approval to Purchase Class 8 Service Line Truck | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to issue a purchase order to Summit Truck Bodies in the amount of \$139,797.81 for the purchase of one (1) Class 8 Service Line Truck.

COMMITTEE ACTION: _____

See Attachment "A".

PURPOSE:

To obtain Board authorization to purchase a Class 8 Service Line Truck.

ANALYSIS:

On December 6, 2000 the Board authorized the General Manager to initiate CIP P2366 that provided funding for the repair, retrofit or replacement of District Assets in order to comply with APCD air standard requirements. The Retrofit or replacement of 5 Gen-set engines have been completed with some of the fleet engines being modified with devices to scrub the diesel exhaust, replaced and/or surplused. Two (2) existing District Class 8 Service Line Trucks are scheduled for replacement due to their age and/or engine exhaust displacement.

Based on system operation evaluations of work flow history by Construction/Maintenance supervision and management, it is recommended that 1 new Class 8 Service Line Truck be purchased and the two older service line truck units be declared surplus. This action would also reduce the District's vehicle inventory and save fuel, maintenance and repair costs.

It should be noted that these two existing line trucks are 14 and 13 years old respectively. This replacement activity will also noticeably reduce the District's diesel emissions output.

In accordance with District policy, bids were solicited for the Class 8 Service Line Truck. Three (3) bids were received. Prices received include all applicable fees and taxes and delivery.

| Dealer | Vehicle Bid | Bid Price |
|------------------------|-------------------------|--------------|
| Summit Truck Bodies | Kenworth-Line Truck | \$139,797.81 |
| Miramar Truck Center | Ford F-750 Line Truck | \$145,251.56 |
| San Diego Freightliner | Freightliner Line Truck | \$170,520.71 |

FISCAL IMPACT:

The purchase of this vehicle will cost \$139,797.81 which will be charged against the APCD Engine Replacements and Retrofits CIP 2366.

The total FY11 project budget for the CIP p2366 APCD Engine Replacements and Retrofits is \$442,000. Existing expenditures and current encumbrances for the CIP, including the vehicle purchased under this request if approved, are \$140,136.54.

Additional FY11 costs include contract retrofit or replacement for Engine 1 and Emergency Stand By Gen-Set at the Wastewater Treatment Plant to be completed by the end of this fiscal year.

Projected purchase budget for this vehicle is \$130,000. The \$9,797.81 increase in cost was required to re-inforce the rear bumper and hitch modification to ensure optimum crane operation safety and equipment trailer towing safety. This increase in cost should be off-set by the savings in purchases of the Wastewater Plant pump engine and gen-set.

Based on the Utility Service Manager's evaluation, the CIP 2366 budget is sufficient to complete the budgeted purchase.

The Finance Department has determined that 100% of the funds are available in the replacement fund.

Expenditure Summary:

| | | |
|---|--------------|----------------------|
| FY11 APCD Engine Replacement CIP 2366 Budget: | | \$ 442,000 |
| FY11 Expenditures and Encumbrances to Date: APCD compliance replacement parts for existing fleet. | \$338.73 | |
| Proposed Vehicle Purchase: | \$139,797.81 | |
| Total Expenditures and Encumbrances: | | \$140,136.54 |
| Projected Balance of APCD Engine Replacement FY11 CIP 2366 Budget: | | \$ 301,863.46 |
| | | |

STRATEGIC GOAL:

Implementation of the APCD engine compliance program per schedule.

LEGAL IMPACT: _____

None.



General Manager

Attachment "A", Committee Action



ATTACHMENT A

| | |
|-------------------------|---|
| SUBJECT/PROJECT: | Approval to Purchase Class 8 Service Line Truck |
|-------------------------|---|

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on December 6, 2010 and the following comments were made:

- Staff is requesting that the board approve the issuance of a purchase order to Summit Truck Bodies in the amount of \$139,797.81 for the purchase of a Class 8 Service Line Truck.
- The bid was \$9,797.81 over the initial projected cost. The increase was required to reinforce the rear bumper and hitch modification to ensure optimum crane operation safety and equipment trailer towing safety. This increased cost should be off-set by savings from the purchase of the pump engine and gen-set for the Wastewater Plant. Also, the new Service Line Truck will replace two older truck units, reducing the fleet and the District's diesel fuel emissions output.
- It was noted that a Service Line Truck is the larger of the trucks that are dispatched for repairing main line breaks. These trucks hold all the tools for repairs, such as jack hammers, compressors, etc. and would be utilized to tow the backhoe.

The Committee supported staffs' recommendation and presentation to the full Board on the consent calendar.

Quality Assurance Approval Sheet

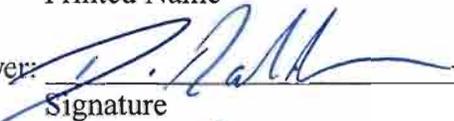
Subject: Approval to purchase class 8 service line truck.

Project No.: P2366

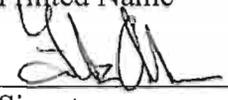
Document Description: Staff report for the January 5, 2011 Board Meeting.

Author:  Date: 11-30-10
Signature

FRANK ANDERSON
Printed Name

QA Reviewer:  Date: 12-1-10
Signature

Paul R. Anderson
Printed Name

Manager:  Date: 12-1-10
Signature

FRANK ANDERSON
Printed Name

The above signatures attest that the attached document has been reviewed and to the best of their ability, the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.



STAFF REPORT

| | | | |
|-----------------------------|---|---------------|-----------------|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 |
| SUBMITTED BY: | Frank Anderson, Utility Services Manager <i>F.A.</i> | W.O./G.F. NO: | DIV. NO. All |
| APPROVED BY: (Chief) | Pedro Porras, Chief, Water Operations <i>[Signature]</i> | | |
| APPROVED BY: (Asst. GM): | Manny Magaña, <i>[Signature]</i> Assistant General Manager, Engineering & Operations | | |
| SUBJECT: | Purchase of one class 8 dump truck | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorizes the General Manager to issue a purchase order to Miramar Truck Center, 6066 Miramar Road, San Diego Ca, 92121 in the amount of \$89,925.00, for the purchase of one (1) new Class 8 Dump Truck.

COMMITTEE ACTION: _____

Please see Attachment "A".

PURPOSE:

To provide bid results and obtain authorization to purchase one (1) new Class 8 Dump Truck identified within the FY11 Capital Purchase Budget.

ANALYSIS:

Included in the approved FY 2011 budget is one (1) new class 8 dump truck.

The dump truck is a replacement for a 1999 GMC dump truck. The 1999 GMC is inefficient due to its history of service repairs and braking down in route to job sites. The constant repairs by the fleet mechanics has resulted in excessive staff labor and materials cost. The dump truck replacement will be more

efficient with fuel economy and reliability while still accommodating the construction needs of their field tasks.

In accordance with District policy, bids were solicited for the one (1) Class 8 Dump Truck. Of the 3 Southern California dealerships solicited, three (3) bids were received. Prices received include all applicable fees and taxes.

| Dealer | Vehicle Bid | Bid Price |
|---------------------------------|--------------------|-----------------|
| Miramar Ford | Ford F-750 Dump | \$89,925.00 ea. |
| El Cajon Ford Commercial Trucks | Ford F-750 Dump | \$91,565.34 ea. |
| San Diego Freightliner | Freightliner M2106 | \$94,432.03 ea. |

FISCAL IMPACT:

The purchase of this vehicle will cost \$89,925.00. The total FY11 CIP 2282 budget is \$540,000. This is for the projected purchase of eight vehicles. Existing expenditure including this vehicle, if approved is \$169,350.18.

This purchase is the second of two dump trucks purchased this fiscal year. The total budgeted amount for these two dump truck purchases is \$140,000 with the first dump truck purchased for \$49,988.36. Expenditure for this vehicle will result in the total purchase price for both dump trucks at 139,913.36.

Based on the Utility Service Manager's evaluation, the CIP 2282 budget is sufficient to complete the budgeted purchase. The Finance Department has determined that 100% of the funds are available in the replacement fund.

STRATEGIC GOAL:

- 3.1.1.9: Operate the system to meet demand 24/7.
- 3.1.1.10: Meet all of the health-related water standards.

LEGAL IMPACT:

None.



