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

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
Board Room

Wednesday
January 21, 2010
12:00 P.M.

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

AGENDA

1. ROLL CALL

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

INFORMATION / ACTION ITEMS

3. APPROVE A REIMBURSEMENT MEMORANDUM OF UNDERSTANDING WITH HELIX WATER DISTRICT FOR COSTS ASSOCIATED WITH THE RELOCATION OF CERTAIN HELIX WATER DISTRICT FACILITIES IN CONNECTION WITH THE UPGRADE OF CWA's FLOW CONTROL FACILITY NO. 14 AND THE DISTRICT'S JAMACHA ROAD PIPELINE PROJECT FOR AN AMOUNT NOT-TO-EXCEED $144,700 [KENNEDY] (5 minutes)

4. AWARD A CONSTRUCTION CONTRACT TO WEST COAST INDUSTRIAL COATING INC. IN AN AMOUNT NOT-TO-EXCEED $690,000 FOR THE 1296-1 AND 1296-2 RESERVOIR INTERIOR/EXTERIOR COATING AND UPGRADES PROJECT [KAY] (5 minutes)

5. CONSENT TO THE WITHDRAWAL OF THE BID SUBMITTED BY EMPIRE PIPELINE AND AWARD A CONSTRUCTION CONTRACT TO A.B. HASHMI INC. IN THE AMOUNT OF $91,320 FOR THE JAMACHA ROAD SEWER REPLACEMENT PROJECT [KAY] (5 minutes)

6. APPROVE A REIMBURSEMENT AGREEMENT WITH THE CITY OF CHULA VISTA FOR CONSTRUCTION COSTS ASSOCIATED WITH THE OTAY LAKES ROAD 12-INCH RECYCLED WATER PIPELINE AND POTABLE UTILITY

RELOCATION PROJECT IN AN AMOUNT-NOT-TO EXCEED $1,100,000 (RIPPERGER) [5 minutes]

7. CERTIFY THE 2009 PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE 2009 WATER RESOURCES MASTER PLAN UPDATE AND APPROVE THE 2009 WATER RESOURCES MASTER PLAN UPDATE AS A FINAL PLAN AND DOCUMENT [COBURN-BOYD] (5 minutes)

8. REVIEW OF FY 2010 CAPITAL IMPROVEMENT PROGRAM (PEASLEY) [10 minutes] (5 minutes)

9. INFORMATIONAL REPORT ON THE STATUS OF THE AUTOMATED METER (AMR) PROGRAM (PORRAS) [5 minutes]

10. ADJOURNMENT

BOARD MEMBERS ATTENDING:
Jose Lopez, Chair
Gary Croucher

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

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

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

Certification of Posting

I certify that on January 15, 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 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on January 15, 2010.

Susan Cruz, District Secretary

AGENDA ITEM 3

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 3, 2010
SUBMITTED BY:	Bob Kennedy Associate Civil Engineer	PROJECT/ SUBPROJECT:	P2009-001103 DIV. NO. 5
	Ron Ripperger Engineering Manager		
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM)	Manny Magaña Assistant General Manager of Engineering and Operations		
SUBJECT:	Authorization to Execute a Memorandum of Understanding between the Helix Water District and the Otay Water District Regarding Reimbursement for Costs Incurred with the Relocation of Certain Helix Water District Facilities		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to execute a Memorandum of Understanding (MOU) between the Helix Water District and the Otay Water District regarding reimbursement for costs incurred with the relocation of certain Helix Water District facilities in an amount not to exceed $144,700 (see Exhibit A for locations).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute a MOU (see Attachment B) between the HWD and the District to reimburse HWD for costs incurred to relocate its water facilities in connection with construction of the upgrade of the County Water Authority Flow Control Facility No. 14 and construction of the District's Jamacha Road Pipeline project. The MOU provides that the District will reimburse HWD for up to $144,700.

ANALYSIS:

The HWD has incurred costs to date related to the work by the San Diego County Water Authority (SDCWA) and the District for the upgrade of Flow Control Facility No. 14. The HWD will also incur additional costs as part of the construction of the Jamacha Road Pipeline Project. The operation, relocation, and inspection of HWD facilities will be made by, or under the supervision and control, of HWD. The MOU will establish terms, conditions, rights, and responsibilities of the District and HWD in connection with certain costs for the required relocation of HWD water facilities within the Helix Water District. The District will reimburse the HWD for reasonable costs estimated as follows:

Helix Water District Relocation Cost Estimate		
Jamacha Road Pipeline		
ITEM	**NO.**	**COST**
Fire Hydrant Relocation at Jamacha and Grove	1	$12,000.00
Fire Hydrant Relocation at Jamacha and Skyline	1	$12,000.00
Fire Hydrant Relocation at 505 Third Street	1	$8,000.00
Fire Hydrant Relocation at Third and Lexington	1	$8,000.00
Water Service cut outs and reconnections necessary for the installation of the Project within Jamacha	67	$62,000.00
Subtotal		**$102,000.00**
15% Contingency		$15,300.00
Subtotal Relocation Cost Estimate		**$117,300.00**
Flow Control Facility No. 14		
Operation, Inspection and Testing of the Upgraded Flow Control Facility No. 14	**1**	**$27,400.00**
TOTAL COST ESTIMATE		**$144,700.00**

Neither the HWD nor the District anticipates that the cost will exceed $144,700. The MOU identifies the duties of each party to use their best efforts to ensure that this amount is not exceeded and also includes provisions for each party to negotiate in good faith to determine who is responsible if the total cost should exceed this amount.

FISCAL IMPACT:

Funding for the 36-Inch Pipeline Project will come from CIP project P2009. The total budget for P2009, as approved in the FY 2010 budget, is $22,200,000. Total expenditures plus outstanding commitments and forecast to date, including the expenses noted in this MOU is approximately $21,800,000. See Attachment C for budget detail.

The Project Manager has determined, based on the attached financial analysis, that the CIP budget is sufficient to support the project.

The Finance Department has determined that funding will be available for CIP P2009. Funding for CIP P2009 will be split between 60% Betterment and 40% Expansion Fund.

STRATEGIC GOAL:

The Jamacha Road Pipeline and the Upgrade to Flow Control Facility No. 14 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:

The District's General Counsel and the Helix Water District General Counsel have reviewed and accepted the MOU as to form and legality.

General Manager

P:\WORKING\CIP P2009 36-inch PL - FCF 14 to Reg Site\Staff Reports\BD 02-03-10, CIP P2009 MOU with Helix (BK-RR).doc

BK/RR/RP:jf

Attachments: Attachment A
Attachment B
Attachment C
Exhibit A

QA/QC Approved:

Name: Lisa Colman Boyd Date: 1-14-10

ATTACHMENT A

SUBJECT/PROJECT: P2009-001103	Authorization to Execute a Memorandum of Understanding between the Helix Water District and the Otay Water District Regarding Reimbursement for Costs Incurred with the Relocation of Certain Helix Water District Facilities

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on January 21, 2010. The Committee supported Staff's recommendation.

NOTE:

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

ATTACHMENT B

MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN THE OTAY WATER DISTRICT AND THE HELIX WATER DISTRICT REGARDING THE RELOCATION OF CERTAIN HELIX WATER DISTRICT WATER FACILITIES

This Memorandum of Understanding (the "MOU"), is made and entered into by and between the Otay Water District, a municipal water District organized under the Municipal Water Act of 1911 of the State of California ("OWD"), and the Helix Water District, an irrigation district organized under Irrigation District Law, Water Code §20500 et seq ("HWD"), to establish terms, conditions, rights and responsibilities of the OWD and HWD (hereinafter referred to jointly as the "Parties") in connection with certain costs and the required relocation of certain water facilities owned by the HWD due to the construction and installation of the PROJECT (defined below.)

A. OWD is currently installing and constructing a 36-inch Potable Water Pipeline from Flow Control Facility No. 14 ("FCF 14") to the Regulatory Site ("PROJECT").

B. The Parties have determined that the PROJECT necessitates the relocation of approximately four (4) fire hydrants and sixty-seven (67) water service cut outs and reconnections, more specifically identified in Attachment 1, attached hereto and incorporated as if fully set forth herein (collectively, the "RELOCATIONS").

C. The Parties have agreed that the RELOCATIONS will be made by, or under the supervision and control of, the HWD. The Parties also agree that OWD will pay reasonable costs for the RELOCATIONS, based on the estimates set forth in paragraph 1.A below.

D. The Parties agree that OWD will pay reasonable costs for certain work previously conducted by the HWD relating to the FCF 14 connection, as set forth in paragraph 1.B. below.

E. The Parties agree that, except for the specific commitments made by OWD herein, OWD shall have no responsibility for any other HWD work or costs relating any HWD facility or service, or portion thereof; unless otherwise agreed upon by both parties.

NOW, THEREFORE, in view of the foregoing, and in consideration of the mutual covenants and agreements contained herein, OWD and the HWD do hereby agree as follows:

1. OWD'S DUTIES AND RESPONSIBILITIES

A. OWD will reimburse the HWD for the reasonable costs of the RELOCATIONS, which are currently estimated as follows:

ITEM	NO.	COST
Fire Hydrant Relocation at Jamacha and Grove	1	$12,000.00
Fire Hydrant Relocation at Jamacha and Skyline	1	$12,000.00
Fire Hydrant Relocation at 505 Third Street	1	$8,000.00
Fire Hydrant Relocation at Third and Lexington	1	$8,000.00
Water Service cut outs and reconnections necessary for the installation of the Project within Jamacha	67	$62,000.00
Subtotal		**$102,000.00**
15% Contingency		$15,300.00
TOTAL COST OF RELOCATIONS:		**$117,300.00**

As reflected above, OWD has budgeted a 15% contingency based on the estimated costs provided by Helix to ensure that sufficient funds are available in the event of changes to the project.

Neither HWD nor OWD currently anticipate that the costs of the RELOCATIONS will exceed $102,000. If HWD determines that additional work will be required or if it encounters any unforeseen conditions during the work that could cause the aggregate costs of the RELOCATIONS to exceed $117,300, HWD will immediately notify OWD and the parties will promptly meet to discuss the additional work or unforeseen conditions, their effect on the cost and schedule for the RELOCATIONS, and possible solutions satisfactory to both parties.

B. OWD agrees to pay the HWD up to $27,400 for work performed by HWD on FCF 14 as it relates to the PROJECT. Any cost increases due to additional work or unforeseen conditions will be addressed in the same manner as additional work or unforeseen conditions for the RELOCATIONS.

C. OWD agrees to pay approved invoices, not exceeding in the aggregate $144,700, within thirty (30) days of OWD approval of invoices submitted by HWD, as set forth on Paragraph 2.A.ii, below. Any amounts in excess of $144,700 will have to be approved in a separate written document signed by both parties.

2. HWD'S DUTIES AND RESPONSBILITIES; REPRESENTATIONS.

A. The HWD agrees to perform all RELOCATIONS identified in Attachment 1 in a prompt and reasonable manner and to use best efforts to ensure that the amounts set forth in paragraph I.A are not exceeded.

i. If, at any time during the RELOCATIONS, the HWD estimates that actual costs directly related to the RELOCATIONS will exceed the amount stated in paragraph I.A., the HWD agrees to immediately notify OWD. OWD shall be immediately allowed to inspect the work, and all documentation and information concerning the estimated increases and the Parties agree to negotiate in good faith to determine who shall be responsible.

ii. HWD agrees to submit quarterly invoices detailing the work completed, including back-up documentation, to the satisfaction of OWD, evidencing and certifying all costs, excess costs, change orders and expenses.

B. The HWD represents that it has performed work relating to FCF 14, as it relates to the PROJECT, and that it has incurred costs relating thereto, as identified in paragraph 1.B. The HWD agrees to submit invoices and evidence of such costs to OWD upon request.

3. TERM; TERMINATION

This MOU shall be effective commencing on the date indicated on the signature page hereof and, unless earlier terminated, shall remain in effect until the earlier of (i) the date OWD accepts the PROJECT in the manner contemplated under OWD's construction agreement for the PROJECT; or (ii) the date it is terminated by mutual agreement of the Parties following OWD's final payment to HWD for the final portion of the RELOCATIONS.

This Agreement may be terminated by HWD for cause prior to the time contemplated in the paragraph above, upon thirty (30) days written notice of termination, if OWD fails to pay any invoice that has been approved by OWD in the manner contemplated in Section 1 and such failure to pay has not been cured by the 30th day following the notice of termination; provided that failure to pay any disapproved amounts shall not constitute a basis for termination.

This Agreement may be terminated by OWD for cause prior to the time contemplated above if HWD fails to complete any RELOCATION contemplated herein prior to the time required for the PROJECT to proceed as contemplated under the project schedule. The Parties agree that OWD will keep HWD appraised of the status of the PROJECT.

4. HOLD HARMLESS AND LIABILITY

Each, OWD and the HWD, agrees to defend, indemnify, protect, and hold harmless the other party and its board, agents, officers, and employees from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to employees, agents or officers, which arise from or are connected with or are caused by the negligent acts or omissions or willful misconduct of the indemnitor's agents, officers or employees, in performing the work or services herein and all expenses of investigation and defending against same; provided, however, that each party's duty to defend, indemnify and hold harmless the other shall not include any claims or liability arising from the negligent acts or omissions or willful misconduct of the other party, its agents, officers or employees. The Parties agree that in the event of any joint or concurrent negligence, they will apportion any established or agreed upon liability proportionate to their respective degree of fault.

5. GOVERNING LAW; DISPUTE RESOLUTION

This MOU is deemed a contract under the laws of the State of California. The Parties hereby consent to the exclusive jurisdiction of the courts of the State of California in San Diego County. If a dispute arises out of or relates to this MOU, or the breach thereof, the parties agree to engage in good faith negotiations to attempt to resolve the matter. In any action at law or in equity, including an action for declaratory relief, between the parties arising out of or relating to this MOU, the prevailing party in such action will be entitled to recover from the other party a reasonable sum as attorneys' fees and costs.

The prevailing party will be determined in accordance with Civil Code Section 1717(b)(1) or any successor statute. The prevailing party will also be entitled to its reasonable attorneys' fees and costs in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and will survive the merger of this MOU into any judgment on this MOU.

6. INTEGRATION; WAIVER; AMENDMENTS

This MOU represent the entire understanding by and between the Parties as to those matters contained herein. No prior oral or written understanding will be of any force or effect with respect to the matters covered herein. This MOU may not be modified or altered except in writing signed by both parties hereto. Any waiver by either party of any provision of this MOU must be in writing. Any written waiver will affect only the provision specified and only for the time and in the manner stated in the writing. No waiver by a party of any provision in this MOU will be considered a waiver of any other provision.

7. ASSIGNMENT

HWD shall not assign, sublet, or transfer this MOU or any rights, duties or obligations under this MOU without written consent of OWD.

8. SEVERABILITY

The partial or total invalidity of one or more parts of this MOU will not affect the intent or validity of the MOU.

IN WITNESS HEREOF, the District and the City have executed this Reimbursement Agreement to be effective as of _____, 2010.