General Manager

Attachment "A", Committee Action



ATTACHMENT A

SUBJECT/PROJECT: Purchase of One Class 8 Dump Truck

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on December 6, 2010 and the following comments were made:

- Staff is requesting that the board approve the issuance of a purchase order to Miramar Truck Center in the amount of \$89,925 for the purchase of a Class 8 Dump Truck.
- This is the second of two dump trucks purchased this fiscal year. The total expenditures for both dump trucks will be below budget. This dump truck is a large capacity truck and this is the reason it cost a little more than the dump truck purchased earlier this fiscal year.
- The committee inquired about the process to purchase vehicles. Staff indicated that general specifications for the vehicle to be acquired are determined through discussions with operations staff. Dealers are then identified who can provide vehicles that meet the determined specifications. Bids are then solicited for the vehicle.

The Committee supported staffs' recommendation and presentation to the full Board on the consent calendar.

Quality Assurance Approval Sheet

Subject: Approval to purchase class 8 dump truck.

Project No.: P2282

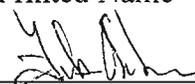
Document Description: Staff report for the January 5, 2011 Board Meeting.

Author:  Date: 11-30-10
Signature

FRANK ANDERSON
Printed Name

QA Reviewer:  Date: 12-1-10
Signature

DOUG RAHOCES
Printed Name

Manager:  Date: 12-1-10
Signature

FRANK ANDERSON
Printed Name

The above signatures attest that the attached document has been reviewed and to the best of their ability, the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.



STAFF REPORT

| | | | |
|----------------------------|---|----------------|--|
| TYPE MEETING: | Regular Board | MEETING DATE: | January 5, 2011 |
| SUBMITTED BY: | Bob Kennedy <i>BK</i> Associate Civil Engineer | W.O./G.F. No.: | D0790- DIV. NO. 2 090070/ 090076 |
| | Ron Ripperger <i>RR</i> Engineering Manager | | |
| APPROVED BY: (Chief) | Rod Posada <i>Rod Posada</i> Chief, Engineering | | |
| APPROVED BY: (Asst. GM) | Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering and Operations | | |
| SUBJECT: | Approval of Water Supply Assessment and Verification Reports (November 2010) for the Otay Ranch Village 8 West Project and for the Otay Ranch Village 9 Project | | |

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve the following Water Supply Assessments and Verification Reports (WSA&V), as required by Senate Bills 610 and 221 (SB 610 and SB 221):

1. Water Supply Assessment and Verification Report dated November 2010 for the Otay Ranch Village 8 West Project development proposal (see Exhibit A for project location), and
2. Water Supply Assessment and Verification Report dated November 2010 for the Otay Ranch Village 9 Project development proposal (see Exhibit B for project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the November 2010 WSA&V for both the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project, as required by SB 610 and SB 221.

ANALYSIS:

The City of Chula Vista submitted a request for a WSA&V report to the District pursuant to SB 610 and SB 221. SB 610 and SB 221 require that, upon the request of the city or county, a water purveyor, such as the District, prepare a water supply assessment and verification report to be included in the California Environmental Quality Act (CEQA) environmental documentation. These requests were received by the District on October 19, 2010.

SB 610 requires a city or county to evaluate whether water supplies will be sufficient to meet the projected water demand for certain "projects" that are otherwise subject to the requirement of the CEQA. SB 610 provides its own definition of "project" in Water Code Section 10912.

SB 221 requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are planned to be available for certain residential subdivisions of property prior to approval of the tentative map. The requirements of SB 610 and SB 221 are addressed by the November 2010 WSA&V Reports for both projects. The WSA&V Reports were prepared by the District in consultation with Dexter Wilson Engineering, Inc., the San Diego County Water Authority (Water Authority), and the City of Chula Vista (City).

Prior to transmittal to the City, the WSA&V Reports must be approved by the Board of Directors. An additional explanation of the intent of SB 610 and SB 221 is provided in Exhibit C, the Otay Ranch Village 8 West Project WSA&V Report is provided as Exhibit D, and the Otay Ranch Village 9 Project WSA&V Report is provided as Exhibit E.

For both the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project, the City is the responsible land use agency that requested the SB 610 and SB 221 water supply assessment and verification report from the District. The requests for the WSA&V Reports, in compliance with SB 610 and SB 221 requirements, was made by the City because both projects meet or exceed one or both of the following SB 610 and SB 221 criteria:

- A proposed residential development of more than 500 dwelling units.

- A proposed commercial office building employing more than 1,000 persons or having more than 250,000 square feet of floor space.
- A mixed-use project that includes one or more of the land uses specified in SB 610.
- A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.

The proposed development within Village 8 West consists of 2,050 mixed density residential units, retail commercial, a middle school, an elementary school, a community purpose facility, parks, and open space. The project surrounds the City of San Diego's South San Diego Reservoir, which will remain in place. See Exhibit A for the project location.

The proposed developments within Village 9 Project consists of 4,000 mixed density residential units, retail commercial, an elementary school, community purpose facilities, parks, and open space. See Exhibit B for Project Location.

The request for compliance with SB 221 requirements was made by the City because both projects exceed the SB 221 criteria of a proposed residential development subdivision of more than 500 dwelling units.

The Village 8 West project and the Village 9 Project are included within a land use planning document known as the Otay Ranch General Development Plan/Sub-regional Plan (Otay Ranch GDP). The County of San Diego and City of Chula Vista jointly prepared and adopted the Otay Ranch GDP. Both projects are located within what is defined as the Otay River Parcel of the Otay Ranch GDP. Both projects are part of the designated 14 villages and 5 planning areas within the Otay Ranch GDP area. The Chula Vista City Council and the San Diego County Board of Supervisors adopted the Otay Ranch GDP on October 28, 1993, which was accompanied by a Program Environmental Impact Report EIR-90-01 (SCH #89010154). The Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project entitlement approval are dependent on the City's eventual adoption of their Sectional Planning Area Plans (SPA). The Land Offer Agreement between the City and the Otay Land Company, per document recorded April 24, 2008 as document No. 2008-0218696, forms the basis for the SPA entitlement densities and intensities of development for both projects.

Pursuant to SB 610 and SB 221, the WSA&V Reports incorporate by reference the current Urban Water Management Plans and other water resources planning documents of the District, the Water Authority, and the Metropolitan Water District of Southern California (Metropolitan). The District prepared the WSA&V Reports in consultation with Dexter Wilson Engineering, Inc., which demonstrates and documents that sufficient water supplies are planned for and are intended to be made available over a 20-year planning horizon under normal supply conditions and in single and multiple-dry years to meet the projected demand of the Otay Ranch Village 8 West Project, the Otay Ranch Village 9 Project, and other planned development projects within the District.

The expected demand for the Otay Ranch Village 8 West Project is 881 acre-feet per year. As originally included in the District's Water Resources Master Plan, dated October 2008 and approved by the District on February 2010, the projected demand for this property was 734 acre-feet per year. This is an increase of 147 acre-feet per year due to the increase in development intensity. The 2009 WRMP, updated November 2010, was revised to include this increase in demand. The projected recycled water demand for the proposed project is approximately 154 acre-feet per year, representing 17 percent of the total water demand.

The expected demand for the Otay Ranch Village 9 Project is 1,507 acre-feet per year. As originally included in the District's Water Resources Master Plan, the projected demand for this property was 1,312 acre-feet per year. This is an increase of 195 acre-feet per year due to the increase in development intensity. The 2009 WRMP, updated November 2010, was revised to include this increase in demand. The projected recycled water demand for the proposed project is approximately 130 acre-feet per year, representing 8 percent of the total water demand.

Metropolitan's Integrated Water Resource Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. Metropolitan's 2010 update to the IRP (2010 IRP Update) includes a planning buffer supply to mitigate against the risk associated with implementation of local and imported supply programs. The planning buffer identifies an additional increment of water that could potentially be developed if other supplies are not implemented as planned. As part of the implementation of the

planning buffer, Metropolitan periodically evaluates supply development to ensure that the region is not under- or over-developing supplies. If managed properly, the planning buffer, along with other alternative supplies, will help to ensure the Southern California region, including San Diego County, will have adequate supplies to meet future demands.

The County Water Authority Act, Section 5, Subdivision 11, states the Water Authority, "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs."

The intent of the SB 610 and SB 221 legislation is that the land use agencies and the water agencies are coordinating their efforts in planning for new development and thus planning for sufficient water supplies to meet the needs.

As per the requirements of SB 610 and SB 221, if the water supply assessment and verification finds that the supply is sufficient, then the governing body of the water supplier (District) must approve the water supply assessment and verification report and deliver it to the lead agency (City) within 90 days.

Pursuant to SB 610, if the water supply assessment finds overall supplies are insufficient, the water supplier shall provide to the lead agency "its plans for acquiring additional water supplies, setting forth measures that are being undertaken to acquire and develop those water supplies," and the water supplier governing body must approve the assessment and deliver it to the lead agency within 90 days. If the water supplier does conclude that additional water supplies are required, the water supplier should indicate the status or stage of development of the actions identified in the plans it provides. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made.