Otay Water District

By: _____
Mark Watton

Its: General Manager

Date: _____

Approved as to form:

_____
General Counsel

Helix Water District

By: _____
Mark Weston

Its: General Manager

Date: _____

Approved as to form:

_____
General Counsel

ATTACHMENT C

SUBJECT/PROJECT: P2009-001103	Authorization to Execute a Memorandum of Understanding between the Helix Water District and the Otay Water District Regarding Reimbursement for Costs Incurred with the Relocation of Certain Helix Water District Facilities

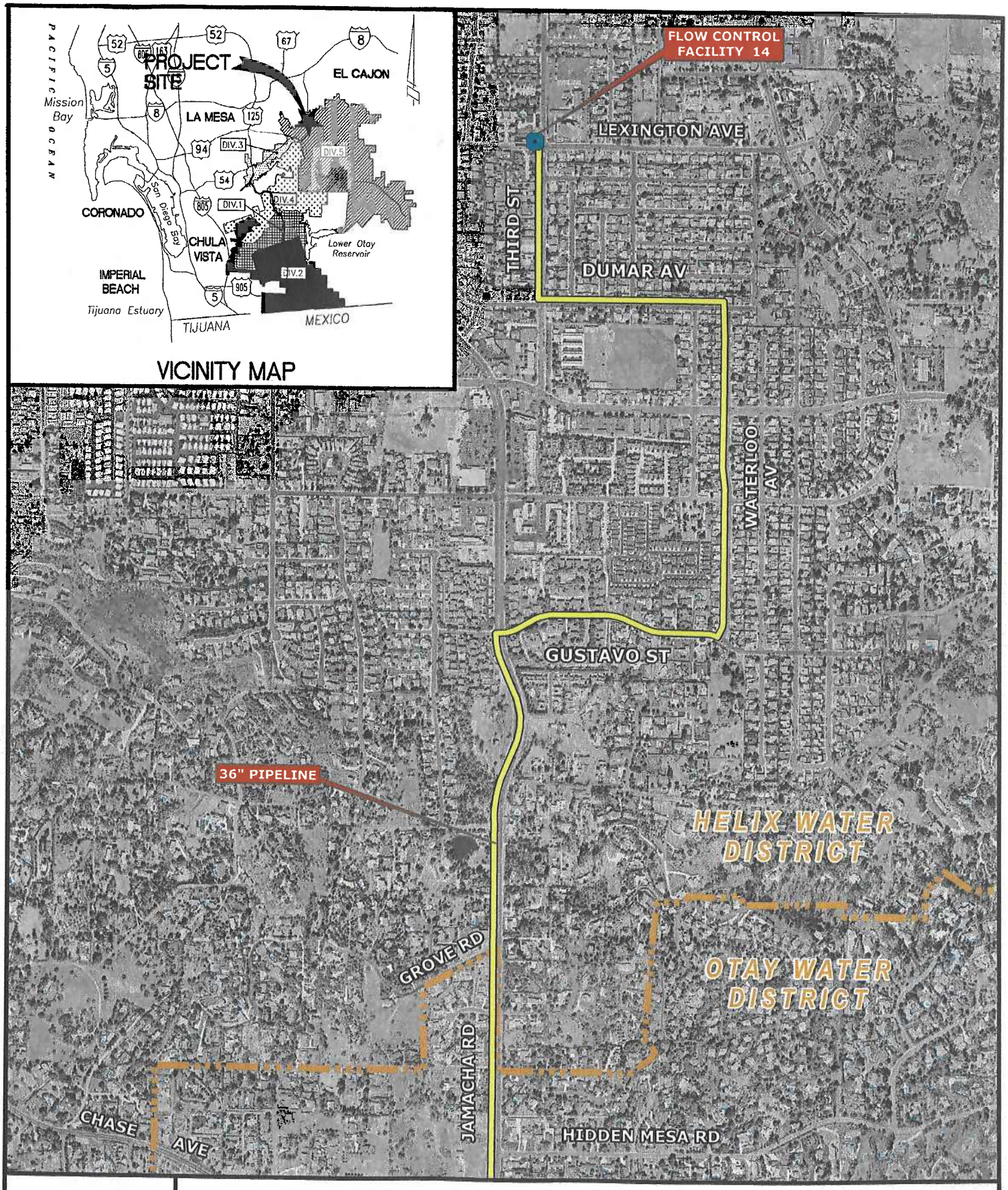
Otay Water District

Date Updated: December 14, 2009

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

Budget 22,200,000	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor / Comments
Planning					
Labor	$ 271,784	$ 271,784		$ 271,784	
Printing	993	993	-	993	OCB REPROGRAHICS
Business Meetings	110	110	-	110	PETTY CASH
	49	49	-	49	US BANK CORPORATE PAYMENT
Professional Legal Fees	5,595	5,595	-	5,595	BURKE WILLIAMS & SORENSEN
	366,876	168,480	198,396	366,876	GARCIA CALDERON & RUIZ LLP
Other Legal Fees	4,923	4,923	-	4,923	GARCIA CALDERON & RUIZ LLP
	(10,290)	(10,290)	-	(10,290)	WOODRUFF, SPRADLIN & SMART
Regulatory Agency Fee	1,927	1,927	-	1,927	COUNTY OF SAN DIEGO
	100	100	-	100	US FISH & WILDLIFE SERVICES
Consultant Contracts	1,338,108	1,080,288	257,820	1,338,108	INFRASTRUCTURE ENGINEERING
	42,080	25,684	16,396	42,080	JONES & STOKES
	1,100	1,100	-	1,100	SOUTHWESTERN COLLEGE
Service Contracts	398	398	-	398	UNION TRIBUNE
	957	957	-	957	SD DAILY TRANSCRIPT
	350	350	-	350	RYAN BETHKE
	705	705	-	705	OLLI BROS
Total Planning	2,025,764	1,553,152	472,612	2,025,764	
Design					
In House/Labor	644,035	644,035		644,035	
Mileage	69	69	-	69	PETTY CASH
Meals and Incidentals	63	63	-	63	PETTY CASH
Business Meetings	46	46	-	46	PETTY CASH
	215	215	-	215	US BANK CORPORATE PAYMENT
Regulatory Agency Fee	271	271	-	271	COUNTY OF SAN DIEGO-DPW
Other Agency Fees	12,830	12,830	-	12,830	CITY OF EL CAJON
	55	55	-	55	COUNTY OF SAN DIEGO
Consultant Contracts	99	99	-	99	PETTY CASH
	1,050	1,050	-	1,050	SOUTHLAND TITLE
	1,640	1,640	-	1,640	CALTRANS
	641,812	543,024	98,788	641,812	LEE & RO INC
	13,440	13,440	-	13,440	SWINERTON MANAGEMENT
	4,744	4,744	-	4,744	WRA & ASSOCIATES INC
	48,000	41,513	6,487	48,000	SOUTHERN CA SOIL
	28,525	28,525	-	28,525	MWH CONSTRUCTORS INC
	4,900	4,900	-	4,900	KEN DAROIS
Construction 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 & ASS[illegible]ATES INC
	28	28	-	28	SAN [illegible]EGO 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
	349	349	-	349	MCGRAW-HILL COMPANIES
	6,912	6,912	-	6,912	REPROHAUS CORP
	90	90	-	90	COUNTY OF SAN [illegible]EGO
Special Projects	48	48	-	48	SEDONA STAFFING
Total Design	1,856,480	1,745,868	110,612	1,856,480	
Construction					
In House/Labor	338,143	165,730	172,413	338,143	
Mileage Reimbursement	119	119	-	119	PETTY CASH CUSTODIAN
Meals & Incidentals	83	83	-	83	PETTY CASH CUSTODIAN
Postage	238	238	-	238	US POSTMASTER
Regulatory Agency Fees	9,400	9,400	-	9,400	SAN DIEGO COUNTY WATER
	10,000	5,756	4,244	10,000	CITY OF EL CAJON
Consultant Contracts	1,092,441	513,669	578,771	1,092,441	RBF CONSULTING
	8,700	7,267	1,433	8,700	SOUTHERN CA SOIL
	21,000	19,098	1,902	21,000	MARSTON & MARSTON INC
	57,918	57,918	-	57,918	LEE & RO INC
Construction Contracts	527,000	527,000	-	527,000	SAN DIEGO COUNTY WATER
	11,649	11,649	-	11,649	SOUTHERN CA SOIL
	144,700	25,237	119,463	144,700	HELIX WATER DISTRICT
Construction Contracts	13,743,332	2,019,322	11,724,010	13,743,332	CCL CONTRACTING
Contingency (5% of CCL Bid)	757,323		757,323	757,323	CCL CONTRACTING
Construction Change Order	(243,847)	-	(243,847)	(243,847)	CCL CONTRACTING C.O. No. 1
	1,403,324	68,676	1,334,648	1,403,324	CALIFORNIA BANK & TRUST
	1,327	1,327	-	1,327	COUNTY OF SAN DIEGO - DPW
Service Contracts	818	818	-	818	UNION TRIBUNE PUBLISHING CO
	266	266	-	266	MCGRAW-HILL CONSTRUCTION
	450	450	-	450	REEL 'EM IN INC
	252	252	-	252	SAN DIEGO NEIGHBORHOOD NEWS
	2,249	882	1,367	2,249	MAIL MANAGEMENT GROUP INC
Construction Contract	14,000	14,000	-	14,000	TC CONSTRUCTION
Inline Valve	1,609	1,609	-	1,609	FERGUSON WATERWORKS #1082
Accpt/close-out	20,000		20,000	20,000	
Total Construction	17,922,495	3,450,768	14,471,728	17,922,495	
Grand Total	$ 21,804,739	$ 6,749,787	$ 15,054,952	$ 21,804,739	

QA/QC BY: Lisa Colburn-Boyd



P:\WORKING\CIP P2009 36-inch PL - FCF 14 to Reg Site\Graphics\Exhibits-Figures\P2009 Exhibit A, SDCWA FCF 14 & 36in JamachaPL-12-9-09.mxd

ESTABLISHED 1956 OTAY WATER DISTRICT

OTAY WATER DISTRICT

SDCWA FCF NO. 14 AND 36-INCH JAMACHA PIPELINE

0 500 1,000 Feet

N

CIP P2009

EXHIBIT A

AGENDA ITEM 4

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 3, 2010
SUBMITTED BY:	Daniel Kay OK Associate Civil Engineer Ron Ripperger Engineering Manager	PROJECT/ SUBPROJECT	P2490/ P2492-001103 DIV. NO. 5
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager, Engineering and Operations		
SUBJECT:	Award of a Construction Contract for the 1296-1 & 1296-2 Reservoir Exterior/Interior Coating and Upgrades Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) awards a construction contract to West Coast Industrial Coating Inc. (West Coast) for the 1296-1 & 1296-2 Reservoir Exterior/Interior Coating and Upgrades Project and authorizes the General Manager to execute an agreement with West Coast in an amount not to exceed $690,000 (see Exhibit A for project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval authorizing the General Manager to enter into a construction contract with West Coast in an amount not to exceed $690,000 for the 1296-1 & 1296-2 Reservoir Exterior/Interior Coating and Upgrades Project.

ANALYSIS:

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

metallic piping. The CCP includes a reservoir maintenance schedule that shows the 1296-1 and 1296-2 Reservoirs to be re-coated and updated to current code. The maintenance includes 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). An internal and external inspection of each reservoir was completed in August of 2008 by Utility Services Company. The recommended structural upgrades, with input from engineering and operations staff, are as follows: A new exterior ladder, new level indicators, new fall prevention devices on the interior ladders, provide 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 as well as provide better access and maintenance for Operations staff.

Currently, Natgun Corporation is constructing a new AWWA Type III concrete reservoir at the same site as the 1296 reservoirs. This project is scheduled to be completed in early March and the award of the construction contract to West Coast will provide a smooth transition of construction contracts at the site.

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

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 January 7, 2010, with the following results:

	CONTRACTOR	TOTAL BID AMOUNT	Corrected Bid Amount
1	West Coast Industrial Coating	$690,000	-
2	A.J. Fistes	$699,900	-
3	RPI Coating	$793,000	-
4	Olympus & Associates, Inc.	$808,807	-
5	Blastco, Inc.	$812,360	-
6	State Painting Company	$841,550	-
7	ABHE Svoboda	$923,200	-
8	Techno Coatings, Inc.	$1,038,000	-

The Engineer's Estimate is $875,000.

Staff reviewed the bids submitted for conformance with the contract requirements and determined that West Coast was the lowest responsive and responsible bidder. West Coast holds a Class C-33 Contractor's License which expires on January 31, 2011. Reference checks indicated an excellent performance record on similar projects and that all agencies contacted would hire West Coast for future projects.

However, on January 13, 2010, a bid protest was received from RPI (Exhibit B) claiming that West Coast and the second apparent low bidder, A.J. Fistes, submitted non-responsive bids. The District requested that West Coast respond to RPI's bid protest. Their response is attached as Exhibit C. Staff and general counsel have reviewied West Coast's response and have determined that their bid has met the intent of the contract documents. Staff did not contact A.J. Fistes because they are the second low bidder and staff is recommending award to West Coast. Per the public competitive bidding process, Staff recommends award of the contract to West Coast in the amount of $690,000.

FISCAL IMPACT:

Funding for the overall project comes from two CIP projects, P2490, the 1296-1 Reservoir Exterior/Interior Coating and Upgrades, and P2492, the 1296-2 Reservoir Exterior/Interior Coating and Upgrades.

The total budget for CIP P2490, as approved in the FY 2010 budget is $350,000. Total expenditures, plus outstanding commitments and forecast is $347,615. See Attachment B-1 for budget detail.

The total budget for CIP P2492, as approved in the FY 2010 budget is $600,000. Total expenditures, plus outstanding commitments and forecast, is $501,399. See Attachment B-2 for budget detail.

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 funding will be available for CIP P2490 and P2492. Funding for both CIPs will be 100% Replacement.

STRATEGIC GOAL:

This project supports the Operations Division's 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 services this Department provides."

LEGAL IMPACT:

None.

General Manager

P:\WORKING\CIP P2490 1296-1 & -2 Reservoir Coating\Staff Reports\BD 02-03-10, Staff Report, 1296 Coatings Bid Award.doc

DK/RR/RP:jf

Attachments: Attachment A
Attachment B-1
Attachment B-2
Exhibit A
Exhibit B
Exhibit C

QA/QC Approved:

Name: _____ Date: 1/14/10

ATTACHMENT A

SUBJECT/PROJECT: P2490-001103 P2492-001103	Award of a Construction Contract for the 1296-1 & 1296-2 Reservoir Exterior/Interior Coating and Upgrades Project

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on January 21, 2010. The Committee supported Staff's recommendation.

NOTE:

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

ATTACHMENT B-1

SUBJECT/PROJECT: P2490-001103 P2492-001103	Award of a Construction Contract for the 1296-1 & 1296-2 Reservoir Exterior/Interior Coating and Upgrades Project

Otay Water District

Date Updated: December 29, 2009

P2490 - 1296-2 Reservoir Int/Ext Coating & Upgrade

Budget $ 350,000	*Committed*	*Expenditures*	*Outstanding Commitment & Forecast*	*Projected Final Cost*	*Vendor/Comments*
Planning					
Labor	2,630	2,630	-	2,630	
			-		
Total Planning	2,630	2,630	-	2,630	
Design					
In House/Labor	18,785	18,785	-	18,785	
			-	-	
Total Design	18,785	18,785	-	18,785	
Construction					
In House/Labor	20,000	298	19,702	20,000	
Construction Contract	296,200		296,200	296,200	WEST COAST INDUSTRIAL COATING
Acceptance/Closeout	10,000		10,000	10,000	
Total Construction	326,200	298	325,902	326,200	
Grand Total	**347,615**	**21,713**	**325,902**	**347,615**	

QA/QC Approved:

Name: [signature]

Date: 1/14/'10

ATTACHMENT B-2

SUBJECT/PROJECT: P2490-001103 P2492-001103	Award of a Construction Contract for the 1296-1 & 1296-2 Reservoir Exterior/Interior Coating and Upgrades Project

Otay Water District

P2492 - 1296-2 Reservoir Int/Ext Coating & Upgra

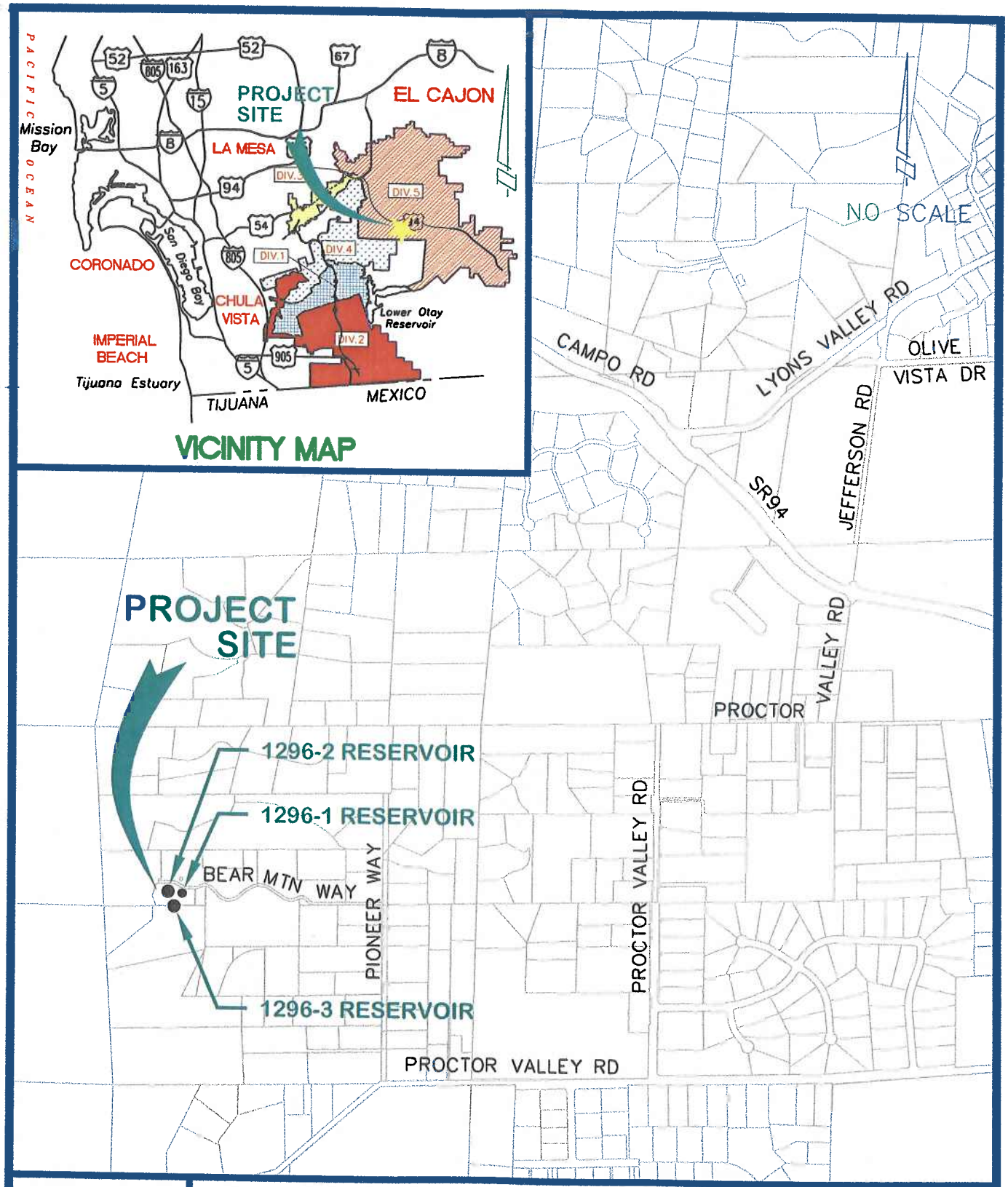
Date Updated: December 29, 2009

Budget 600,000	*Committed*	*Expenditures*	*Outstanding Commitment & Forecast*	*Projected Final Cost*	*Vendor/Comments*
Planning					
Labor	2,328	2,328	-	2,328	
Total Planning	2,328	2,328	-	2,328	
Design					
Labor	10,271	10,271	-	10,271	
Total Design	10,271	10,271	-	10,271	
Construction					
Labor	80,000	-	80,000	80,000	
Construction Contract	393,800		393,800	393,800	WEST COAST INDUSTRIAL COATING
Accpt/close-out	15,000		15,000	15,000	
			-	-	
Total Construction	488,800	-	488,800	488,800	
Grand Total	**501,399**	**12,599**	**488,800**	**501,399**	

QA/QC Approved:

Name: [signature]

Date: 1/14/'10



OTAY WATER DISTRICT

1296-1 & 1296-2 RESERVOIR

EXTERIOR/INTERIOR COATING AND UPGRADES

CIP P2490 & CIP P2492

EXHIBIT A

EXHIBIT B

COATING

Painting. Sandblasting. Fireproofing. Special Coatings

January 13, 2010

Otay Water District
Attn: Daniel Kay, PE
2554 Sweetwater Springs Blvd
Spring Valley, Ca 91678-2096

Reference: 1291-1 & 1296-2 Reservoir Exterior/Interior Coating and Upgrades, CIP P2490 & P2492

Subject: Formal Bid Protest.