Once either of the two actions listed above are accomplished, the District's SB 610 water supply assessment responsibilities are complete.

As per the requirements of SB 221, if the water supply verification finds overall supplies are insufficient - "the lead agency may bridge any gap from verification's "insufficient" determination with additional supplies not accounted for by the water supplier, based on substantial evidence and findings on record." And the water supplier governing body must approve the

verification and deliver it to the lead agency within the 90 days, unless a 30 day extension is granted. In bridging any sufficiency gap, whether before or after issuance of verification, the lead agency may coordinate with others to identify and secure sources of supply. The lead agency may also place a condition on the tentative map to comply with a water supply sufficiency requirement.

Once the actions listed above are accomplished the District's SB 221 water supply verification responsibilities are complete.

SB 610 and SB 221 provides that if the SB 610 and SB 221 water supply assessment and verification report is not received by the lead agency from the water supplier within the prescribed 90-day period, and any requested time extension, The lead agency may seek legal relief, such as writ of mandamus.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these are always present. The regional water supply agencies, the Water Authority, Metropolitan, and the District nevertheless fully intend to have sufficient, reliable supplies to serve the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project.

With the initiation of the South Bay Water Reclamation Plant (SBWRP) recycled water supply on May 18, 2007, the District has reduced the annual take of potable water from the Water Authority, once used to supplement the recycled water supply shortfall, in excess of 3,200 acre-feet per year. The District is also working on several other local water supply projects that are in various stages of development. The additional demand from both the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project estimate of an additional 342 acre-feet per year potable water demand is about 11 percent of the potable water saved with the SBWRP supply start-up.

In addition, several other planned local water supply projects could provide water to the District. The Rancho del Rey Groundwater Well is expected to provide 500 to 600 acre-feet per year. The Rosarito Ocean Desalination Project is expected to provide 24,000 to 50,000 acre-feet per year. The Otay Mesa Lot 7 Groundwater Well is expected to provide 400 to 500 acre-feet per year.

The WSA&V Reports demonstrate that the District, the Water Authority, and Metropolitan have all developed plans and are implementing projects, programs, and/or procedures to ensure that there will be adequate supplies to serve the proposed Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project along with existing and other planned users. In addition, the supplies necessary to serve the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project along with existing and other projected future users have been identified in the WSA&V Reports for the Projects. The actions necessary and status to develop these supplies have also been documented in the various planning documents and in the Otay Ranch Village 8 West Project WSA&V Report and the Otay Ranch Village 9 Project WSA&V Report.

FISCAL IMPACT:



The District has been reimbursed \$8,120 for all costs associated with the preparation of the Otay Ranch Village 8 West Project WSA&V Report and the Otay Ranch Village 9 Project WSA&V Report. The reimbursement was accomplished via a \$20,000 deposit the project proponents placed with the District.

STRATEGIC GOAL:

The preparation and approval of the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project WSA&V Reports supports the District Mission statement, "To provide the best quality of water and wastewater services to the customers of the Otay Water District, in a professional, effective, and efficient manner" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

Approval of a WSA&V Reports for the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Projects in form and content satisfactory to the Board of Directors would allow the District to comply with the requirements of Senate Bill 610 and 221.



General Manager

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BK/RR:jf

- Attachments:
- Attachment A - Committee Action
 - Exhibit A - Location Map for the Otay Ranch Village 8 West Project
 - Exhibit B - Location Map for Otay Ranch Village 9 Project
 - Exhibit C - Explanation of intent of the SB 610 and SB 221 for the Otay Ranch Village 8 West Project
 - Exhibit D - Explanation of intent of the SB 610 and SB 221 for the Otay Ranch Village 9 Project
 - Exhibit E - Otay Ranch Village 9 Project WSA&V Report



ATTACHMENT A

| | |
|--|---|
| SUBJECT/PROJECT: D0790- 090070/090076 | Approval of Water Supply Assessment and Verification Reports (November 2010) for the Otay Ranch Village 8 West Project and for the Otay Ranch Village 9 Project |
|--|---|

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on December 7, 2010 and the following comments were made:

- Staff is requesting that the Otay Water District (District) Board of Directors (Board) approve the November 2010 Water Supply Assessment and Verification Reports (WSA&V Reports) for the Otay Ranch Village 8 West Project and for the Otay Ranch Village 9 Project.
- Staff indicated that on October 19, 2010, the District received a request from the City of Chula Vista to prepare the WSA&V Reports for Villages 8 and 9 that are located within the Otay River Parcel of the Otay Ranch GDP. It was noted that SB 610 and SB 221 requires that the District honor the City's request. An exhibit was provided to the Committee that showed the location of the two project sites, and staff noted that they are a part of the designated 14 villages and five planning areas within the Otay Ranch GDP.
- Staff stated that Village 8 West is a 320-acre mixed use development with 2,050 dwelling units and 300,000 square-feet of retail/commercial use, and that Village 9 is a 323-acre mixed use site with 4,000 dwelling units and 1.5 million square-feet of retail/commercial.
- A PowerPoint presentation was provided to the Committee that included the following:

- Background of Senate Bills 610 and 221, which became effective on January 1, 2002, and their intent and how they relate to the WSA&V Reports
- Required Board approval for the submittal of the WSA&V Reports to the City of Chula Vista
- Land Offer Agreement between the City of Chula Vista and the Otay Land Company
- Land use plan for both Otay Ranch Villages 8 and 9
- Potable demand estimates for Villages 8 and 9
- Metropolitan Water District's Integrated Water Resources Plan
- It was indicated that the Developer hired PBS&J to prepare the November 2010 update to the District's Urban Water Master Plan. Staff noted that the City of Chula Vista, The Otay Land Company, the City of San Diego, and the District's staff worked together to provide most of the up-to-date planning information to PBS&J.
- Staff indicated that the City forwarded the densities and dwelling unit counts update to SANDAG and this Series 12 update was made available to the Metropolitan Water District for their use in updating their Integrated Resource Plan and their Urban Water Management Plan, and to CWA to update their Urban Water Management Plan. Staff noted that the information will also be used in the District's Urban Water Management Plan scheduled to be completed by the end of this Fiscal Year.
- Staff stated that the District's WSA&V Reports are based on data from the District's 2005 Urban Water Management Plan and that it projects the District's water demand for every 5 years. It was indicated that the total demand for FY 2010 was 36,500 acre feet (includes recycled water use), which was 6,500 acre feet lower than the peak demand of Fiscal Year 2006 (43,000 acre feet). Staff stated that the drop in demand was a result of the unit price of water, the conservation efforts of users as a result of the prolonged drought, and the economy.

- Staff indicated that the WSA&V Reports states the following:

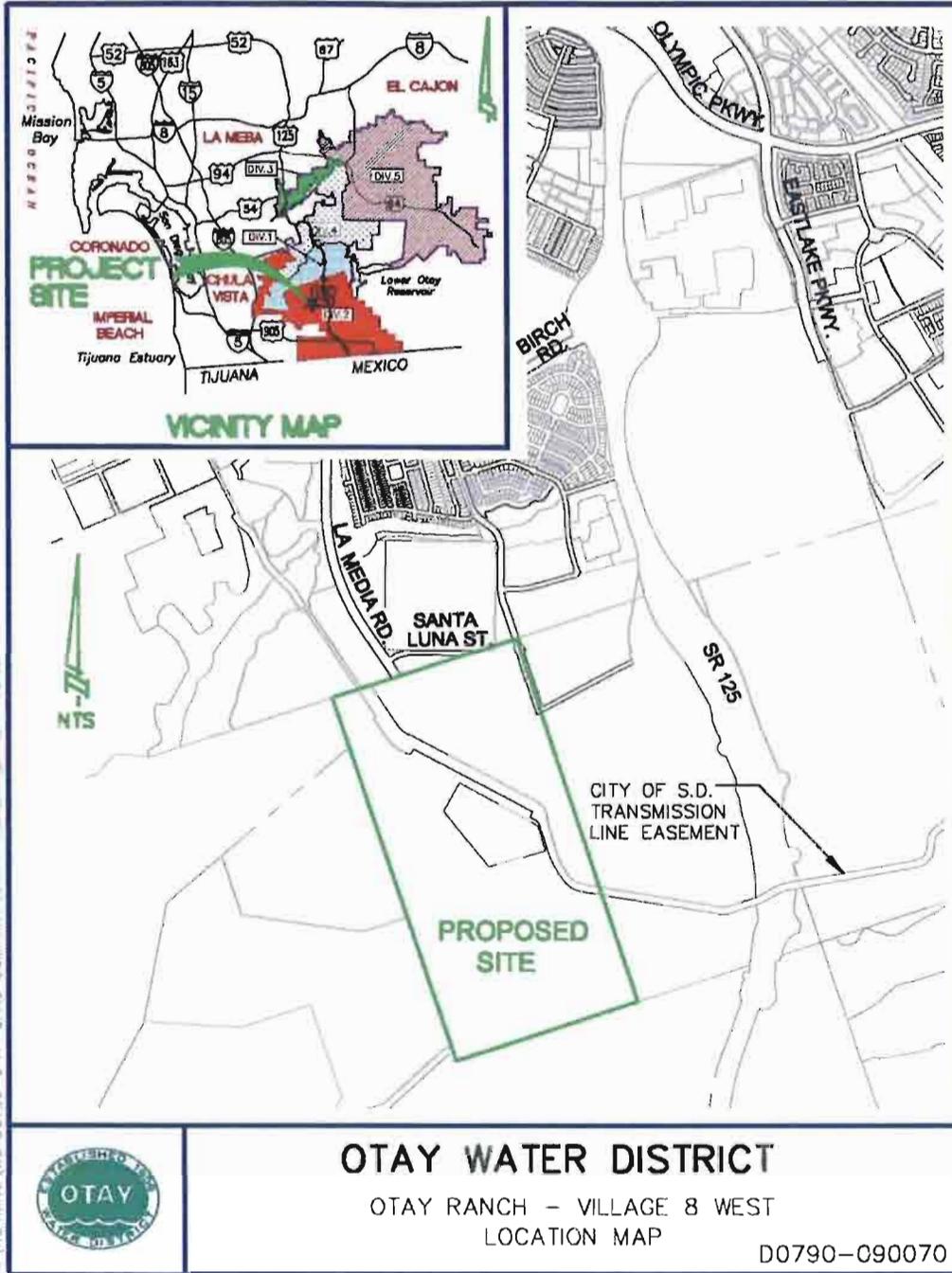
"The regional and local water supply agencies acknowledge the challenges of supply and fully intend to develop sufficient reliable supplies to meet demands. Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs."

- Staff indicated that the status of the current water supply situation is documented in the WSA&V Reports with the intent that the water agencies plan to develop sufficient water supplies to meet demands. Staff believes that the Board has met the intent of SB 610 and 221 statutes in that Land use agencies and water suppliers have demonstrated strong linkage. The Otay Ranch Village 8 West Project and Village 9 Project WSA&V Reports clearly document the current water supply situation. Staff believes that based on existing documentation, the WSA&V Reports demonstrate and document that sufficient water supplies are planned for and are intended to be acquired. Also, staff stated that the Metropolitan Water District has updated its IRP to address Delta issues and other potential water supply impacts.
- Staff indicated a clarification to the last page of the staff report, which should be corrected as follows:

Attachments: Exhibit D - ~~Explanation of intent of the SB 610 and SB 221 for the Otay Ranch Village 9 Project~~ Otay Ranch Village 8 West Project WSA&V Report

- The Committee recommended that staff provide all Board members a notification to fully review the WSA&V Reports (provide a hardcopy of the reports to the Board) and instruct the members to address any questions or concerns with staff prior to the January 5, 2011 Regular Board meeting.

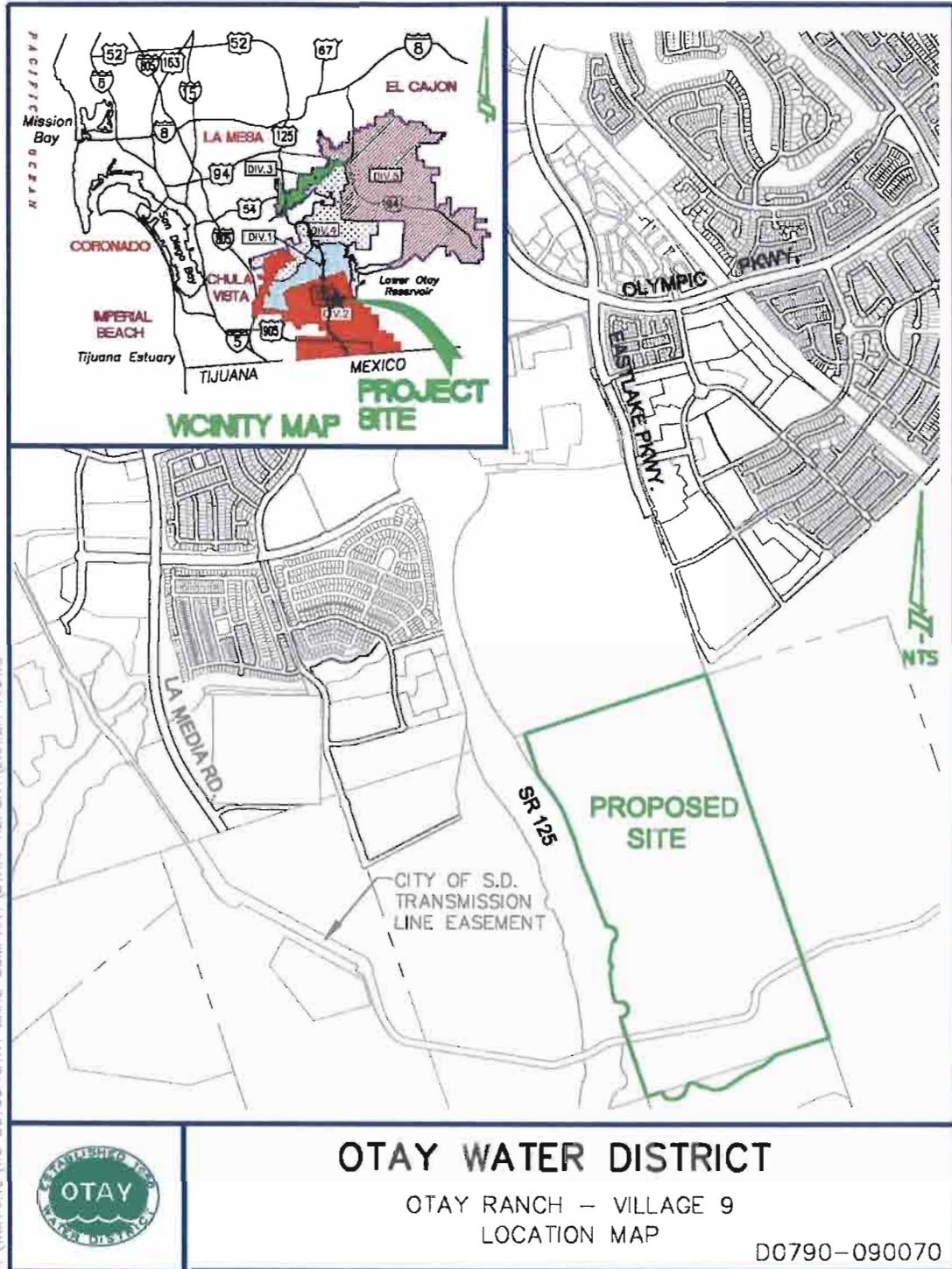
EXHIBIT A



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EXHIBIT A

EXHIBIT B



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EXHIBIT B

EXHIBIT C

Background Information

The Otay Water District (District) prepared the November 2010 Water Supply Assessment and Verification Reports (WSA&V) for both the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project at the request of the City of Chula Vista (City). The District received the City's written request for both projects on October 19, 2010. The Otay Land Company, the developer of the Project, submitted an entitlement application to the City for both the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project. The Owner of both properties is the Homefed Corporation, a Delaware Corporation and the parent company to the Otay Land Company, a Delaware Limited Liability Company.

Both the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project are located within the jurisdictions of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (Metropolitan). See Exhibit A and B for project locations. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the District, Water Authority, and Metropolitan.

Both the Village 8 West Project and the Otay Ranch Village 9 Project are included within a land use planning document known as the Otay Ranch General Development Plan/Sub-regional Plan (Otay Ranch GDP). The County of San Diego and City of Chula Vista jointly prepared and adopted the Otay Ranch GDP. Both projects are located within what is defined as the Otay River Parcel of the Otay Ranch GDP. The project is a part of the designated 14 villages and five planning areas within the Otay Ranch GDP area. Both the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project entitlement approval are dependent on the City's eventual adoption of their Sectional Planning Area Plans (SPA). The Land Offer Agreement between the City and the Otay Land Company per document recorded April 24, 2008 as document No. 2008-0218696 forms the basis for the SPA entitlement densities and intensities of development for both projects.