RPI COATING, INC (RPI) respectfully protests and challenges the award of the above subject project. The apparent low bidder West Coast Industrial Coatings, Inc. and the second apparent low bidder AJ Fistas submitted non responsive bids. Please consider the following:

West Coast Industrial Coatings Inc (WCICI)

1. WCICI did not list the required sub-contractors or sub consultants. This is pursuant to The Public Contract Code, Chapter 4 "Subletting and Subcontracting" Statue 4100-4114 and the specifications.

- The scaffolding and shrink wrap subcontractor was omitted from WCICI's bid documents.*Note: 09865-4 paragraph 4, requires a complete containment system. This statement is in line with SSPC Guide 6 for containing debris during paint removal operations. Guide 6 has four (4) classes of containment all of witch utilize ridged or flexible framing and plastic to contain hazardous and lead base emissions and materials

- The third party inspection firm was omitted from WCICI's bid. See 09865-10 paragraph A of the specifications. They can not self perform the inspection as this would be a conflict of interest.

AJ Fistas

2. AJ Fistas has not the required QP1 certificate pursuant to specification section 09905-4 paragraph 2.

In summery, RPI's bid was complete and in accordance with the intent of the specifications therefore entitled to award... As an interested party I encourage you to research the intent of the apparent low bidders prior to the recommendation to award. Please contact me at 562-447-1937 should questions remain.

Respectfully submitted
RPI Coating Inc

Bob Kelley,

CALIFORNIA LICENSE 416957 C33 - 10114 SHOEMAKER AVENUE - SANTA FE SPRINGS, CALIFORNIA 90670
PHONE (562) 906-9002 - FAX (562) 906-9004

EXHIBIT C

From: Larry Wombles
To: Daniel Kay;
cc: Ronald Ripperger; "Desiree Brumley"; "Ron Hogeland";
Subject: RE: Bid Protest - RESPONSE
Date: Wednesday, January 13, 2010 6:12:59 PM

Mr. Kay,
This e-mail is in response to the formal protest as filed by RPI Coating on January 13, 2010. I will only address the two bullet points as filed against WCIC.

1. Scaffolding: Specification section 09865-4, paragraph 4 is for SUBMITTALS after award of project. This paragraph does not stipulate complete shrink wrap containment as stated by RPI. Guide 6 is not listed in this paragraph, thus there inclusion is incorrect. This paragraph simply states that WCIC is to provide written documentation "…for complete abrasive blasting containment system, which will contain all the abrasive blast media, monitoring of the containment, and corrective procedures when containment may be breached." This paragraph does not dictate means and/or methods as a condition of contract. WCIC fully intends to satisfy the complete project specifications, OSHA, AQMD, and SSPC in which we are proud members.

2. Third Party Inspection – Specification section 09865-10, paragraph A states, "Inspection and testing shall be performed by the Contractor's hired certified and approved by the District…" This specification section does not state that the certified inspector must be "third" party. WCIC has two on-staff NACE level III and five SSPC Level II coating inspectors. One of our Level III (highest level of Inspector per NACE) also is a independent third party consultant as he only work part time at WCIC. WCIC has hired all the inspectors on our staff and this meets the specification. Also, as a SSPC QP-1 Contractor, WCIC is responsible for Quality Control. Quality Assurance can also be accomplished by WCIC with your approval. WCIC bid this project knowing we were responsible for Quality Control (QC) and Quality Assurance (QA). As added QA, WCIC intends to have the coating manufacturer representative fro TNEMEC

on regular basis to inspect and report for our QC and QA reports.

There is no conflict of interest as SSPC QP-1 requires their certified members to perform all QC and QA as part of our certification. I believe this is why your district required QP-1 only certified contractor to bid this work. As a QP-1 contractor, we will have fully trained and certified NACE level III coating inspector with his own individual License inspecting the work; it will be the coating manufacturer who provides additional verification; and it is WCIC performance bond that guarantees workmanship. In addition to the Nace Level III coating inspector, WCIC field foreman is also a SSPC Level II Coating inspector.

OTAY Water District will get a first class and best coating project via award to WCIC where our company motto is "SAFETY + QUALITY = PRODUCTION." Should you have any other questions or need any other verification, please do not hesitate to call me at 951-956-9943.

Larry Wombles
Paso Robles Tank Inc.

West Coast Industrial Coatings
SSPC QP-1 Contractor

3883 Wentworth Drive
Hemet, CA 92545
Phone: 951-925-2288 / Fax: 951-925-1288
e-mail: LWombles@pasoroblestank.com
Company E-mail: www.Pasoroblestank.com

ONE NATION UNDER GOD & IN GOD WE TRUST!

Please consider the environment before printing my e-mail

This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the original message. If you are the intended recipient, please be advised that the content of this message is subject to access, review and disclosure by the sender's Email System Administrator.

From: Daniel Kay [mailto:Daniel.Kay@otaywater.gov]
Sent: Wednesday, January 13, 2010 1:28 PM
To: Larry Wombles
Cc: Ronald Ripperger; Desiree Brumley; Ron Hogeland
Subject: Bid Protest

Hi Larry,

We have received an official bid protest from RPI coating. Please see their attached letter. Could you please respond to the District (Attention to Daniel Kay) regarding their concerns on the letter. A prompt response would be greatly appreciated as we are trying to complete the staff report for this contract for the January Committee Meeting/February Board.

Thank You.

DANIEL KAY, P.E.
ASSOCIATE ENGINEER | OTAY WATER DISTRICT |
TEL: 619-670-2247 | FAX: 619-670-8920 |
WWW.OTAYWATER.GOV

AGENDA ITEM 5

OTAY WATER DISTRICT ESTABLISHED 1956

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 3, 2010
SUBMITTED BY:	Daniel Kay Associate Civil Engineer	PROJECT/ SUBPROJECT:	S2021-001103 DIV. NO. 5
	Ron Ripperger Engineering Manager		
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager, Engineering and Operations		
SUBJECT:	Award of a Construction Contract for the Jamacha Road 8-Inch Sanitary Sewer Replacement Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board consent to withdrawal of the bid submitted by Empire Pipeline (Empire), award a construction contract to A.B. Hashmi Inc. (A.B. Hashmi) in the amount of $91,320 for the construction of the Jamacha Road 8-Inch Sanitary Sewer Replacement Project and authorize the General Manager to execute an agreement with A.B. Hashmi in an amount not to exceed $91,320 (see Exhibit A for project location).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board approval consenting to the withdrawal of the bid submitted by Empire and authorizing the General Manager to enter into a construction agreement with A.B. Hashmi in an amount not to exceed $91,320 for the Jamacha Road 8-Inch Sanitary Sewer Replacement Project.

ANALYSIS:

This project consists of constructing a total of 335 linear feet of new 8-inch PVC sanitary sewer pipe in Jamacha Road between Hidden Mesa Road and Falda Del Cerro in Rancho San Diego.

The District recently completed a closed circuit televising (CCTV) report for the North District sewer system in various areas of Rancho San Diego and Spring Valley. The report found that the section of sewer pipe between Hidden Mesa Road and Falda Del Cerro in Jamacha Road has partially collapsed. This construction contract will replace that portion of collapsed pipe.

This project is one out of five sewer projects that were added to the FY 2010 CIP due to the results found in the CCTV report. This project was advertised as a separate project in order to expedite construction to coincide with the current construction occurring on Jamacha Road for the 36-inch pipeline installation by CCL Contracting (CCL). This sewer project must be completed before CCL re-paves Jamacha Road in order to avoid a duplication of work in that area. The current schedule for the 36-inch pipeline project shows paving to be completed in May, 2010. The completion of this sewer project is scheduled for April, 2010.

The design for this project was performed by a consultant, Lee & Ro, Inc., as part of their current as-needed design contract with the District.

The project was advertised for bid 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 December 17, 2009. A presentation was given by staff to explain the project and discuss any questions or concerns from the contractors. There were two (2) contractors 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 provide clarifications to the contract documents during the bidding period. Bids were publicly opened on January 7, 2010 with the following results:

	CONTRACTOR	TOTAL BID AMOUNT	CORRECTED BID AMOUNT
1	Empire Pipeline	$79,350	-
2	A.B. Hashmi Inc.	$91,320	-
3	Palm Engineering Construction Co. Inc.	$91,575	-
4	Burtech Pipeline, Inc.	$97,000	-
5	Arrieta Construction, Inc.	$101,247	-
6	SC Valley Engineering, Inc.	$113,575	-
7	American Industrial Services	$126,311	$126,310
8	Sim Engineering Inc.	$127,750	$147,750
9	Zondiros Corporation	$136,625	-
10	CCL Contracting	$167,820	-
11	Schilling Paradise Corporation	$178,120	-

The Engineer's Estimate is $117,000.

The evaluation process included reviewing all bids submitted for conformance to the contract documents. American Industrial Services had an error in their bid reducing their cost by $1. Sim Engineering did not acknowledge Addendum No. 1 in their bid, which included an additional $20,000 allowance item to cover any changes from Caltrans when their permit is finally received.

On January 8, 2010, the lowest bidder, Empire, submitted a timely request to the District to withdraw their bid due to a 'clerical error' (see Exhibit B). Staff requested that Empire provide the District with more information detailing their 'clerical error' (see Exhibit C) and Empire responded with an explanation stating they unintentionally left out $14,865 on Bid Item No. 2 for removing and replacing the 8-Inch PVC (see Exhibit D & Exhibit E). District staff is satisfied that Empire made a mistake in their bid due to a clerical error, and has met the requirements stipulated in Public Contract Code Section 5103, regarding withdrawal of a bid. Therefore, the District will not secure Empire's bid bond and staff is recommending that the Board grant Empire's request to withdraw their bid and approve award of the contract to the second lowest bidder, A.B. Hashmi.

Staff reviewed the second low bid by A.B. Hashmi and found they submitted a responsible bid and hold a Class A Contractors License which expires on March 31, 2011. References were checked and A.B. Hashmi was found to be a qualified company. Staff also verified that it can comply with the bonding requirements for this project.

Per the public competitive bidding process, Staff is recommending the award of a construction contract to A.B. Hashmi in the bid amount of $91,320.

FISCAL IMPACT:

The total budget for CIP S2021, as approved in the FY 2010 budget, is $150,000. Total expenditures, plus outstanding commitments and forecast, are $146,916. Based on a review of the financial budget, the Project Manager has determined that the budget is sufficient to support the project (see Attachment B for budget detail).

The Finance Department has determined that 100% of the funding is available from the Replacement Fund.

STRATEGIC GOAL:

This project supports the District's Mission Statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District in a professional, effective, and efficient manner" 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

P:\WORKING\CIP S2019 Avocado Sewer\Staff Reports\BD 2-04-10, Staff Report, S2021 Bid Award, (DK-RR)v3.doc

DK/RR/RP:jf

Attachments: Attachment A
Attachment B
Exhibit A
Exhibit B
Exhibit C
Exhibit D
Exhibit E

QA/QC:

Name: Lisa Coburn Boyd Date: 01-14-10

ATTACHMENT A

SUBJECT/PROJECT: S2021/001103	Award of a Construction Contract for the Jamacha Road 8-Inch Sanitary Sewer Replacement Project

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on January 21, 2010. The Committee supported Staff's recommendation.

NOTE:

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

ATTACHMENT B

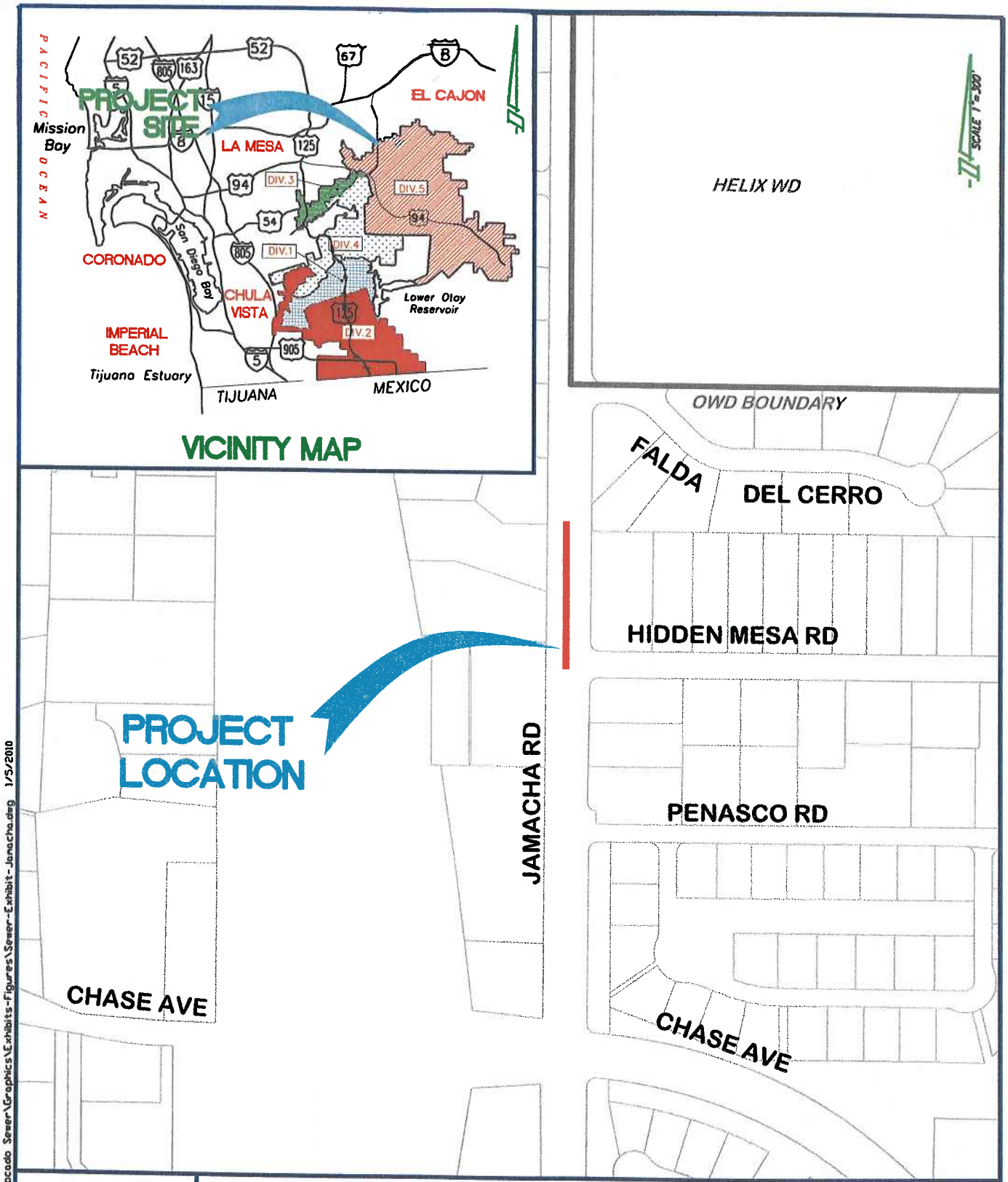
Otay Water District
S2021 - Jamacha Road 8-inch Sewer Main Replacement

Date Updated: December 29, 2009

Budget $ 150,000	*Committed*	*Expenditures*	*Outstanding Commitment & Forecast*	*Projected Final Cost*	*Vendor/Comments*
Planning					
Labor	3,587	3,587		3,587	
Total Planning	3,587	3,587	-	3,587	
Design					
Labor	7,275	7,275		7,275	
Consultant Contracts	9,474	4,684	4,790	9,474	LEE & RO INC
Total Design	16,749	11,959	4,790	16,749	
Construction					
Labor	30,210	149	30,061	30,210	
Regulatory Agency Fees	50	50		50	PETTY CASH CUSTODIAN
Construction Contract	91,320		91,320	91,320	A.B. HASHMI
Accpt/close-out	5,000		5,000	5,000	
Total Construction	126,580	199	126,381	126,580	
Grand Total	**146,916**	**15,746**	**131,171**	**146,916**	

QA/QC:

Name: Lisa Cobrun-Boyd Date: 01-13-10



P:\WORKING\CIP S2019 Avocado Sewer\Graphics\Exhibits-Figures\Sewer-Exhibit-Jamacha.dwg 1/5/2010

ESTABLISHED 1956 OTAY WATER DISTRICT

OTAY WATER DISTRICT

JAMACHA ROAD
8" SANITARY SEWER
REPLACEMENT PROJECT

CIP# S2021

EXHIBIT A

EXHIBIT B

EMPIRE PIPELINE

Plumbing & Underground Utilities

January 8, 2010

Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2004

Attention: Daniel Kay

Re: Jamacha Rd 8-Inch Sanitary Sewer Replacement – CIP S2019

Dear Sir:

We would like to formally withdraw our bid for the Jamacha Rd 8-Inch Sanitary Sewer Replacement- CIP S2019, which we submitted January 7, 2010.