The WSA&V Reports were prepared by the District in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the City of Chula Vista pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610 and Government Code Sections 65867.5, 66455.3, and 66473.7 referred to as SB 221. SB 610 and SB 221 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. SB 221 requires affirmative written verification from the water purveyor of the public water system that sufficient water

supplies are to be available for certain residential subdivision of property prior to approval of a Tentative Map. The requirements of SB 610 and SB 221 are addressed in the November 2010 WSA&V Report for the Otay Ranch Village 8 West Project and the Village 9 Project.

The Otay Ranch Village 8 West proposed development concept for the approximately 320.1 acre project consists of 2,050 mixed density residential units, retail commercial, a middle school, an elementary school, a community purpose facility, parks, and open space. The project surrounds the City of San Diego South San Diego Reservoir which will remain in place.

The Otay Ranch Village 9 Project proposed development concept for the approximately 323 acre Project consists of 4,000 mixed density residential units, retail commercial, an elementary school, community purpose facilities, parks, and opens space.

The expected demand for the Otay Ranch Village 8 West Project is 881 acre-feet per year. This is 147 acre-feet per year higher than the demand estimate in the District's 2009 WRMP. The expected demand for the Otay Ranch Village 9 Project is 1,507 acre-feet per year. This is 195 acre-feet per year higher than the demand estimate in the 2009 WRMP. The Otay Land Company retained PBS&J to update the 2009 WRMP to include the entitlement densities and intensities of development proposed for both projects. The District's 2009 WRMP updated November, 2010 now includes the demand estimate for both projects in the District's demand projections that was forwarded to the Water Authority for inclusion in their UWMP update.

SANDAG and the City of Chula Vista have also confirmed the Land Offer Agreement that forms the basis for these SPA entitlements was included in the Series 12 update that has been forwarded to both Metropolitan and the Water Authority for their future UWMP updates. The Series 12 update was also available to Metropolitan for their use in preparing the demand projections for their 2010 IRP Update.

The District currently depends on the Water Authority and the Metropolitan for all of its potable water supplies and regional water resource planning. The District's Urban Water Management Plan (UWMP) relies heavily on the UWMP's and Integrated Water Resources Plans (IRPs) of the Water Authority and Metropolitan for documentation of supplies available to meet projected demands. These plans are developed to manage the uncertainties and variability of multiple supply sources and demands over the long term through preferred water resources strategy adoption and resource development target approvals for implementation.

The new uncertainties that are significantly affecting California's water resources include:

- A Federal Court ruling that sets operational limits on Sacramento-San Joaquin Delta pumping from December to June to protect the Delta smelt. Water

agencies are still trying to determine what effect the ruling will have on state water project deliveries. Actual supply curtailments for Metropolitan are contingent upon fish distribution, behavioral patterns, weather, Delta flow conditions, and how water supply reductions are divided between state and federal projects.

- Extended drought conditions.

These uncertainties have rightly caused concern among Southern California water supply agencies regarding the validity of the current water supply documentation.

Metropolitan's 2010 IRP acknowledges that significant challenges in some resource areas will likely require changes in strategies and implementation approaches in order to reach long-term IRP water supply targets. Significant progress in program implementation is being realized in most resource areas. However, a further examination of the uncertainty of State Water Project supplies, among other uncertainties, will be required to assess the ability of achieving the long-term IRP targets.

Metropolitan is currently involved in several proceedings concerning Delta operations to evaluate and address environmental concerns. In addition, at the State level, the Delta Vision and Bay-Delta Conservation Plan processes are defining long-term solutions for the Delta.

Neither the Water Authority nor Metropolitan has stated that there is insufficient water for future planning in Southern California. Each agency is in the process of reassessing and reallocating their water resources.

Under preferential rights, Metropolitan can allocate water without regard to historic water purchases or dependence on Metropolitan. Therefore, the Water Authority and its member agencies are taking measures to reduce dependence on Metropolitan through development of additional supplies and a water supply portfolio that would not be jeopardized by a preferential rights allocation. For Fiscal Year 2006 the Water Authority's preferential right was 16.56% of Metropolitan's supply.

In the Water Authority's 2005 UWMP, they had already planned to reduce reliance on Metropolitan supplies to 372,922 acre feet per year by 2030, which is a 28% reduction from the Fiscal Year 2005 Water Authority purchase from Metropolitan. This reduction is planned to be achieved through diversification of their water supply portfolio. This reduction would more than compensate for the Metropolitan predicted reduction in water supply available from the State Water Project, which could be an overall 2% cutback in Metropolitan total supplies in 2025.

The Water Authority's Drought Management Plan (May 2006) provides the Water Authority and its member agencies with a series of potential actions to engage when faced with a shortage of imported water supplies due to prolonged drought

conditions. Such actions help avoid or minimize impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego County region.

The District Board of Directors should acknowledge the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply implementation strategy that can be relied upon during normal and dry weather conditions. The responsible regional water supply agencies have, and will continue to adapt, their resource plans and strategies to meet climatological, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers (i.e., the Water Authority and Metropolitan), along with the District, fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single, and multiple dry year conditions to meet projected demand of the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project, along with existing and other planned development projects within the District's service area.

If the regional water suppliers determine additional water supplies will be required or in this case, that water supply portfolios need to be reassessed and redistributed with the intent to serve the existing and future water needs throughout Southern California, the agencies must indicate the status or stage of development of actions identified in the plans they provide. Metropolitan's 2010 IRP Update will then cause the Water Authority to update its IRP and UWMP, which will then provide the District with the necessary water supply documentation. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made. The District's Board approval of the Otay Ranch Village 8 West Project WSA&V Report and the Otay Ranch Village 9 Project WSA&V Report does not in any way guarantee water supply to these projects.

Alternatively, if the WSA&V Report is written to state that water supply is or will be unavailable, the District must include in the assessment, a plan to acquire additional water supplies. At this time, the District should not state there is insufficient water supply.

So the best the District can do right now is to state the current water supply situation clearly, indicating intent to provide supply through reassessment and reallocation by the regional, as well as, the local water suppliers. In doing so, it is believed that the Board has met the intent of the SB 610 statute, that the land use agencies and the water agencies are coordinating their efforts in planning water supplies for new development.

With District Board approval of the Otay Ranch Village 8 West Project WSA&V Report and the Otay Ranch Village 9 Project WSA&V Report, the project proponents can proceed with the draft EIR CEQA review process and water supply issues will be addressed in the EIRs, consistent with the WSA&V Report.

The District, as well as others, can comment on the draft EIRs with recommendations that water conservation measures and actions be employed on both projects.

Some recent actions regarding water supply assessments and verification reports by entities within Southern California are as follows:

- City of San Diego approved water supply assessment reports for both the La Jolla Crossings Project and the Quarry Falls Project in September 2007.
- Padre Dam Municipal Water District approved a water supply assessment report for the City of Santee's Fanita Ranch development project in April 2006. In October 2007 a follow-up letter was prepared stating the current uncertainties associated with the regional water supply situation. However, the letter concludes that sufficient water exists over the long run in reliance upon the assurances, plans, and projections of the regional water suppliers (Metropolitan and Water Authority).
- The District unanimously approved in July 2007 the Eastern Urban Center Water Supply and Assessment Report. The Board also approved the Judd Company Otay Crossings Commerce Park WSA Report on December 5, 2007 and the Otay Ranch L.P. Otay Ranch Preserve and Resort project Water Supply Assessment and Verification Report on February 4, 2009.
- The District is working on a water supply assessment report for the City of San Diego – Tijuana Cross Border Facility. Staff is also working with the City of San Diego on a WSA for Scenario 3B Otay Mesa Community Plan Update. The Pio Pico Power Plant on Alta Road within the County of San Diego may also require a WSA for the temporary use of potable water to serve the power plant.

Water supplies necessary to serve the demands of the proposed Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, have been identified in the water supply planning documents of the District, the Water Authority, and Metropolitan.

The WSA&V Reports includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, or agreements relevant to the identified water supply needs for each project. The WSA&V Reports demonstrates and documents that sufficient water supplies are planned and are intended to be available over a 20-year planning horizon, under normal conditions and in single- and multiple-dry years to meet the projected demand of the Otay Ranch Village 8 West Project, the Otay Ranch Village 9 Project, and the existing and other planned development projects within the District.