Due to a clerical error we are requesting that our proposal be withdrawn from this project.

If you have any questions, please do not hesitate to contact us. Thank you for your attention to this matter.

Sincerely,

Anita Davidson
Empire Pipeline

A Subsidiary of Phil Rado, Inc. Lic.#760566
1945 Camino Vida Roble, Suite 'E' Carlsbad, CA 92008
Phone: (760) 603-0217 Fax: (760) 603-9733

EXHIBIT C

...Dedicated to Community Service
2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619
www.otaywater.gov

January 11, 2010

Sent Via E-mail and US mail
Project No.: S2019-001103

Phil Rado
President
Empire Pipeline
1945 Camino Vida Roble, Suite E
Carlsbad, CA 92008

Subject: Jamacha Road 8-Inch Sanitary Sewer Replacement

Dear Mr. Rado:

We are in receipt of Anita Davidson's January 8, 2010, letter requesting withdrawal of your bid for the subject project.

Although we received your request within the statutory time limit according to PCC Section 5103(b), the statute requires that you specify in detail how the clerical error occurred. Please provide relevant actual bid information and paperwork to substantiate your error.

At this time, pursuant to PCC Section 5103 you have not established viable cause for the Otay Water District (District) to allow withdrawal of your bid without consequence. Section 00100, Articles 19 and 20, of the contract documents specifically address the District's right to hold the bid bond for a period of 60 days after the bid opening. In addition, if the District's Board of Directors awards a contract to Empire Pipeline (Empire) for this project and Empire fails to execute the contract, Empire's bid bond will be forfeited. As such, the District is proceeding with award of the project to your firm.

Should you have any questions or comments, please do not hesitate to contact me at 619-670-2247.

Sincerely,
OTAY WATER DISTRICT

Daniel Kay, P.E.
Associate Engineer

DK:mlc

cc: Rod Posada
Ron Ripperger
Aerobel Banuelos, General Counsel

P:\WORKING\CIP S2019 Avocado Sewer\Staff Reports\Empire Bid Withdrawl Request 1-11-10a.doc

EXHIBIT D

EMPIRE PIPELINE

Lic. #760566, SBE Cert. #30025
Plumbing & Underground Utilities

January 11, 2010

Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2004

Attention: Daniel Kay

Re: Jamacha Rd 8-Inch Sanitary Sewer Replacement – CIP S2019

Dear Sir:

After reviewing our bid proposal and spreadsheets for the above referenced project we have discovered an error in the cost for line item #2 (Remove and Replace 8" Sewer). There was a cost of $14,865.00 left out unintentionally. When the unit prices were written on the bid schedule we did not realize the cost of $14,865.00 was not accounted for in the formula on our spreadsheet for line item #2 (Remove and Replace 8" Sewer).

The $14,865.00 included the costs to saw-cut, remove, handle, and dispose of existing asphalt. It also included the cost of the new Class 2 Base. For your information below is the cost breakdown of the $14,865.00.

1. Labor & Equipment $487.68 x 20 hrs. = $9753.00
2. Class 2 Base $17.60 x 120 ton = $2112.00
3. Outside Trucking $125.00 x 16 hrs = $2000.00
4. Landfill / Disposal = $1000.00

Empire Pipeline is a small business enterprise and cannot afford to incur the cost of $14,865.00 and accept this project. By taking this project Empire Pipeline can suffer financial hardship and possibly end up out of business. For these reasons Empire Pipeline is requesting that the Otay Water District allow Empire Pipeline to withdraw our bid for the Jamacha Rd 8-Inch Sanitary Sewer Replacement- CIP S2019, which we submitted January 7, 2010.

I await your prompt response. If you have any questions, please do not hesitate to contact us. Thank you for your attention to this matter.

Sincerely,

Anita Davidson
Empire Pipeline

A Subsidiary of Phil Rado, Inc.
1945 Camino Vida Roble, Suite 'J' Carlsbad, CA 92008
Phone: (760) 603-0217 Fax: (760) 603-9733

EMPIRE PIPELINE

Plumbing & Underground Utilities

A subsidiary of Phil Rado Inc. Lic #760566

EXHIBIT E

1945 Camino Vida Roble, Suite 'J'
Carlsbad, CA 92008
P:(760) 603-0217 F:(760) 603-9733

BID PROPOSAL

Date: 01/07/10
Bid # 1004
Project: Jamacha Rd Sewer Replacement
Location: Jamacha Blvd
City: Spring Valley
Plan Title:
Plan Date:

Description of Work

Item 1	Mobilization, demob, insurance, bonds	Qty	Unit	Unit Price	Amount
1	Mobilization, demob,	1	Ls	1,200.00	1,200.00
3	bonds	1	Ls	1,400.00	1,400.00
4	survey	1	Ls	800.00	800.00
5	SWPPP	1	Ls	500.00	500.00
6	Porta-john	1	Ls	300.00	300.00
7	misc	1	Ls	500.00	500.00
				Total	**4,700.00**

Item 2	Remove & replace 8" Sewer	Qty	Unit	Unit Price	Amount
1	Labor	40	hrs	332.00	13,280.00
2	Equipment	40	hrs	125.00	5,000.00
3	Trench Shoring & plates	1	Ls	1,400.00	1,400.00
4	Traffic Control	1	Ls	2,500.00	2,500.00
5	Pipe & Fittings	340	Lf	3.25	1,105.00
6	Bedding Materials - 3/4" rock	90	ton	19.60	1,764.00
7	Import DG for backfill	150	ton	10.00	1,500.00
8	Remove and dispose of spoils	240	ton	15.00	3,600.00
9	Remove and dispose of AC	1	Ls	14,865.00	14,865.00
				Total	**30,149.00**

Item 3	Concrete Encasement	Qty	Unit	Unit Price	Amount
1	Labor	8	hrs	162.50	1,300.00
3	Equipment	8	hrs	50.00	400.00
4	Concrete	15	yd	120.00	1,800.00
5	Misc.	1	Ls		-
				Total	**3,500.00**

Item 4	Temporary Sewer Bypass	Qty	Unit	Unit Price	Amount
1	Bypass	1	Ls	3,500.00	3,500.00
2	Misc.	1	Ls	500.00	500.00
				Total	**4,000.00**

Item 5	Paving	Qty	Unit	Unit Price	Amount
1	Labor	16	hrs	330.00	5,280.00
2	Equipment	16	hrs	180.00	2,880.00
3	Asphalt	35	ton	120.00	4,200.00
4	Misc.	1	Ls	540.00	540.00
5	Remove and dispose temp ac	1	Ls	1,100.00	1,100.00
5	Traffic Control	1	Ls	1,000.00	1,000.00
				Total	**15,000.00**

EMPIRE PIPELINE

Plumbing & Underground Utilities

A subsidiary of Phil Rado Inc. Lic #760566

1945 Camino Vida Roble, Suite 'J'
Carlsbad, CA 92008
P:(760) 603-0217 F:(760) 603-9733

BID PROPOSAL

Date: 01/07/10
Bid # 1004
Project: Jamacha Rd Sewer Replacement
Location: Jamacha Blvd
City: Spring Valley
Plan Title:
Plan Date:

Description of Work

		Qty	Unit	Unit Price	Amount
Item 6	**Unknown utility /service lateral** Unknown utility /service lateral	1	Ls	2,000.00	2,000.00
				Total	**2,000.00**
Item 7	**Permit Allowance** Permit Allowance	1	Ls	20,000.00	20,000.00
				Total	**20,000.00**
				Total for this project	**79,349.00**

AGENDA ITEM 6

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 3, 2010
SUBMITTED BY:	Ron Ripperger Engineering Manager	PROJECT/ SUBPROJECTS:	R2094-001103 DIV. NO. 1,4 P2496-001103
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager, Engineering and Operations		
SUBJECT:	Authorization to Execute a Reimbursement Agreement Between the City of Chula Vista and Otay Water District for the Otay Lakes Road 12-Inch Recycled Water Pipeline and Potable Utility Relocation Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to execute an Agreement between the City of Chula Vista (City) and the District for reimbursement to the City for construction costs associated with the Otay Lakes Road 12-Inch Recycled Water Pipeline and Potable Utility Relocation Project (Recycled Pipeline) in an amount not to exceed $1,100,000 (see Exhibit A for project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute an Agreement (Attachment B) with the City for costs associated with construction of the Recycled Pipeline and Potable Utility Relocations. The Agreement provides that the District will reimburse the City for up to $1,100,000.

ANALYSIS:

The City plans to complete road improvements on portions of Otay Lakes Road and "H" Street, near Southwestern College in Chula Vista, as part of its goal to maintain and improve City streets. Currently, City staff envisions this work occurring over the next few years in three separate phases. Phase I will focus on improving the intersection of Otay Lakes Road and "H" Street and widening Otay Lakes Road down to Southwestern College's main entrances. The later phases, as Exhibit A shows, will focus on improving Otay Lakes Road southerly to Telegraph Canyon Road. However, information provided by the City indicates that Phase III may not be required.

In order to minimize impacts to the Chula Vista community, District staff and City staff are coordinating their efforts to combine the contract documents for the Recycled Pipeline, Potable Utility Relocations, and the Road Improvement work into one bid package. The City will incorporate the District's project plans into their bid package and bid their project and the District's as one project. The City will advertise the "Project" in mid-February and provide bid support during the bid period. District staff will assist the City where needed. The City anticipates awarding the Project in April 2010.

Currently, recycled water is available in Telegraph Canyon Road. By including the Recycled Pipeline in the City's road improvement work, installation of the Recycled Pipeline can be accomplished earlier than anticipated and thereby make available recycled water to nearby customers including Southwestern College, Bonita Vista High School, and the Apache Drive Condos.

Lee & Ro is designing the pipeline for the District. The contract documents for the Recycled Pipeline will be completed in early February in order to be able to incorporate them into the overall Project. The construction cost for the Recycled Pipeline project is estimated at $1,040,000. The utility relocation costs for the City's road improvement work is estimated at 60,000 for a total estimated cost of $1,100,000. The attached agreement (Attachment B) provides for reimbursement to the City to cover the actual "as-bid" construction cost plus a 10% contingency for the purpose of reimbursing the City for progress payments made to the contractor.

FISCAL IMPACT:

Funding for the overall project comes from two CIP projects, R2094-Potable Irrigation to Recycled, and P2496-Otay Lakes Road Utility Relocations.

The total budget for CIP R2094 for the next six years is $2,000,000. Expenditures to date are $72,730. Total expenditures, plus outstanding commitments and forecast to date, are $1,213,318. See Attachment C for budget detail.

The total budget for CIP P2496, as approved in the FY 2010 budget is $100,000. Expenditures to date are $15,931. Total expenditures, plus outstanding commitments and forecast, is $99,887. See Attachment D for budget detail.

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

The Finance Department has determined that 100% of the funding is available from the Expansion Fund for CIP R2094 and that 100% of the funding is available from the Replacement Fund for CIP P2496.

STRATEGIC GOAL:

This project supports the District's Mission Statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, and efficient manner" and the Otay strategic goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

The District's General Counsel and the City's City Attorney have reviewed and accepted the Agreement as to form and legality.

General Manager

P:\WORKING\CIP R2094\Subproject 001\Staff Reports\BD 02-03-10, Staff Report, City of C.V. Reimbursement (RR-RP)v2.doc

RR/RP:jf

Attachments: Attachment A
Attachment B
Attachment C
Attachment D
Exhibit A

QA/QC Approved:

Name: Lisa Coburn-Boyd Date: 1-14-10

ATTACHMENT A

SUBJECT/PROJECT:	
R2094-001103 P2496-001103	Authorization to Execute a Reimbursement Agreement Between the City of Chula Vista and Otay Water District for the Otay Lakes Road 12-Inch Recycled Water Pipeline and Potable Utility Relocation Project

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on January 21, 2010. The Committee supported Staff's recommendation.

NOTE:

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

ATTACHMENT B

SUBJECT/PROJECT: R2094-001103 P2496-001103	Authorization to Execute a Reimbursement Agreement Between the City of Chula Vista and Otay Water District for the Otay Lakes Road 12-Inch Recycled Water Pipeline and Potable Utility Relocation Project

REIMBURSEMENT AGREEMENT FOR PAYMENT OF COSTS OF CONSTRUCTION AND INSTALLATION OF DISTRICT FACILITIES BY AND BETWEEN THE OTAY WATER DISTRICT AND THE CITY OF CHULA VISTA, CALIFORNIA (OTAY LAKES ROAD WIDENING, RECLAIMED WATER PIPELINE, AND UTILITY RELOCATION PROJECT)

THIS REIMBURSEMENT AGREEMENT FOR THE PAYMENT OF COSTS OF CONSTRUCTION AND INSTALLATION OF DISTRICT FACILITIES, dated _____, 2009, is entered into by and between the Otay Water District ("District") and the City of Chula Vista, a municipal corporation, ("City") to establish terms and conditions pursuant to which City will bid and cause to be constructed certain District Facilities, defined herein below, and District will reimburse City for all expenses related thereto. District and City may be referred to herein individually as "Party" and collectively as the "Parties."

RECITALS

WHEREAS, District has approved, within its Capital Improvement Program (CIP), the construction and installation of certain reclaimed water facilities ("District Facilities") within the City of Chula Vista; and

WHEREAS, District is authorized, pursuant to applicable laws, to contract and to pay for all or part of the cost of the installation and construction of any building, facility, structure or other improvements required by District in connection with a District service; and

WHEREAS, City is constructing improvements to Otay Lakes Road between Canyon Drive/Ridgeback Road and Gotham Street and to East H Street, from Otay Lakes Road west to the East H Street signalized entrance to Southwestern College; such improvements include, but are not limited to, roadway widening, construction of curb, gutter, sidewalk, and median islands, construction of retaining walls, relocation of utilities, and reconfiguration and new installation of traffic signals and street lighting ("City Improvements")]; and

WHEREAS, the construction of District Facilities concurrently with City Improvements would constitute a substantial benefit to District and the City, which benefits include, but are not limited to, reductions or savings in terms of time, money, construction hazards, and traffic impacts; and

WHEREAS, in order to achieve such benefits, District desires that City incorporate the construction and installation of District Facilities into the construction documents and contract for City Improvements

WHEREAS, City is willing to do so, provided District submits complete plans and specifications for said District Facilities and agrees to reimburse City for all associated costs; and

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NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the Parties hereto, as follows:

ARTICLE I. DEFINITIONS

1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified.

"District" means the Otay Water District, a municipal water district duly organized and existing under the Municipal Water District Law of 1911, as set forth in the California Water Code.

"City" means the City of Chula Vista, California, a chartered municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"City Improvements" means, collectively, the improvements to East H Street and Otay Lakes Road (Phase 1 of City CIP Project No. STM-355).

"District Costs" means the total dollar amount of costs associated with the construction and installation of the District Facilities, including, but not limited to, costs of materials, labor, oversight, bidding, permits, change orders, and the fair share of Joint Costs.

"District Facilities" means, collectively, the relocation of potable facilities and the installation of a 12-inch recycled water pipeline as shown in Exhibit A hereto, as the same may be amended from time to time.

"Joint Costs" means those costs of construction and installation of the Project, which, due to their nature, cannot be attributed solely to District Facilities or City Improvements, yet from which both derive benefit or those costs that both Parties would have incurred had their respective facilities been constructed independently of each other (e.g. slurry seal would have been necessary to cover the District's trench and would also have been required for the City's street).

"Project" means, collectively, District Facilities and City Improvements.

ARTICLE II. PRECONSTRUCTION

2.1 Design and Specifications - Generally. Prior to advertisement of a Request for Proposals ("RFP") for the construction and installation of Project, District shall submit designs and all associated plans and specifications (collectively "Construction Documents") for the District Facilities to the City.

2.1.1 Approval. Prior to submission, an authorized representative of District shall approve the Construction Documents, submittal of which shall indicate such approval and grant to the City permission to include the Construction Documents in the RFP.

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2.1.2 Costs. All costs associated with the design of a Party's facilities and the preparation of Construction Documents shall be borne solely by such Party.

2.1.3 Bidding and Award – Generally,. City shall be responsible for all aspects of bidding and award of a contract for the construction and installation of the Project ("Construction Agreement").

2.1.3.1 Bid Package. City shall be responsible for preparing and circulation the bid package.

2.1.3.2 Meetings. City shall organize all pre-bid meetings and shall inform the District of the time and date of such meeting, so that a representative of the District may be present to clarify any issues related to and prepare addenda for the construction of the District Facilities.

a. Additional Costs. Any additional costs associated with the failure of District to attend meetings, clarify issues, or submit addenda to City for distribution shall be the obligation of the District.

2.1.3.3 Selection of Lowest Responsible Bidder. City, at its sole discretion, shall determine the lowest responsible bidder, which determination shall be binding on the District.

2.1.3.4 Execution of Construction Agreement. City shall be responsible for executing the Construction Agreement on the behalf of itself and the District and ensure that the District is identified as a third-party beneficiary of such agreement with the same rights and remedies as the City.

ARTICLE III. CONSTRUCTION

3.1 Compliance with Specifications. City will include provisions in the Construction Contract that require that all District Facilities furnished, constructed, and installed by City's contractor shall be in strict compliance with the approved plans and specifications provided by District, that all materials furnished by City's contractor must conform to District's approved material list, and that any and all deviations from said plans and specifications must be approved by District, in writing, prior to being incorporated into the work.

3.1.1 Right to Enforce. District shall have the right to enforce the terms of Section 3.1 against the City's contractor in the same manner as the City, and pursuant to Section 11.17 such rights shall be written into the Construction Contract.

3.2 Project Completion and Warranty. District and City anticipate that Project will be completed on or about December 31, 2010. Project, however, will not be deemed completed or accepted until both City and District have accepted their respective facilities or improvements. The City's contractor shall warrant all work for a period of no less than one year from the date of acceptance, which shall be deemed to be the latter of the dates District and City accept their facilities. Acceptance will be evidenced by the

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filing of a Notice of Completion by the City's contractor with the County of San Diego Recorder. The Construction Contract shall include this definition of project completion and acceptance.

ARTICLE IV. REIMBURSEMENT OF COSTS

4.1 Deposit Account. Within thirty (30) calendar days of the Construction Agreement award, District shall deposit with the City an amount equal to one hundred (100) percent of the bid amount attributable to the construction and installation of District Facilities, plus a ten (10) percent contingency ("District Deposit") for the purpose of reimbursing the City for progress payments made by City to City's contractor for the installation of District Facilities.

4.2 Invoice. City shall invoice the District for District Costs ("City Invoice") following the receipt of an invoice from City's contractor on which such District Costs appear. The City Invoice shall:

4.2.1 Include a copy of the contractor's invoice.

4.2.2 Identify those costs attributable to the District's Facilities.

4.2.3 Show calculations apportioning the District's fair share of Joint Costs.

4.2.3.1 Apportionment of Joint Costs. Joint Costs may be apportioned as follows:

a. When a percentage of use can be determined, Joint Costs shall be apportioned based on the respective percentages of use.

b. When work is equally necessary for both the installation and construction of City Improvements and the District Facilities, Joint Costs shall be divided equally.

c. Based on the respective percentages of Total Project Costs.

d. Other methods to which the Parties mutually agree.

4.2.4 Provide a net total charge payable by District.

4.3 District Approval. District shall review and approve the City Invoice within thirty (30) calendar days of its receipt ("Review Period"). If District determines that all relevant documents have not been submitted, District shall inform the City of the need for additional information and specify the documents/information necessary to permit review and approval.

4.3.1 Failure to Approve. If District fails to approve the City Invoice or request additional information within the Review Period, the charges on the City Invoice shall be deemed approved.

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4.4 Reimbursement. Following District approval of a City Invoice, City shall deduct the invoice amount from the District Deposit for the purpose of reimbursing the City for District Costs invoiced by and paid to City's contractor. District approval of a City Invoice shall be deemed District's authorization for such reimbursement in the amount of the City Invoice.

4.4.1 Withholding/Retention. From each payment to the contractor, City shall withhold a minimum of ten (10) percent of the amount of the contractor's invoice. Payment thereof shall not be made until final approval and acceptance. A similar retention shall be withheld from the reimbursement to the City from District Deposit.

4.5 Use of Project Contingency. The Project Contingency may be used for unforeseen changes in work; however it shall not be used for: (i) work required due to contractor's failure to perform work or services according to the terms of the Construction Agreement and/or in compliance with the Construction Documents; or (ii) uninsured losses resulting from the negligence of contractor.

ARTICLE V. CHANGE ORDERS

5.1 Written Approval of Construction Changes and Change Orders. With the exception of Emergencies, prior to the approval of a construction change or change order concerning or affecting District Facilities, including any changes to City Improvements that might affect District Facilities in any way, City shall obtain the written consent of District.

5.1.1 Approval of Change Orders. District shall respond to a change order request within five (5) working days of the date it is received by District.

5.1.2 Additional Costs. District will bear any increased costs due to a delay in approving a properly submitted construction change and/or change order request.

5.2 Changes in Emergencies. City may authorize contractor to proceed with any proposed construction changes and or change orders, without consulting with District or obtaining the District's written approval, if failure to act immediately would pose a danger to the public, as determined in the sole discretion of the City, or result in delays and cost overruns (collectively "Emergency"); however, the City shall use best efforts to immediately, or as soon as reasonably possible, inform the district the changes. The District shall be responsible for any increased costs of construction of their portion of Project due to an Emergency.

5.3 Errors and Omissions. City shall not make payment to contractor or charge District for any costs or expenses of a Change Order resulting from an error or omission for which the contractor is solely responsible.

ARTICLE VI. INSPECTION

6.1 Inspection Team. District shall appoint an individual or team responsible for inspections and approving installation of District Facilities.

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6.2 Inspection Stages and Obligations. District shall have the right to conduct inspections of the District Facilities and construction methods pertaining thereto as deemed necessary by District. District shall provide copies of all District inspections to City within five (5) working days of an inspection. District shall be responsible for verifying that all work on District Facilities is completed in accordance with the approved plans and specifications. It is specifically understood that District's inspectors shall have the authority to enforce District's plans and specifications for District Facilities, which authority shall include the authority to require that any and all unacceptable materials, workmanship, and/or installation be replaced, repaired, or corrected by City's contractor without cost to District and/or City.

6.3 Inspection Costs. All inspection costs incurred by District will be borne by District.

6.4 Notification. The Parties agree to develop mutually acceptable procedures for notification of inspections required or deemed necessary by either Party.

ARTICLE VII. INSURANCE

7.1 Contractor's Insurance. City shall ensure that its contractor provides evidence of insurance coverage, as required by City, for the entire construction and, if applicable, warranty period. Such insurance shall, at a minimum, include a comprehensive general liability policy in an amount sufficient to cover all contractual obligations of the contractor under the construction contract, and no less than $2,000,000. The policy of insurance shall name District and City, and their respective employees, officers, governing body members, and agents as additional insureds, require a waiver of subrogation, and be primary insurance. Furthermore, City shall obtain evidence that the contractor maintains worker's compensation insurance in accordance with applicable requirements of law.

7.2 Parties' Insurance. District and City shall maintain insurance as customary in connection with their respective facilities.

ARTICLE VIII. INDEMNITY

8.1 Indemnity. Each Party hereto agrees to defend, indemnify, protect, and hold harmless ("Indemnitor") the other Party, its agents, officers, and employees ("Indemnitees") from and against any and all claims asserted or liability established for damages or injuries to any property or person, including death or dismemberment, which arise from or are caused by the negligent acts or omissions or willful misconduct of the Indemnitor's agents, officers or employees, in performing the work or services herein and all expenses of investigation and defending against same; provided, however, that each Party's duty to defend, indemnify and hold harmless the other shall not include any claims or liability arising from the sole negligence or willful misconduct of the other Indemnitee, its agents, officers or employees. District and City agree that in the event of any joint or concurrent negligence, they will apportion any established or agreed upon liability proportionate to their respective degree of fault. For the purposes of this provision, the City's contractor shall not be considered an agent of the City or District. Claims related to the actions or omissions of the City's contractor shall be address through provisions in the

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Construction Contract, which provisions shall include indemnity, defense, and hold harmless provisions from the City'c contractor in favor of both the City and District.

8.2. Enforcement Costs. Consultant agrees to pay any and all costs City incurs enforcing the indemnity and defense provisions set forth in Article V.

8.3. Survival. Consultant's obligations under Article V shall survive the termination of this Agreement.

ARTICLE IX. RECORDS

9.1 Retention of Records. City shall require contractor to maintain data and records related to this Construction Agreement for a period of not less than three (3) years following receipt of final payment.

9.2 Audit of Records. City shall make available and shall require that its contractor make available to District for examination at reasonable locations within the County of San Diego and at any time during normal business hours and as often as the District deems necessary, all of the data and records with respect to all matters covered by this Agreement and the Construction Agreement. City and contractor will permit the District to make audits of all invoices, materials, payrolls, records of personnel, and other data and media relating to all matters covered by this Agreement and the Construction Agreement.

ARTICLE X. NOTICES

10.1 Writing. Any demand upon or notice required or permitted to be given by one Party to the other Party shall be in writing.

10.2 Effective Date. Except as otherwise provided by law, any demand upon or notice required or permitted to be given by one Party to the other Party shall be effective: (i) on personal delivery, (ii) on the second business day after mailing by certified or registered U.S. Mail, return receipt requested, (iii) on the succeeding business day after mailing by Express Mail or after deposit with a private delivery service of general use (e.g., Federal Express) postage or fee prepaid as appropriate, or (iv) upon successful transmission of facsimile.

10.3 Recipients. All demands or notices required or permitted to be given shall be sent to all of the following:

10.3.1 District:

Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978
Fax: 619-670-8920
Attention: District Project Manager

10.3.2 City:

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City of Chula Vista, Public Works – Engineering, 276
Fourth Avenue
Chula Vista, California 91910
Fax: (619) 691-5171
Attention: City Project Manager and Director of Public Works.

10.4 Change of Address(es). Notice of change of address shall be given in the manner set forth in this Article.

ARTICLE XI. MISCELLANEOUS

11.1 Headings. All article headings are for convenience only and shall not affect the interpretation of this Agreement.

11.2 Gender & Number. Whenever the context requires, the use herein of (i) the neuter gender includes the masculine and the feminine genders and (ii) the singular number includes the plural number.

11.3 Reference to Paragraphs. Each reference in this Agreement to a section refers, unless otherwise stated, to a section of this Agreement.

11.4 Incorporation of Recitals. All recitals herein are incorporated into this Agreement and are made a part hereof.

11.5 Covenants and Conditions. All provisions of this Agreement expressed as either covenants or conditions on the part of the City or the District, shall be deemed to be both covenants and conditions.

11.6 Integration. This Agreement and the Exhibits and references incorporated into this Agreement fully express all understandings of the Parties concerning the matters covered in this Agreement. No change, alteration, or modification of the terms or conditions of this Agreement, and no verbal understanding of the Parties, their officers, agents, or employees shall be valid unless made in the form of a written change agreed to in writing by both Parties or an amendment to this Agreement agreed to by both Parties. All prior negotiations and agreements are merged into this Agreement.

11.7 Severability. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid, or illegal.

11.8 Drafting Ambiguities. The Parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision that is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

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11.9 Conflicts Between Terms. If an apparent conflict or inconsistency exists between the main body of this Agreement and the Exhibits, the main body of this Agreement shall control. If a conflict exists between an applicable federal, state, or local law, rule, regulation, order, or code and this Agreement, the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this Agreement, the Exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Agreement.

11.10 Prompt Performance. Time is of the essence of each covenant and condition set forth in this Agreement.

11.11 Good Faith Performance. The parties shall cooperate with each other in good faith, and assist each other in the performance of the provisions of this Agreement.

11.12 Further Assurances. City and District each agree to execute and deliver such additional documents as may be required to effectuate the purposes of this Agreement.

11.13 Exhibits. Each of the following Exhibits is attached hereto and incorporated herein by this reference:

Exhibit A

11.14 Controlling Law. The laws of the State of California shall govern and control the terms and conditions of this Agreement.

11.15 Jurisdiction, Venue, and Attorney Fees. The venue for any suit or proceeding concerning this Agreement, the interpretation or application of any of its terms, or any related disputes shall be in the County of San Diego, State of California. The prevailing Party in any such suit or proceeding shall be entitled to a reasonable award of attorney fees in addition to any other award made in such suit or proceeding.

11.16 Agency/Muncipal Powers. Nothing contained in this Agreement shall be construed as a limitation upon the powers of the District or the City as a chartered city of the State of California.

11.17 Third Party Relationships. Nothing in this Agreement shall create a contractual relationship between City or District and any third party; however, the City shall ensure that the District is an intended third party beneficiary of the Construction Agreement and shall share all of the rights and benefits of the City with respect to the contractor.

11.18 Limitation on District Remedies and Waiver of Claims. District understands that the sole purpose of this Agreement is to establish a method to reimburse the City for obligations of the District for payment of the costs of the installation and construction of District Facilities, which costs would otherwise be due directly to the City's contractor. In accordance with such purpose, the District agrees that its sole remedy for construction defects, breach by City Contractor, damage to property or persons,

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including death, to district personnel or any third parties, or other claims arising out of or related to the work performed to install and/or construct District Facilities shall be against the City's contractor or its subcontractors and agents, and, hereby, waives any and all claims it may hereafter have against the City, arising out of the same, except for those claims arising out of the sole negligence or sole willful misconduct of the City.

District, hereby, expressly waives all claims against the City identified in Section 11.18:

DISTRICT REPRESENTATIVE:_____.

DATE:_____

11.19 Non-Assignment. Except as relates to the Construction Agreement, the City shall not assign the obligations under this Agreement.

11.20 Successors in Interest. This Agreement and all rights and obligations created by this Agreement shall be in force and effect whether or not any Parties to the Agreement have been succeeded by another entity, and all rights and obligations created by this Agreement shall be vested and binding on any Party's successor in interest.

11.21 No Waiver. No failure of either the City or the District to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect to any existing or subsequent breach.

11.22 Administrative Claims Requirements and Procedures. No suit or arbitration shall be brought arising out of this agreement, against the City unless a claim has first been presented in writing and filed with the City and acted upon by the City in accordance with the procedures set forth in Chapter 1.34 of the Chula Vista Municipal Code, as same may from time to time be amended, the provisions of which are incorporated by this reference as if fully set forth herein, and such policies and procedures used by the City in the implementation of same. Upon request by City, District shall meet and confer in good faith with City for the purpose of resolving any dispute over the terms of this Agreement.

11.23 Dispute Resolution. If a dispute arises out of or relates to this Agreement, or the breach thereof, the Parties, following the procedures required by Section 11.22, agree to engage in good faith negotiations to attempt to resolve the dispute. In the event of any action at law or in equity, including an action for declaratory relief, between the Parties arising out of or relating to this Agreement, then the prevailing party in such action will be entitled to recover from the other party a reasonable sum as attorneys' fees and costs. The prevailing party will be determined in accordance with Civil Code Section 1717(b)(1) or any successor statute. The prevailing party will also be entitled to its reasonable attorneys' fees and costs in any post-judgment proceedings to collect

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or enforce the judgment. This provision is separate and will survive the merger of this Agreement into any judgment on this Agreement.

11.24 Administration of Contract. City hereby designates Kirk Ammerman, Principal Civil Engineer, as City Project Manager for the construction of Project and as the primary contact for all matters relating to this Agreement, including the submittal of City invoices for reimbursement.

District hereby designates Ron Ripperger as District Project Manager for District Facilities and as the primary contact for all matters relating to this Agreement, including the processing, documenting, and approval of City invoices.

11.25 Signing Authority. The representative for each Party signing on behalf of such Party hereby declares that authority has been obtained to sign on behalf of the City and/or District, as applicable and agrees to hold the other Party or Parties hereto harmless if it is later determined that such authority does not exist.