Accordingly, after approval of a WSA&V Report for the Otay Ranch Village 8 West Project and the WSA&V Report for the Otay Ranch Village 9 Project by the District's Board of Directors, the WSA&V Reports may be used to comply with the requirements of the legislation enacted by Senate Bills 610 as follows:

Senate Bill (SB) 610 Water Supply Assessment: The District's Board of Directors approved WSA&V Report may be incorporated into the California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) compliance process for the Otay Ranch Village 8 West Project and the EIR Compliance process for the Otay Ranch Village 9 Project as a water supply assessment and verification report consistent with the requirements of the legislation enacted by SB 610. The City, as lead agency under the CEQA for the Otay Ranch Village 8 West Project EIR and the Otay Ranch Village 9 Project EIR, may cite the approved WSA&V Report as evidence that a sufficient water supply is planned and intended to be available to serve the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project.

Senate Bill (SB) 221 Water Supply Verification: The District's Board of Directors approved WSA&V Report may be incorporated into the City's Tentative Map approval process for the Otay Ranch Village 8 West Project and the Otay Ranch Village 9 Project as a water supply verification report, consistent with the requirements of the legislation enacted by SB 221. The City, within their process of approving the Otay Ranch Village 8 West and Otay Ranch Village 9 Project's Tentative Maps, may cite the approved WSA&V Report as verification of intended sufficient water supply to serve the Project.

Quality Assurance Approval Sheet

Subject: Approval of Water Supply Assessment and Verification Reports (November 2010) for the Otay Ranch Village 8 West Project and for the Otay Ranch Village 9 Project

Project No.: D0738-090062

Document Description: Staff Report for January 5, 2011 Board Meeting

| | | |
|--------------|--|------------------------|
| Author: |  Signature | <u>12/2/10</u> Date |
| | <u>Bob Kennedy</u> Printed Name | |
| QA Reviewer: |  Signature | <u>12/2/10</u> Date |
| | <u>Daniel Kay</u> Printed Name | |
| Manager: |  Signature | <u>12/2/10</u> Date |
| | <u>Ron Ripperger</u> Printed Name | |

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.

Otay Water District Board of Directors Meeting

January 5, 2011

Water Supply Assessment & Verification Reports for Otay Ranch Village 8 West and Village 9 Projects SB 610 & 221 Compliance



Image U.S. Geological Survey
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32°36'21.28" N 116°58'08.79" W elev 169 m

Eye alt 3.08 km

WSA&V for Otay Ranch Village 8 West and Village 9

Otay Ranch, City of Chula Vista

Otay Land Company Entitlements

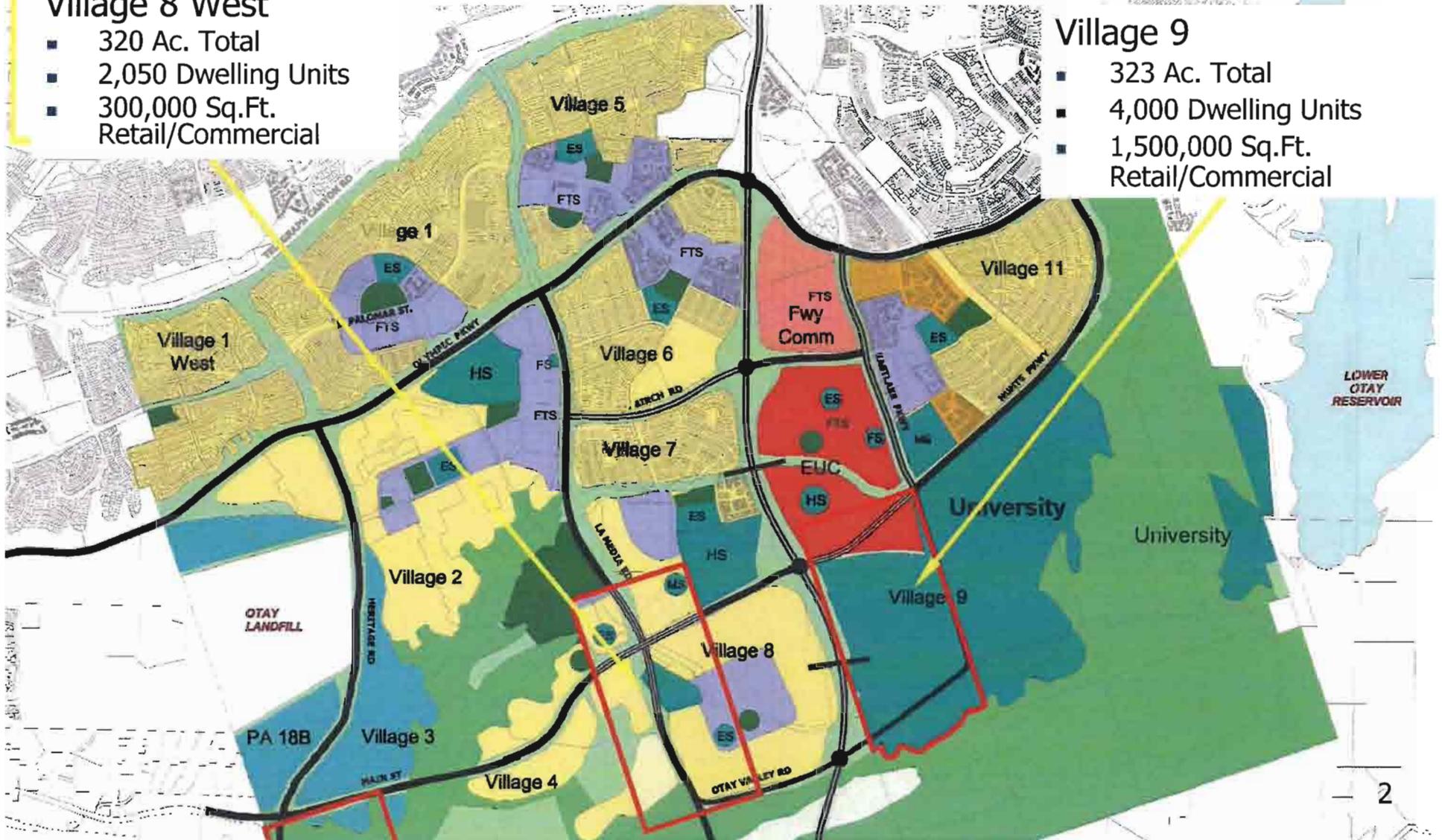
Areas outlined in red (Parcels A, B, & C) represent HomeFed Corporation's land holdings, through its subsidiaries, within the Otay Ranch Planning Area.

Village 8 West

- 320 Ac. Total
- 2,050 Dwelling Units
- 300,000 Sq.Ft. Retail/Commercial

Village 9

- 323 Ac. Total
- 4,000 Dwelling Units
- 1,500,000 Sq.Ft. Retail/Commercial



Background

- ❑ **Senate Bills 610 and 221 became effective on January 1, 2002, with the primary intent to improve the link between water supply availability and land use decisions.**
- ❑ **SB 610 Water Supply Assessment (WSA):**
 - ❑ **Requires water purveyor to prepare a Water Supply Assessment report for inclusion in land use agency CEQA documentation.**
- ❑ **SB 221 Water Supply Verification:**
 - ❑ **Requires the water purveyor to prepare written Verification that sufficient water supplies are planned to be available.**
- ❑ **The Otay Ranch Village 8 West and Village 9 SB 610 and 221 Water Supply Assessment and Verification Reports (WSA&V).**
 - ❑ **Board approval required for submittal of the WSA&V Reports to the City of Chula Vista.**