IN WITNESS WHEREOF, City and District have executed this Agreement thereby indicating that they have read and understood same, and indicate their full and complete consent to its terms:

City of Chula Vista

Dated: _____

By: _____

Cheryl Cox, Mayor

Attest:

_____

Donna Norris, City Clerk

Approved as to form:

_____

Bart Miesfeld, City Attorney

Dated: _____

Otay Water District,

By: _____

Approved as to form:

_____

District Counsel

Dated: _____

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IN WITNESS HEREOF, District and City have executed this Reimbursement Agreement to be effective as of the day and year first above written.

CITY OF CHULA VISTA

By: _____

Cheryl Cox, Mayor

Attest:

_____
City Clerk

Approved as to form:

_____
City Attorney

OTAY WATER DISTRICT

By: _____
Mark Watton, General Manager

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ATTACHMENT C

SUBJECT/PROJECT: R2094-001103 P2496-001103	Authorization to Execute an Agreement Between the City of Chula Vista and Otay Water District for the Otay Lakes Road 12-Inch Recycled Water Pipeline Project

Otay Water District

Date Updated: January 11, 2010

Budget 2,000,000	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor/Comments
Planning					
Labor	31,090	31,090		31,090	
Professional Legal Fees	1,560	1,560	-	1,560	GARCIA CALDERON & RUIZ LLP
Total Planning	32,650	32,650	-	32,650	
Design					
Labor	8,050	8,050		8,050	
Consultant Contracts	11,952	11,952	-	11,952	LEE & RO INC
Total Design	20,002	20,002	-	20,002	
Construction					
Labor	50,000	92	49,908	50,000	Inspection Costs
Consultant Contracts	62,233	16,554	45,680	62,233	LEE & RO INC
Construction Contracts	1,040,000		1,040,000	1,040,000	City of Chula Vista
Accpt/close-out	5,000		5,000	5,000	Staff Labor
Total Construction	1,157,233	16,645	1,140,588	1,157,233	
Aecom-Agave & Seguaro					
Labor	92	92		92	
Consultant Contracts	3,342	3,342	-	3,342	AECOM USA INC
Total Aecom-Agave & Seguaro	3,434	3,434	-	3,434	
Grand Total	**1,213,318**	**72,730**	**1,140,588**	**1,213,318**	

QA/QC Approved:

Name: Lisa Coburn-Boyd Date: 01-14-10

ATTACHMENT D

SUBJECT/PROJECT:	
R2094-001103 P2496-001103	Authorization to Execute an Agreement Between the City of Chula Vista and Otay Water District for the Otay Lakes Road 12-Inch Recycled Water Pipeline Project

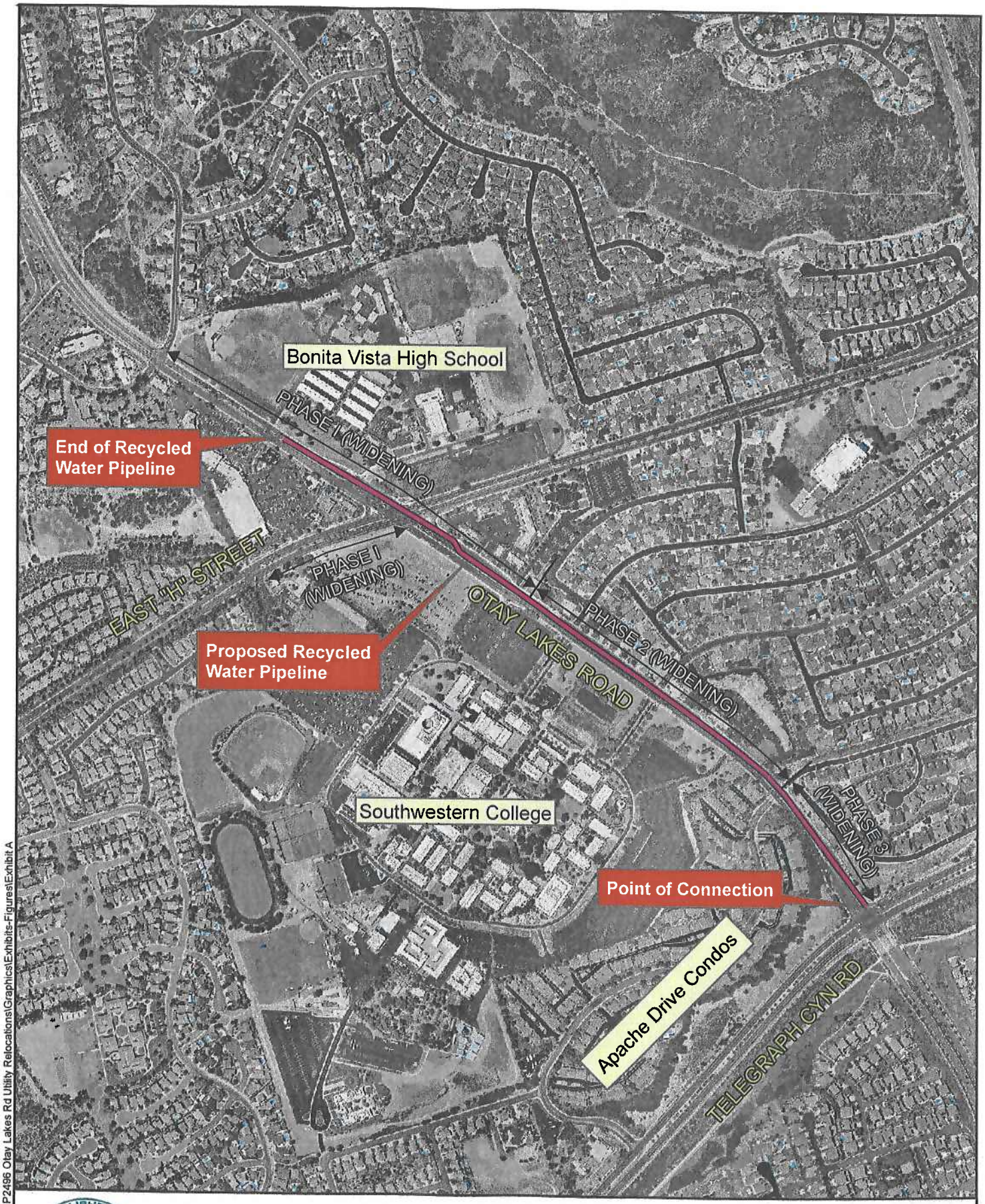
Otay Water District

Date Updated: January 14, 2010

Budget 100,000	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor/Comments
Planning					
Labor	1,560	1,560		1,560	
Professional Legal Fees	229	229		229	GARCIA CALDERON & RUIZ LLP
Total Planning	1,789	1,789	-	1,789	
Design					
Labor	11,390	11,390		11,390	
Consultant Contracts	7,009	2,303	4,706	7,009	LEE & RO INC
Total Design	18,399	13,693	4,706	18,399	
Construction					
Labor	19,500	250	19,250	19,500	
Consultant Contracts	200	200	-	200	LEE & RO INC
Construction Contract	60,000		60,000	60,000	CITY OF CHULA VISTA
Total Construction	79,700	450	79,250	79,700	
Grand Total	**99,888**	**15,931**	**83,956**	**99,887**	

QA/QC Approved:

Name: Lisa Colman-Boyd Date: 01-14-10



P:\WORKING\CIP P2496 Otay Lakes Rd Utility Relocations\Graphics\Exhibits-Figures\Exhibit A

ESTABLISHED 1956 OTAY WATER DISTRICT

CIP P2496
CIP R2094

OTAY WATER DISTRICT

Otay Lakes Road Recycled Water Pipeline
and Utility Relocation Project

0 250 500 Feet

N

EXHIBIT A

AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 3, 2010
SUBMITTED BY:	Lisa Coburn-Boyd LCB Environmental Compliance Specialist Ron Ripperger Engineering Manager	PROJECT / SUBPROJECTS	P1210-021000 DIV. NO. ALL
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager, Engineering and Operations		
SUBJECT:	Certification of the 2009 Program Environmental Impact Report for the 2009 Water Resources Master Plan Update and Approval of the 2009 Water Resources Master Plan Update as a Final Plan and Document		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District's (District) Board certify that the Final Program Environmental Impact Report (PEIR), for the District's 2009 Water Resources Master Plan (WRMP), has been completed in compliance with the California Environmental Quality Act, the current State Guidelines and the District's local Guidelines and that it reflects the independent judgment of the District. In addition, that the Board finds that the potentially significant effects of the District's 2009 WRMP Update will be avoided through the adoption of feasible mitigation measures shown in the PEIR and the Mitigation, Monitoring and Reporting Program for the PEIR. Lastly, that the District Board approve the 2009 Water Resources Master Plan as the final document.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board certification of the Final PEIR for the Otay Water District's Draft WRMP, and approval of the Final Draft WRMP Update as the final document.

ANALYSIS:

In August 2007, the Board awarded a professional engineering planning services agreement to PBS&J for the preparation of the 2009 Water Resources Master Plan and Program Environmental Impact Report. The 2009 WRMP revises the 2002 WRMP to meet projected water market demands within the District's service area and adjacent areas of influence (WRMP planning area). The 2009 WRMP identifies the necessary potable and recycled water Capital Improvement Program (CIP) facilities and associated probable cost estimates for those facilities and develops a phased approach to implementing the CIP projects. The two phases are, Phase II (2009-2016) and Phase III (2017-Ultimate). The CIP projects identified in the 2009 WRMP Update ensure that an adequate, reliable, flexible, and cost effective potable and recycled water delivery system is developed commensurate with growth within the WRMP planning area, consistent with the San Diego Association of Government (SANDAG) forecasts through 2030.

PBS&J identified five primary goals and objectives for the WRMP. These included updating planning criteria, updating the hydraulic model, evaluation of the existing potable and recycled water systems, evaluation of future potable and recycled water systems, and an update of the CIP. The completion of these goals and objectives resulted in the final 2009 WRMP.

Part of the process to finalize the WRMP requires addressing the project's environmental impacts through the preparation of a Program Environmental Impact Report (PEIR). The PEIR provides an overview of the projects identified in the WRMP, and their impacts in terms of air quality/global climate change, biological resources, cultural resources, energy, geology/soils/paleontological resources, hydrology/water quality, landform alteration/visual quality, land use/planning, noise, and public safety. Although the PEIR does not eliminate the need for project-specific technical studies and environmental documents, it can reduce the amount of work required for each project in the future.

The draft PEIR was submitted for a 45-day public review period on July 20, 2009 and six comment letters were received from the following agencies:

- US Fish & Wildlife Service and CA Dept. of Fish & Game
- City of Chula Vista
- San Diego County Water Authority
- Metropolitan Water District of Southern CA
- State Water Resources Board
- San Diego County Archaeological Society

PBS&J has responded to these letters and has incorporated their comments into the PEIR. The letters and responses to comments can be found in the Response to Comments (RTC) section at the front of the PEIR.

FISCAL IMPACT:

None.

STRATEGIC GOAL:

This project supports the District's Mission Statement, "To provide safe, reliable water, recycled water, and wastewater services to our community in an innovative, cost efficient, water wise and environmentally responsible manner," and the District's strategic goal, "To satisfy current and future water needs for potable, recycled, and wastewater services."

LEGAL IMPACT:

No legal impact is anticipated. However, in compliance with the California Environmental Quality Act process, the PEIR will have the normal 30-day legal challenge period once recorded with the County of San Diego. The PEIR will be recorded immediately following Board approval.

General Manager

P:\WORKING\CIP 00210 WMP & PEIR\Water Resources Master Plan\2009 Draft WRMP & PEIR\Staff Reports\02.03-10, Staff Report, WRMP-PEIR, (LCB.RR).doc

Attachments: Attachment A
Attachment B (PowerPoint)

QA/QC Approved:

Name: David T. Charles

Date: 1/13/2010

ATTACHMENT A

SUBJECT/PROJECT:	Certification of the 2009 Program Environmental Impact Report for the 2009 Water Resources Master Plan Update and Approval of the 2009 Water Resources Master Plan Update as a Final Plan and Document
P1210-021000	

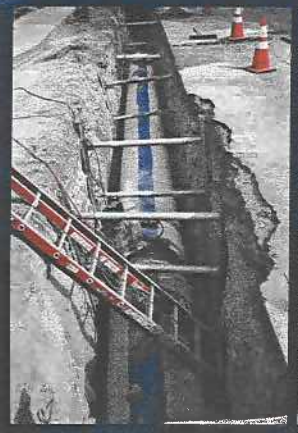
COMMITTEE ACTION:

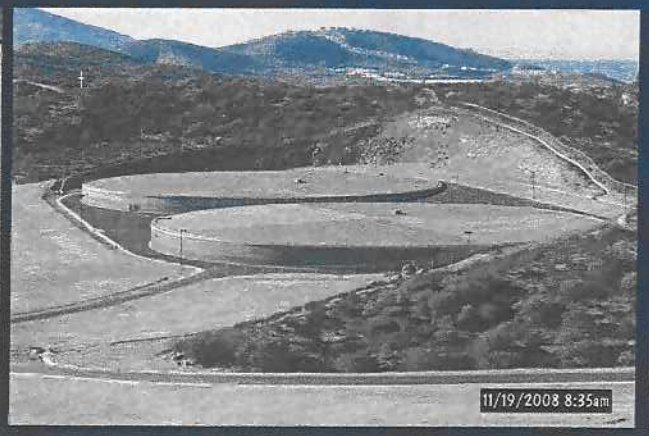
The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on January 21, 2010. The Committee supported Staff's recommendation.

NOTES:

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

OTAY WATER DISTRICT WATER RESOURCES MASTER PLAN & PROGRAM ENVIRONMENTAL IMPACT REPORT





WATER RESOURCES MASTER PLAN

- Identifies capital facilities needed to provide an adequate, reliable, flexible, and cost effective potable and recycled water system
- Sources of information and methodology to develop the plan included:
  - SANDAG
  - SANGIS
  - SAMP's
  - Zoning information
  - City of Chula Vista
  - Otay Ranch General Development Plan
  - City of San Diego General Plan
  - County of San Diego General Plan

WATER RESOURCES MASTER PLAN

- PBS&J used the Infowater hydraulic model to size the future facilities based on land use and growth projections
- The proposed water facilities, and expansion of existing facilities, have been identified with required capacity, phasing, and estimated capital costs to meet the projected customer demands in five years (2016) and for anticipated development through 2030

EXAMPLES OF PROPOSED CAPITAL IMPROVEMENT PROJECTS

OTAY ESTABLISHED 1956 WATER DISTRICT

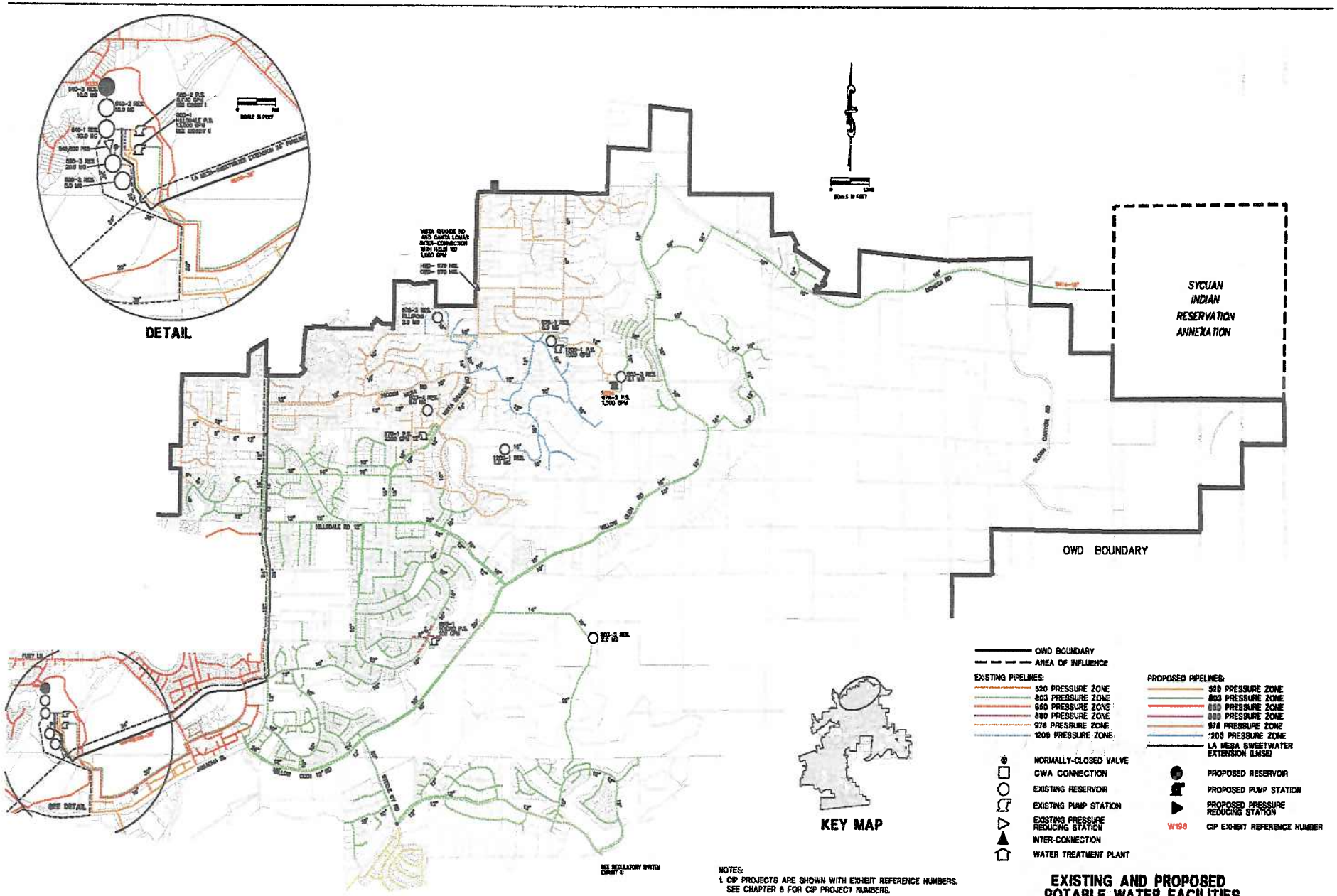
PBSJ

Phase II (2010 – 2016)

- P2399– Pipeline – 30-inch 980 zone, 980 Reservoirs to Hunte Pkwy.
- P2040 – Reservoir – 1655-1 (0.5 MG) Reservoir
- R2048 – Pipelines – Otay Mesa Distribution Lines & Conversions
- R2088 – Pipeline – 20-inch Recycled, County Jail – Roll Reservoir
- R2034 – Reservoir – 860-1 (4.0 MG) Reservoir

Phase III (2017 – Ultimate)

- P2058 – Pipeline – 24-inch Proctor Valley Rd. – Pioneer/Campo
- P2038 – Pump Station – 870-2 (11,000 gpm) Pump Station
- R2080 – Pipeline – 24-inch, 680 zone, Olympic Pkwy – Med. Ctr./Heritage



NOTES:
1. CIP PROJECTS ARE SHOWN WITH EXHIBIT REFERENCE NUMBERS. SEE CHAPTER 6 FOR CIP PROJECT NUMBERS.
2. ALL PIPELINES ARE 8 INCH, UNLESS OTHERWISE SHOWN.
3. EXISTING FACILITIES AS OF SEPTEMBER 2007.

EXISTING AND PROPOSED POTABLE WATER FACILITIES

HILLSDALE SYSTEM

EXHIBIT II

PEIR : PROGRAM ENVIRONMENTAL IMPACT REPORT

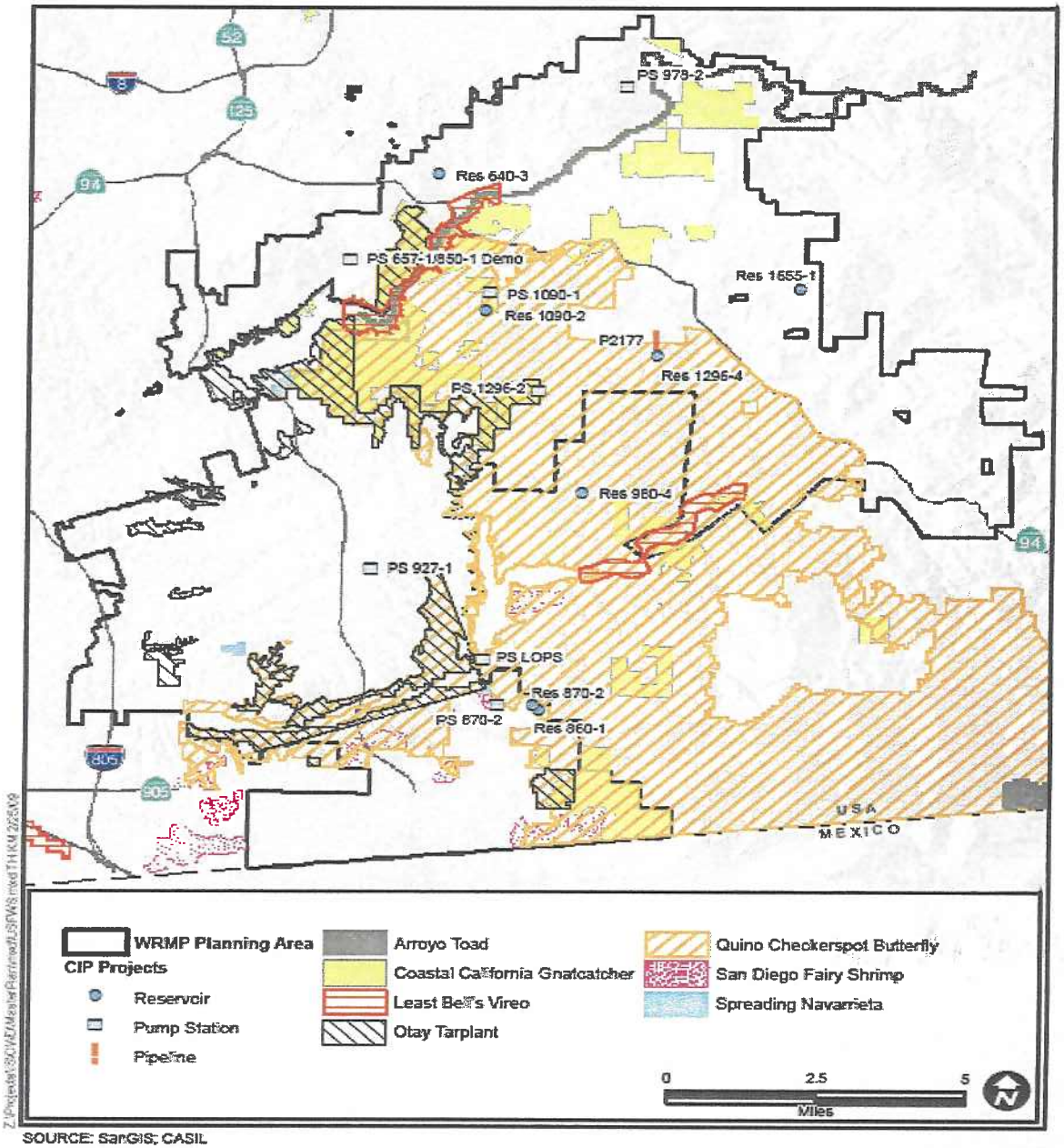
Purpose

- Reduce environmental impacts through:
  - Project design features
  - Standard construction practices
  - Mitigation measures (near-term projects)
  - Performance measures (long-term projects)
  - Alternatives
- Establish framework for subsequent environmental review of long-term projects

PROCESS

- Notice of Preparation published Sept. 18, 2008
- Public Scoping Meeting held Nov. 12, 2008
- Draft PEIR 45-day public review period
  - Six comment letters received (USFWS/CDFG, City of Chula Vista, MWD, CWA, State Water Resources Board, SD County Archaeological Society)
  - Comments are addressed in Final EIR
- Public hearing (OWD Board meeting) to certify PEIR

Map of USFWS Critical Habitat within the Planning Area



SOURCE: SanGIS; CASIL

USFWS Critical Habitat Within WRMP Planning Area **Figure 4.2-5**

QUESTIONS?

AGENDA ITEM 8

STAFF REPORT

TYPE MEETING:	Committee	MEETING DATE:	January 21, 2010
SUBMITTED BY:	James Peasley Engineering Manager	PROJECT NO.: All	DIV. NO. All
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager of Engineering and Operations		
SUBJECT:	Informational Item - Review of the Fiscal Year 2010 Capital Improvement Program		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item and requires no Board of Directors (Board) action.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

This is to inform the Board about the FY 2010 Capital Improvement Program (CIP) review.

ANALYSIS:

Staff, on a periodic basis, reviews and updates the current six-year CIP project projected expenditures. The significant changes are based on re-prioritization of various projects, new opportunities for interconnections with other agencies, and/or alternative water supplies. There are other changes that are generally a reduction or increase in the projected expenditures on some CIP projects. CIP project budget increases are brought

to the Board for approval or budget changes are incorporated for incoming fiscal year budget development and Board approval. CIP projects that bring new sources of local water will be offset with capacity fees that are presently being evaluated.

In the last two years, the District has searched for more alternative local water supplies, interconnectivity of the systems, and emergency supply. After the FY 2010 CIP was approved, staff held conversations with Sweetwater Authority to evaluate the potential of an intertie of the District's system and the Sweetwater Authority (SWA) Purdue Water Treatment Plant (WTP). If this project is feasible, the immediate advantages to the District would be the interconnection of the North and South Districts and emergency supply from the SWA Purdue WTP.

Staff has prepared the attached spreadsheet (see Attachment B) showing revised expenditure projections to various CIP projects. The spreadsheet includes projects such as the SWA Intertie Project and other projects that could be deleted or delayed. In addition, the spreadsheet shows areas where the projected expenditures on CIP projects are either reduced or increased. The effort of developing the spreadsheet is to provide the Finance Department with a more accurate picture of future financial needs for them to forecast financial impacts before issuing debt.

Some notable examples of the proposed expenditure changes are that if the SWA Intertie, at $26.6 million, is feasible, then the Proctor Valley Intertie and storage facilities, at a cost of $44.9 million, will not be needed. Staff accounted for the increased cost for the Purdue WTP Pump Station and discharge pipeline at $8.2 million. The SWA Intertie would replace the Proctor Valley Road Interconnection Pipelines and the 624-4 40 MG Reservoir project. The net savings would be $10.1 million.

In addition, the Otay River Ground Water Demineralization project and brine disposal pipeline, at a cost of $16.6 million, will not be required once the Rosarito Desalination project becomes a reality.

Finally, staff moved some projects to Phase II (FY 2016 and beyond) for a total value of $16.5 million, consisting of two reservoirs and a pipeline. These projects are development driven. If the entire CIP project's cost estimates and alternative water projects become a reality then the net overall expenditure reduction is $45.3 million for the six-year CIP.

As a part of the FY 2011 budget development and approval processes, staff will allocate funds in the operational budget to update the Urban Water Management Plan, the Integrated Resources Master Plan, and the Sewer System Master Plan as these planning tools would have a direct impact on the proposed projects for FY 2012 and beyond.

FISCAL IMPACT:

None.

STRATEGIC GOAL:

The CIP supports the District's Mission statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, and efficient manner," and the District's strategic goal, 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
Attachment B
Presentation

QA/QC Approved:

Name: _____ Date: 1/14/'10

ATTACHMENT A

PROJECT/SUBJECT: All	Informational Item - Review of the Fiscal Year 2010 Capital Improvement Program

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on January 21, 2010. The Committee supported Staff's recommendation.

Otay Water District
Revised FY 2010 Six Year Capital Improvement Program
($1,000)

ATTACHMENT B

CIP Project No.	Brief Project Title and Description	Project Manager	Actual Prior To FY 2010 Expenditure	Projected FY 2010 Scheduled Expenditure	Projected FY 2011 Scheduled Expenditure	Projected FY 2012 Scheduled Expenditure	Projected FY 2013 Scheduled Expenditure	Projected FY 2014 Scheduled Expenditure	Projected FY 2015 Scheduled Expenditure	FY 2010 Total Projected Project Cost	Comments
P2009	PL - 36-Inch, SDCWA Otay FCF No. 14 to Regulatory Site	Ripperger	$3,765	$15,000	$2,200					$20,965	Reduced total budget by $1,235,000.
P2010	PL - 24-Inch, Sweetwater Authority Perdue WTP to 36-Inch Main	Ripperger	$265	$135	$300	$1,000	$1,400	$1,600	$2,000	$6,700	Generally moved out one year longer and increased total budget $2,700,000 per MWH Report 3,500 gpm to 10,000 gpm.
P2033	PL - 16-Inch, 1296 Zone, Melody Road - Campo/Presilla	Ripperger	$5			$2	$150	$1,000	$669	$1,826	Generally moved out one year longer.
P2038	PL - 12-Inch, 978 Zone, Jamacha, Hidden Mesa, and Chase Upsize and Replacements	Kay	$1,204	$1,100	$5					$2,309	Reduced total budget by $191,000.
P2104	PL - 12-Inch, 711 Zone, La Media Road - Birch/Rock Mountain	Charles					$833			$833	OK
P2107	PL - 12-Inch, 711 Zone, Rock Mountain Road - La Media/SR 125	Charles					$722			$722	OK
P2143	Res - 1296-3 Reservoir 2 MG	Kay	$1,702	$1,550	$5					$3,257	Reduced total budget by $383,000.
P2172	PS - 1485-1 Pump Station Replacement	Ripperger	$1,204	$1,100	$5					$2,309	Reduced total budget by $166,000.
P2185	Res - 640-1 Reservoir 20.0 MG	Ripperger	$28,100	$20	$300	$230				$28,650	Reduced total budget by $100,000.
P2191	Res - 850-4 Reservoir 2.2 MG	Kay	$3,142	$225	$5					$3,372	Reduced total budget by $63,000.
P2267	36-Inch Main Pumpouts and Air/Vacuum Ventilation Installations	Munoz	$235		$200					$435	OK
P2282	Vehicle Capital Purchases	Rahders	$1,806	$484	$410	$420	$640	$300	$251	$4,311	OK
P2285	Office Equipment and Furniture Capital Purchases	Dobrawa	$412	$20	$20	$20	$20	$20	$20	$532	OK
P2286	Field Equipment Capital Purchases	Rahders	$662	$183	$65	$50	$50	$50	$15	$1,075	OK
P2318	PL - 20-Inch, 657 Zone, Summit Cross-Tie and 36-Inch Main Connections	Kennedy	$70		$100	$230	$200			$600	OK
P2325	PL - 10" to 12" Oversize, 1296 Zone, PB Road - Rolling Hills Hydro PS/PB Bndy	Charles		$1	$49					$50	OK
P2356	PL - 12-Inch, 803 Zone, Jamul Drive Permastran Pipeline Replacement	Kay	$751	$5						$756	Reduced total budget by $9,000.
P2357	PS - 657-1/850-1 Pump Station Demolition	Kennedy			$50	$250				$300	OK
P2366	APCD Engine Replacements and Retrofits	Rahders	$1,644	$180	$190	$220	$200	$200	$200	$2,834	OK
P2370	Res - Dorchester Reservoir and Pump Station Demolition	Kennedy	$13		$67	$70				$150	OK
P2382	Safety and Security Improvements	Cudal	$1,144	$70	$50	$50	$50	$50	$50	$1,464	Reduced total budget by $75,000.
P2387	PL - 12-Inch, 832 Zone, Steele Canyon Road - Via Caliente/Campo	Kay	$431	$5						$436	Reduced total budget by $4,000.
P2391	PS - Perdue WTP Pump Station (5 MGD)	Ripperger		$5	$195	$1,500	$5,000	$4,000		$10,700	Generally moved out one year longer and increased total budget by $5,500,000 per MWH Report 3,500 gpm to 10,000 gpm.
P2402	PL - 12-Inch, 624 Zone, La Media Road - Village 7/Otay Valley	Charles					$444			$444	OK
P2403	PL - 12-Inch, 624 Zone, Heritage Road - Olympic/Otay Valley	Charles				$380	$500	$45		$925	OK
P2416	SR-125 Utility Relocations	Kennedy	$867	$50	$20					$937	Project in pre-litigation hence increased budget $37,000.
P2434	Rancho Del Rey Groundwater Well Development	Peasley	$552	$1,200	$1,648	$250				$3,650	Project extended out one year.
P2440	I-905 Utility Relocations	Ripperger	$1,398	$100	$400					$1,898	Reduced total budget by $1,118,000.
P2443	Information Technology Mobile Services	Stevens	$663	$150	$100	$100	$100			$1,113	Reduced total budget by $239,000.
P2451	Rosarito Desalination Facility Conveyance System	Peasley	$171	$100	$850	$12,000	$14,000	$2,850		$29,971	Reduced total budget by $29,000 per CDM Reports.
P2453	SR-11 Utility Relocations	Kennedy	$3	$1	$50	$50	$50			$154	Reduced total budget by $346,000.
P2456	Air and Vacuum Valve Upgrades	Acuna	$1,511	$500	$163	$450				$2,624	OK
P2458	AMR Manual Meter Replacement	Keeran	$2,696	$1,251	$1,500	$1,650	$1,700	$1,650		$10,447	OK
P2461	Records Management System Upgrade	Jenkins	$156	$100						$256	OK
P2465	Regulatory Site Material Storage Bins	Kay	$297	$5						$302	Reduced total budget by $8,000.
P2466	Regional Training Facility	Coburn-Boyd	$158	$70	$20					$248	Reduced total budget by $4,000.
P2467	San Diego Formation Groundwater Feasibility Study	Peasley	$611	$589	$600					$1,800	OK
P2469	Information Technology Network and Hardware	Jenkins	$385	$265	$200	$300	$250	$250	$250	$1,900	OK
P2470	Application Systems Development and Integration	Stevens	$380	$430	$200	$200	$200	$200	$200	$1,810	OK
P2471	850/657 PRS at La Presa Pump Station	Kennedy	$29	$56	$225					$310	OK
P2472	Water Supply Feasibility Studies	Peasley	$22	$20	$30	$30	$30	$40		$172	Reduced total budget by $3,000.
P2473	PS - 711-1 Pump Station Improvement	Kennedy	$3	$5	$370					$378	Reduced total budget by $47,000.
P2474	Fuel Storage Covers and Containment	Kennedy	$15	$100						$115	Reduced total budget by $10,000.
P2475	Pump Station Fire Hydrant Installations	Kennedy	$7	$40						$47	Reduced total budget by $3,000.
P2477	Res - 624-1 Reservoir Cover Replacement	Kennedy	$7	$50					$375	$432	Reduced total budget by $18,000.
P2478	Administration Building Engine/Generator Set	Anderson	$9	$111						$120	OK
P2479	Operations Yard Property Acquisition	Dobrawa	$365	$5						$370	OK
P2481	Middle Sweetwater River Basin Groundwater Well System	Peasley		$500	$1,500	$4,000	$1,000			$7,000	Reduced total budget by $1,000,000.
P2482	Otay Mesa Lot 7 Groundwater Well System	Peasley		$25	$825	$1,200	$1,000			$3,050	Reduced total budget by $150,000.
P2483	PS - 870-1Pump Motor and Switch Gear Replacement	Anderson		$130						$130	OK
P2484	Large Water Meter Replacement Program	Keeran		$135	$100	$100	$100	$100		$535	OK
P2485	SCADA Communication System and Software Replacement	Stalker		$265	$350	$300				$915	OK
P2486	Asset Management Plan Condition Assessment and Data Acquisition	Stevens		$300	$300	$200				$800	OK
P2487	Sir Francis Helix and Otay Valley Cal American Agency Interconnections	Kay		$200						$200	Reduced budget by $50,000 for prior year actual expenses.
P2488	Del Rio Road Helix and Otay Agency Interconnection	Kennedy		$25	$125					$150	OK
P2489	Gillespie Drive Helix and Otay Agency Interconnection	Kennedy		$25	$125					$150	OK
P2490	1296-1 Reservoir Interior/Exterior Coating and Upgrades	Kennedy		$340	$10					$350	OK
P2491	850-3 Reservoir Exterior Coating	Kennedy			$300					$300	Generally moved out one year longer.
P2492	1296-2 Reservoir Interior/Exterior Coating and Upgrades	Kennedy		$490	$10					$500	Reduced total budget by $100,000.
P2493	624-2 Reservoir Interior Coating and Upgrades	Kennedy			$930	$20				$950	Generally moved out one year longer.
P2494	Multiple Species Conservation Plan	Coburn-Boyd		$540	$280	$10				$830	Board approved increased budget in FY 2010 by $604,000.
P2495	San Miguel Habitat Management/Mitigation Area	Coburn-Boyd		$225	$150	$150	$175	$150	$150	$1,000	OK
P2496	Otay Lakes Road Utility Relocations	Ripperger		$75	$25					$100	OK
P2497	Solar Power Feasibility Study	Kennedy		$20	$30					$50	Reduced total budget by $100,000.
R2028	RecPL - 8-Inch, 680 Zone, Heritage Road - Santa Victoria/Otay Valley	Charles				$85	$430	$85		$600	OK
R2034	RecRes - 860-1 Reservoir 4.0 MG	Ripperger			$400	$800	$2,600			$3,800	Generally moved forward one year (Apex).
R2042	RecPL - 8-Inch, 944 Zone, Rock Mountain Road - SR-125/EastLake	Charles				$140				$140	OK
R2047	RecPL - 12-Inch, 680 Zone, La Media Road - Birch/Rock Mountain	Charles				$450				$450	OK
R2048	RecPL - Otay Mesa Distribution Pipelines and Conversions	Ripperger	$10	$50	$250	$850	$840			$2,000	Generally moved out one year longer.
R2053	RWCWRF - R.O. Building Remodel and Office Furniture	Ripperger	$569	$5						$574	Reduced total budget by $16,000.
R2058	RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta	Kennedy	$403	$350	$1,600	$640				$2,993	Reduced total budget by $7,000.
R2077	RecPL - 24-Inch, 860 Zone, Alta Road - Alta Gate/Airway	Kennedy	$196	$295	$3,150	$400	$55			$4,096	Reduced total budget by $4,000.