Otay Ranch Village 8 West Project Description

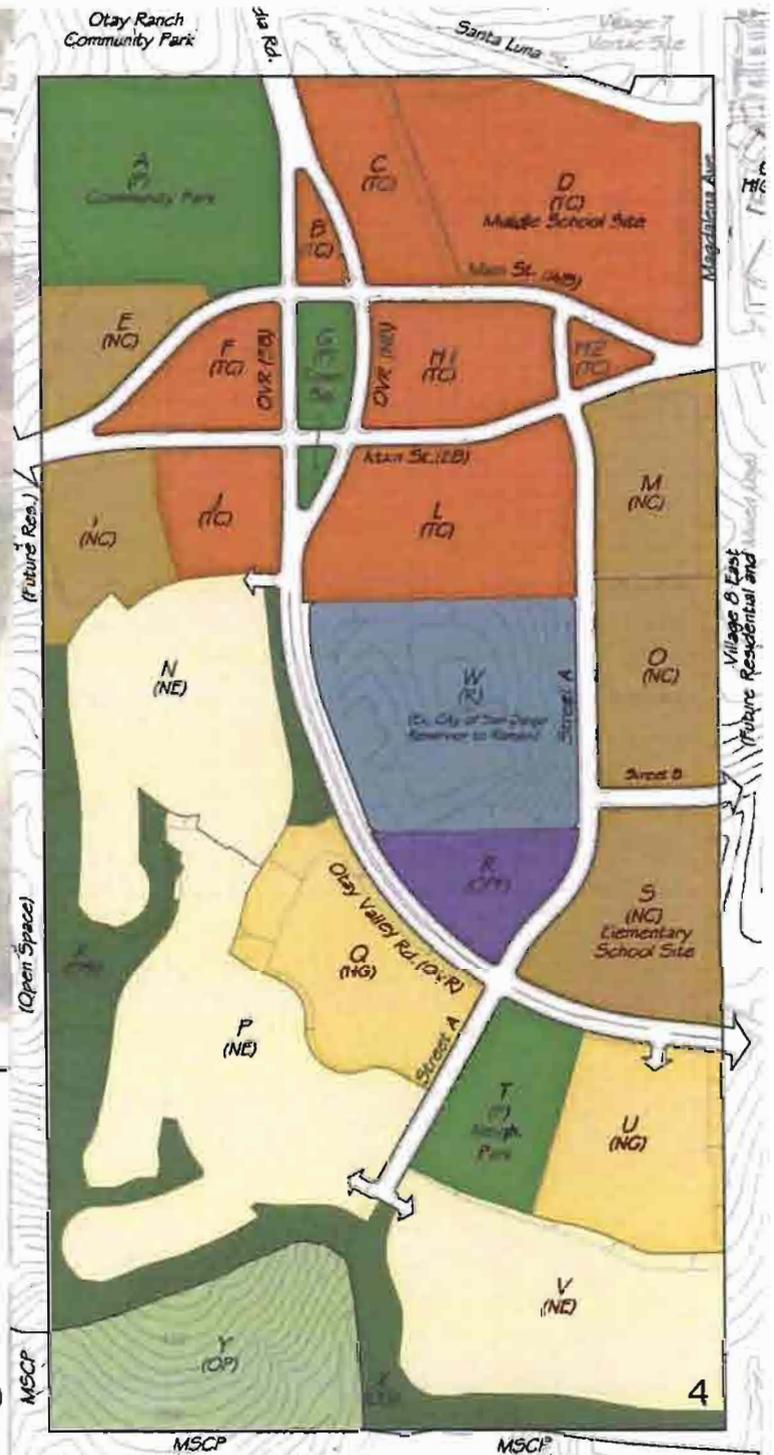
- ❑ 2,050 Dwelling Units
- ❑ 300,000 Sq.Ft. Retail/Commercial
- ❑ Elementary & Middle School ~ 32.4 Ac.
- ❑ Community Facility
- ❑ 28 Ac. Parks

Demand Estimate

- ❑ 881 AFY Potable Water (147 AFY above current approved land use)
- ❑ 154 AFY Recycled Water (17% of demand)

Legend - Transect : Zone

| | |
|---|--------------------------------------|
|  | T-1: Open Space Preserve (OP) |
|  | T-1: Open Space Slope (OS) |
|  | T-2: Neighborhood Edge (NE) |
|  | T-2: Neighborhood General (NG) |
|  | T-3: Neighborhood Center (NC) |
|  | T-4: Town Center (TC) |
|  | SD: Park (P) |
|  | SD: Community Purpose Facility (CPF) |
|  | SD: Reservoir (R) |

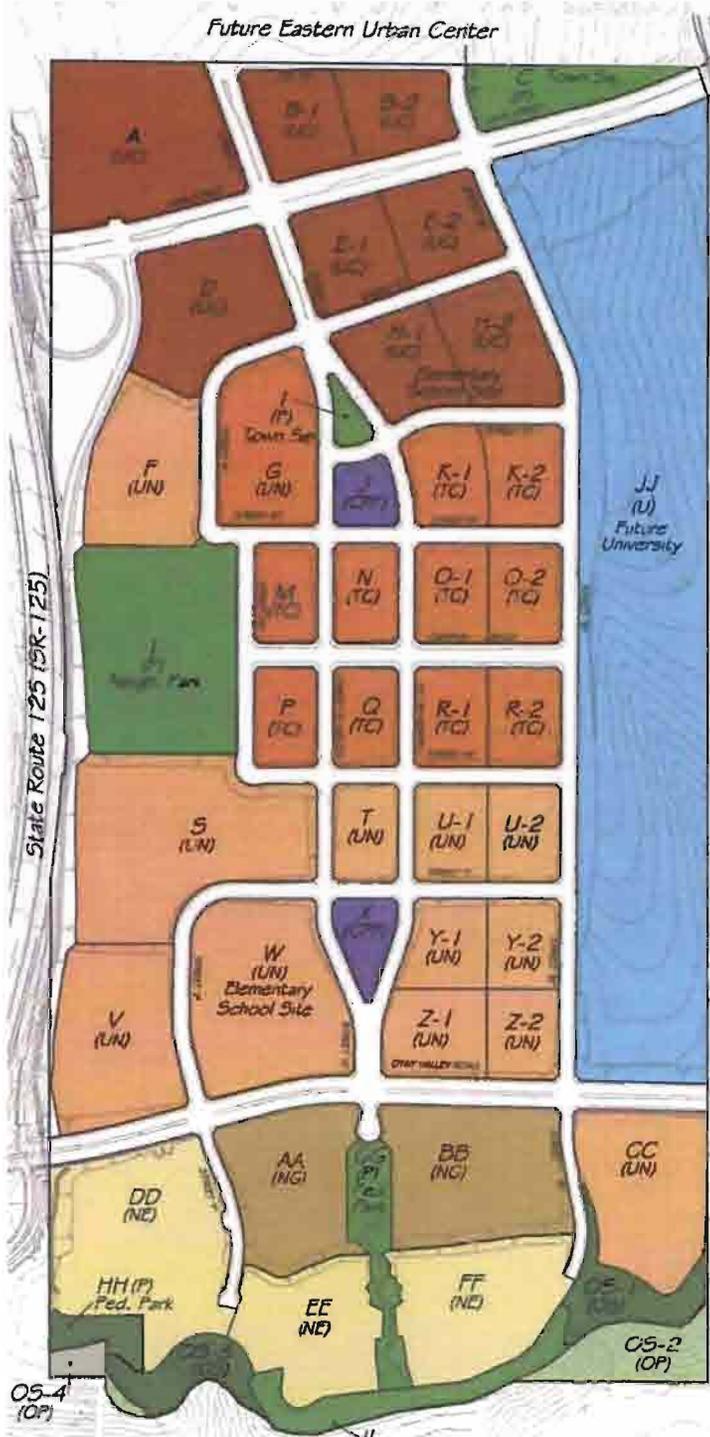


Otay Ranch Village 9 Project Description

- ❑ 4,000 Dwelling Units
- ❑ 1,500,000 Sq.Ft. Retail/Commercial
- ❑ Elementary School ~ 22 Ac.
- ❑ Community Facility
- ❑ 25 Ac. Parks
- ❑ Future University ~ 50 Ac. Demand Estimate

Legend - Transect : Zone

| | |
|--|--------------------------------------|
| | T-1: Open Space Preserve (OP) |
| | T-1: Open Space Slope (OS) |
| | T-2: Neighborhood Edge (NE) |
| | T-2: Neighborhood General (NG) |
| | T-3: Urban Neighborhood (UN) |
| | T-4: Town Center (TC) |
| | T-5: Urban Center (UC) |
| | SD: Park (P) |
| | SD: Community Purpose Facility (CPF) |
| | SD: University (U) |



- 1,507 AFY Potable Water (195 AFY above current approved land use)
- 130 AFY Recycled Water (8% of demand)

Water Supply Assessment & Verification Reports

- **The regional and local water supply agencies acknowledge the challenges of supply and fully intend to develop sufficient reliable supplies to meet demands.**
- **Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs.**
- **Metropolitan has updated its IRP to account for the Delta and other potential supply impact issues.**

Water Supply Assessment & Verification Reports

- **The state of the current water supply situation is documented in the WSA&V Reports with the intent that the water agencies plan to develop sufficient water supplies to meet demands.**
- **Staff believes that the Board has met the intent of SB 610 and 221 statutes in that:**
 - 1) Land use agencies and water suppliers have demonstrated strong linkage.**
 - 2) The Otay Ranch Village 8 West Project and Village 9 Project WSA&V Reports clearly document the current water supply situation.**

Water Supply Assessment & Verification Reports

- Based on existing documentation, the WSA&V Reports demonstrate and document that sufficient water supplies are planned for and are intended to be acquired.
- The WSA&V Reports document the planned water supply projects and the actions necessary to develop the supplies.
- Water supply for the Otay Ranch Village 8 West and Village 9 Projects, and for existing and future developments within the District for a 20-year planning horizon, under normal and in single and multiple dry years, are planned for and are intended to be made available.