Otay Water District
Revised FY 2010 Six Year Capital Improvement Program
($1,000)

ATTACHMENT B

CIP Project No.	Brief Project Title and Description	Project Manager	Actual Prior To FY 2010 Expenditure	Projected FY 2010 Scheduled Expenditure	Projected FY 2011 Scheduled Expenditure	Projected FY 2012 Scheduled Expenditure	Projected FY 2013 Scheduled Expenditure	Projected FY 2014 Scheduled Expenditure	Projected FY 2015 Scheduled Expenditure	FY 2010 Total Projected Project Cost	Comments
R2081	RecPL - 20-Inch, 944 Zone, Lane Avenue - Proctor Valley/Pond No. 1	Kay	$1,159	$10						$1,169	Reduced total budget by $41,000.
R2082	RecPL - 24-Inch, 680 Zone, Olympic Parkway - Village 2/Heritage	Charles	$1		$50	$750				$801	OK
R2083	RecPL - 20-Inch, 680 Zone, Heritage Road - Village 2/Olympic	Charles			$350	$50				$400	OK
R2084	RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media	Charles	$1			$75	$350			$426	OK
R2085	RecPL - 20-Inch, 680 Zone, La Media - State/Olympic	Charles				$580	$20			$600	OK
R2086	RWCWRF Force Main AirVac Replacements and Road Improvements	Kay	$1,299	$10						$1,309	Reduced total budget by $16,000.
R2087	RecPL - 20-Inch, 944 Zone, Wueste Road - Olympic/Otay WTP	Kennedy	$173	$350	$3,525	$450				$4,498	Reduced total budget by $2,000.
R2088	RecPL - 20-Inch, 860 Zone, County Jail - Roll Reservoir/860-1 Reservoir	Kennedy	$56	$4	$240	$1,200	$1,700	$300		$3,500	Generally moved forward one year longer.
R2089	North District Recycled Water Regulatory Compliance	Coburn-Boyd	$200	$5						$205	Reduced total budget by $15,000.
R2091	RecPS - 944-1 Pump Station Upgrade	Kennedy	$55	$150	$345					$550	Generally moved out one year longer.
R2092	Dis - 450-1 Reservoir Disinfection Facility	Kay	$585	$5						$590	Reduced total budget by $240,000.
R2093	MBR City of Chula Vista	Peasley	$20	$60	$160	$50	$50	$1,500	$3,160	$5,000	Generally revised FY 2010 and FY 2011 expenses for MBR Study.
R2094	Potable Irrigation Meters to Recycled Water Conversions	Charles		$300	$700	$1,000				$2,000	Generally moved out one half year longer.
R2095	RWCWRF - Filter Storage Reservoir Cover Replacement	Ripperger		$75						$75	OK
R2096	RWCWRF - Blower System Rehabilitation/Replacement	Kennedy		$400	$400	$200				$1,000	OK
R2097	RWCWRF - Salt Creek Live Stream Discharge	Coburn-Boyd		$16	$100	$100				$216	Reduced total budget by $104,000.
S2012	SVSD Outfall and RSD Replacement and OM Reimbursement	Peasley	$2,200	$150	$140	$150	$140	$130	$120	$3,030	Generally leveled cost over the six year period.
S2015	Calavo Lift Station Replacement	Kay	$560							$560	OK
S2018	RWCWRF - Secondary Process Automation	Stalker		$50						$50	OK
S2019	Avocado Boulevard 8-Inch Sewer Main Improvement	Kennedy		$300	$1,332					$1,632	Generally delayed project one year longer.
S2020	Calavo Drive 8-Inch Sewer Main Replacement	Kennedy		$40	$300	$10				$350	OK
S2021	Jamacha Road 8-Inch Sewer Main Replacement	Kennedy		$120	$30					$150	OK
S2022	Hidden Mesa Drive 8-Inch Sewer Main Rehabilitation	Kennedy		$5	$40	$5				$50	OK
S2023	Calavo Drive Sewer Main Utility Relocation	Ripperger		$25						$25	Reduced total budget by $25,000.
n/a	Sweetwater Authority Intertie	Peasley			$100	$1,600	$9,000	$15,000	$900	$26,600	Not a Board approved CIP project for FY 2010 in lieu of the Proctor Valley Road Pipeline Project with net savings of $18,300,000.
	Revised FY 2010 Projected Expenditures		**$64,347**	**$31,351**	**$28,864**	**$35,017**	**$43,999**	**$29,520**	**$8,360**	**$177,111**	
	Board Approved FY 2010 Projected Expenditures			**$37,272**	**$29,946**	**$42,366**	**$43,841**	**$35,041**	**$33,949**	**$222,415**	
	Difference			**($5,921)**	**($1,082)**	**($7,349)**	**$158**	**($5,521)**	**($25,589)**	**($45,304)**	
P2037	Res - 980-3 Reservoir 15 MG	Ripperger	$543			$200	$800	$4,500	$8,162	$14,205	Moved to Phase II (FY 2016 and beyond). These are developer driven projects.
P2040	Res - 1655-1 Reservoir 0.5 MG	Ripperger	$479	$1	$1	$1	$78	$700	$795	$2,055	Moved to Phase II (FY 2016 and beyond). These are developer driven projects.
P2190	PL - 10-Inch, 1485 Zone, Jamul Highlands Road to Presilla Drive	Ripperger	$4			$130	$94			$228	Moved to Phase II (FY 2016 and beyond). These are developer driven projects.
			$1,026	**$1**	**$1**	**$331**	**$972**	**$5,200**	**$8,957**	**$16,488**	Moved all these projects to Phase II.
P2181	PL - 30-Inch, 1296 Zone, Proctor Valley Road - Proctor Valley PS/Millar Ranch	Ripperger		$5	$95	$400	$2,000	$1,700		$4,200	Deleted project or to be moved to Phase II.
P2203	PL - 36-Inch, 1296 Zone, Proctor Valley Road - Millar Ranch/Pioneer	Ripperger		$5	$115	$140	$800	$440		$1,500	Deleted project or to be moved to Phase II.
P2204	PL - 24-Inch, 1296 Zone, Pioneer Way - Proctor Valley/1296 Reservoirs	Ripperger		$5	$95	$200	$1,100	$600		$2,000	Deleted project or to be moved to Phase II.
P2430	PL - 30-Inch, 980 Zone, Proctor Valley Road - PB Bndy/Proctor Valley PS	Ripperger		$5	$450	$2,400	$2,345			$5,200	Deleted project or to be moved to Phase II.
P2235	Res - 624-4 Emergency Reservoir 40.0 MG	Ripperger				$1,000	$6,500	$10,000	$14,500	$32,000	Deleted project or to be moved to Phase II.
				$20	**$755**	**$4,140**	**$12,745**	**$12,740**	**$14,500**	**$44,900**	If SWA Treatment Plant connection not viable then these projects are required.
P2450	Otay River Groundwater Well Demineralization Project	Peasley	$10	$10	$100	$500	$1,000	$5,000	$4,400	$11,020	Reduced total budget by $10,000.
P2498	Brine Disposal Pipeline Otay River Demineralization Plant to South Bay Outfall	Peasley		$5	$10	$40	$100	$4,000	$1,445	$5,600	OK
			$10	**$15**	**$110**	**$540**	**$1,100**	**$9,000**	**$5,845**	**$16,620**	If the Rosarito Desal Project is not viable then these projects are required.

QA/QC Approved:

Name: Bill Ku

Date: 1/14/'10

Otay Water District
Engineering, Operations, and Water Resources Committee Meeting

January 21, 2010

Information Report
Review of the Fiscal Year 2010 Six Year Capital Improvement Program

- Staff periodically reviews and updates Capital Improvement Program:
  - Reprioritization of CIP projects
  - Opportunities with other agencies
  - New alternative water supplies
- Board approval for CIP project budget increases required
- "Offset" projects will be paid with new capacity fee
- Debt issuance

- Sweetwater Authority Water Treatment Plant Intertie:
  - North-South District Interconnection
  - Emergency Supply from Sweetwater Authority Purdue WTP
  - Would replace Proctor Valley Intertie Projects and 624 Reservoir
  - Would allow to move water from South to North and North to South
  - Estimated CIP cost reduction = $10.1 million

- Rosarito Desalination Project:
  - Would replace Otay River Groundwater Demineralization Project
  - Would replace associated Brine Disposal Pipeline
  - Estimated CIP cost reduction = $16.6 million

- Delayed CIP Projects to Phase II (>2016):
  - Developer driven
  - Local economy
  - Demand/Conservation issues
  - Delayed expenditure of $16.5 million

- Other Changes:
  - Budget reduction in other projects:
    - 36-Inch Pipeline
    - 12-Inch Pipeline
  - Revise CIP project completion schedules

- Summary of Changes (Six Year CIP):

Board Approved FY 2010:	$222,415,000
Projected Expenditures FY 2010:	$177,111,000
Net Decrease:	$ 45,304,000

- For FY 2011 Planning document updates:
  - UWMP
  - IRP
  - SSMP
  - Potential impact on CIP for FY 2012 and beyond.

QUESTIONS

AGENDA ITEM 9

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 3, 2010
SUBMITTED BY:	Frank Anderson, Utility Services Manager F.A.	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Pedro Porras, Chief, Water Operations		
APPROVED BY: (Asst. GM):	Manny Magaña, Assistant General Manager, Engineering & Operations		
SUBJECT:	District AMR progress report		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item and requires no Board action.

COMMITTEE ACTION: _____

See Attachment "A".

PURPOSE:

This is to inform the Board of the Otay Water District's (District) Automated Meter Reading (AMR) retrofit program status and progress.

ANALYSIS:

In an effort to more efficiently record consumption usage of its customers, and provide accurate reads, the District researched upcoming AMR technology that uses certain radio-band frequencies. These frequencies are broadcast from a radio transponder that is attached to the water meter register which records water consumption activities. These frequencies are then received by specialized laptops that are located in vehicles that drive through customers' neighborhoods in order to record

water use consumption which in turn is downloaded to the District's finance billing department.

The District initially engaged in the AMR retrofit of its water meters in October of 2002. Although initial retrofit activies led to the re-direction from the Ramar AMR product to Master Meter AMR that is more reliable, this project is currently on track. Therefore, on December 7, 2005 the Board authorized the General Manager to enter into an agreement with Master Meter for the purchase of 11,500 AMRs.

Master Meter originally provided us with the first version of their AMRs known as Narrow Band, but by summer of 2008 Master Meter replaced all our Narrow Band meters with their lattest version of meters, Direct Spectrum which turned out to be a superior product. All our installed and new AMRs are Direct Spectrum.

On October 7, 2009 the Board authorized the approval to purchase 17,414 meters, only 2-inches and smaller, that would be purchased over a period of five years as needed to accommodate our annual AMR retrofit project. In addition, the Board gave formal authorization to purchase 112 meters larger than 2-inches, as needed in order to complete the AMR retrofit program.

Currently, there are 48,635 meters in the ground and according to the District's EDEN meter retrofit tracking system, as of January 4, 2010, 27,076 of the District's meters have been retrofitted with Master Meter AMRs. This equates into a 55.67 percent retrofit completion ratio.

During this last fiscal year to date, contractual AMR change outs included 4,480 meters while in-house staff retrofitted 455 meters from three-quarter-inch to six-inch in size to complete meter-read routes.

Originally, the District had 105 manual-read meter routes that have been re-configured into 84 meter-read routes that are being converted to AMR. Currently, 45 routes are being read by radio for billing. Of these 45 routes, 28 are complete AMR read routes and 17 routes are within 5 percent of being complete radio-read routes and are projected to be retrofitted to complete AMR by the end of the fiscal year. Non-AMR routes consist of 31 routes with 8 routes projected to be converted next year.

This project is expected to conclude in 2014.

To date, Master Meter, Inc. AMRs continue to be a reliable and sustainable product and are meeting the District's needs. The cummulative failure rate is 1.18 percent, which is well within Master Meter's contractual performance obligation of a failure rate that is not to exceed 2 percent. These failures are due to misreads and were immediately replaced under the contract warranty.

FISCAL IMPACT:

The annual purchase of meters from the AMR/Manual Meter Replacement CIP 2458 is dependant upon the schedule of replacements projected from fiscal year 2010 to fiscal year 2014. As a condition of the Master Meter, Inc. Agreement, the per-meter cost is based on a defined discount of Master Meter, Inc's published standard-price schedule. To date, Master Meter, Inc. has not made any adjustments to this schedule.

The total budget for the AMR/Manual Meter Replacement CIP 2458 is $10,477,000. Current expenditures and encumbrances for the CIP are $3,846,722.64.

STRATEGIC GOAL:

Implementation of the AMR program per schedule.

LEGAL IMPACT:

None.

General Manager

Attachment "A", Committee Action

QA/AC Approved.

NAME: Tim Kennon DATE: 1-14-2010

ATTACHMENT A

SUBJECT/PROJECT:	District AMR Progress Report

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting on January 19, 2010 and the Engineering, Operations and Water Resources Committee reviewed this item at a meeting on January 21, 2010 and the following comments were made:

NOTE:

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