Otay Water District Planned Local Water Supply Projects

- Rancho del Rey Groundwater Well (500-600 AFY)
- Rosarito Ocean Desalination Project (24,000-50,000 AFY)
- Otay Mesa Lot 7 Groundwater Well (300-400 AFY)

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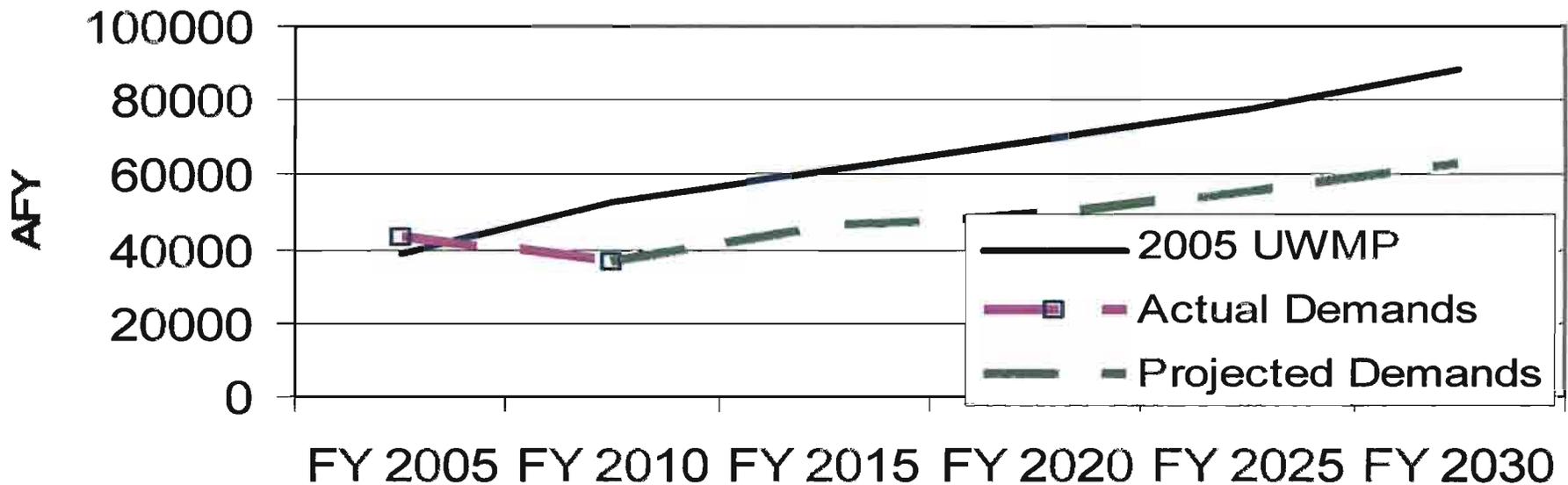
32°38'21.26" N 116°58'08.79" W elev 159 m

Eye alt 3.09 km

Projected Balance of Potable Water Supplies and Demands Normal Year Conditions (acre feet)

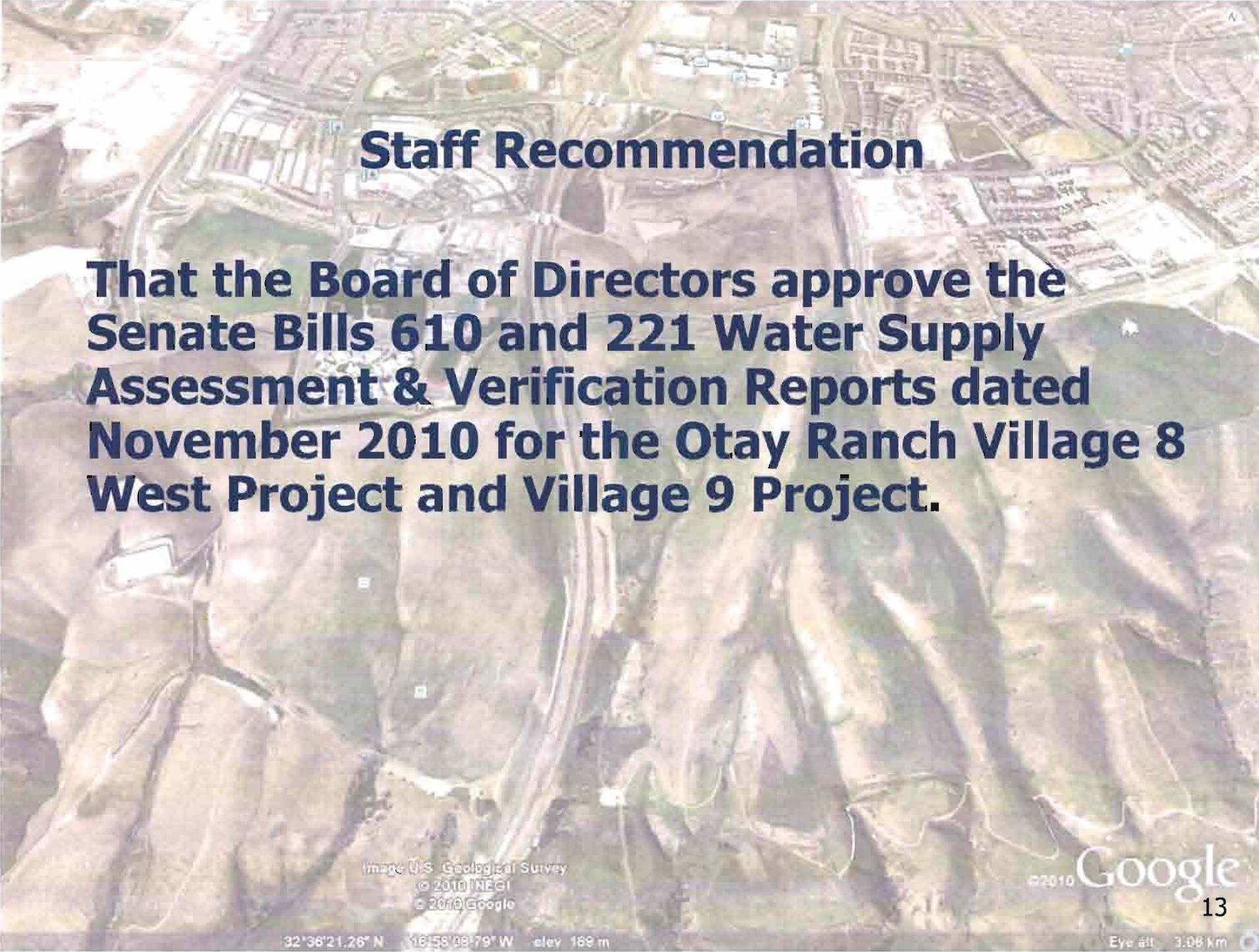
| Description | FY 2010 | FY 2015 | FY 2020 | FY 2025 | FY 2030 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Water Authority Supply | 45,772 | 52,349 | 59,799 | 66,560 | 75,108 |
| Recycled Water Supply | 4,040 | 4,684 | 5,430 | 6,294 | 7,297 |
| Groundwater Supply | 0 | 0 | 0 | 0 | 0 |
| Total Required Supply | 49,812 | 57,033 | 65,229 | 72,854 | 82,405 |
| Total Projected Demand | 49,812 | 57,033 | 65,229 | 72,854 | 82,405 |

Actual Demand vs. 2005 UWMP



Conclusion

- **Water demand and supply forecasts are included in the planning documents of Metropolitan, Water Authority, and the Otay Water District.**
- **Actions necessary to develop the identified water supplies are documented.**
- **The Otay Ranch Village 8 West Project and Village 9 Project WSA&V Reports demonstrate and document that sufficient water supplies are planned for and are intended to be available over the next 20 years.**
- **Metropolitan has updated its IRP to address Delta issues and other potential water supply impacts.**

An aerial satellite view of a valley. A river flows through the center of the valley. The surrounding areas are densely packed with buildings and roads, indicating an urban or suburban setting. The terrain is hilly and appears to be a mix of developed and undeveloped land.

Staff Recommendation

That the Board of Directors approve the Senate Bills 610 and 221 Water Supply Assessment & Verification Reports dated November 2010 for the Otoy Ranch Village 8 West Project and Village 9 Project.

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32°36'21.26" N 116°58'08.79" W elev 169 m

Eye alt 3.08 km

Questions?



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32°36'21.26" N 118°58'09.79" W elev 169 m



Google
14
Eye alt 3.06 km