

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 16, 2013
12:30 P.M.

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

AGENDA

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

DISCUSSION ITEMS

3. AWARD A CONSTRUCTION CONTRACT TO ADVANCED INDUSTRIAL SERVICES, INC. FOR THE 803-3 AND 832-2 RESERVOIRS INTERIOR/EXTERIOR COATINGS AND UPGRADES PROJECT IN AN AMOUNT NOT-TO-EXCEED \$946,900 (CAMERON) [5 minutes]
4. APPROVE AN AGREEMENT WITH HECTOR MARES COMMENCING APRIL 1, 2013 FOR TWO YEARS (ENDING MARCH 31, 2015) FOR AN ANNUAL AMOUNT NOT-TO-EXCEED \$60,000 FOR CONSULTING SERVICES ON BI-NATIONAL WATER MATTERS FOR WORK RELATED TO THE OTAY MESA CONVEYANCE AND DIS-INFECTION SYSTEM PROJECT (WATTON) [5 minutes]
5. APPROVE TERMINATING WORK ON THE JOINT WATER AGENCIES NATURAL COMMUNITY CONSERVATION PLAN/HABITAT CONSERVATION PLAN (COBURN-BOYD) [5 minutes]
6. INFORMATIONAL UPDATE ON THE RANCHO DEL REY GROUNDWATER WELL DEVELOPMENT PROJECT (MARCHIORO) [5 minutes]
7. SAN DIEGO COUNTY WATER AUTHORITY UPDATE (WATTON) [10 minutes]

8. ADJOURNMENT

BOARD MEMBERS ATTENDING:

David Gonzalez, 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 14, 2013 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 14, 2013.

/s/ Susan Cruz, District Secretary

AGENDA ITEM 3



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 6, 2013
	Kevin Cameron Assistant Civil Engineer	PROJECTS:	P2518-001103 DIV. NO. 5 P2519-001103
SUBMITTED BY:	Ron Ripperger Engineering Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Asst. General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Award of a Construction Contract to Advanced Industrial Services, Inc. for the 803-3 & 832-2 Reservoirs Interior/Exterior Coatings and Upgrades Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) award a construction contract to Advanced Industrial Services, Inc. (AIS) and authorizes the General Manager to execute an agreement with AIS for the 803-3 & 832-2 Reservoirs Interior/Exterior Coatings and Upgrades Project in an amount-not-to exceed \$946,900 (see Exhibit A-1 & A-2 for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a construction contract with AIS for the 803-3 & 832-2 Reservoirs Interior/Exterior Coatings and Upgrades Project in an amount-not-to exceed \$946,900.

ANALYSIS:

In June 2011, the District's corrosion consultant, Schiff Associates (Schiff), completed a Corrosion Control Program (CCP) that addressed the installation, maintenance, and monitoring of corrosion protection systems for the District's steel reservoirs and buried metallic piping. The CCP included a reservoir maintenance schedule that showed the 803-3 & 832-2 Reservoirs are due to be recoated on both the interior and exterior surfaces. In addition to replacing the coatings of the reservoir, structural upgrades will be added to comply with the current American Water Works Association (AWWA) and the Occupational Safety and Health Administration standards for both Federal (OSHA) and State (Cal-OSHA) levels.

An external inspection of the reservoirs was performed in 2008 by Utility Service Company, Inc. as part of a multiple tank investigation. An internal inspection was completed in October 2012 by Aqua Video Engineering, Inc. The recommended coating and structural upgrades, developed with input from engineering and operations staff, are as follows: replace the twenty (20) year old coating on the interior and exterior surfaces, replace the existing level indicators, install new fall prevention devices on the interior ladders, modify anode access ports, replace all anodes, replace the roof vents, install new lanyard cables, and add miscellaneous tank penetrations for chlorination and sampling. These upgrades will ensure compliance with AWWA, OSHA, Cal-OSHA requirements as well as upgrade antiquated equipment on the tanks.

Staff developed the contract documents and the Project was advertised for bid on November 28, 2012 on the District's website and several other publications including the San Diego Daily Transcript.

Two (2) addenda were sent out to all bidders and plan houses to address questions and clarifications to the contract documents during the bidding period. Bids were publicly opened on December 20, 2012, with the following results:

	CONTRACTOR	TOTAL BID AMOUNT	CORRECTED BID AMOUNT
1	Advanced Industrial Services, Inc.	\$946,900.00	-
2	Tri-State Painting, Inc.	\$994,670.00	\$995,300.00
3	Blastco, Inc.	\$996,505.00	-

The Engineer's Estimate is \$948,000.

Staff reviewed the bids submitted for conformance with the contract requirements and determined that AIS was the lowest responsive and

responsible bidder. AIS holds a Class C-33, Painting and Decorating, Contractor's License, which meets the contract document's requirements, and is valid through January 31, 2014. AIS also holds a current QP-1 and QP-2 certification from Society for Protective Coatings, which were also a requirement. The reference checks indicated an excellent performance record on similar projects. An internet background search of the company was performed and revealed no outstanding issues with this company. AIS previously worked with the District on the 850-3 Reservoir exterior coating in the spring of 2012 and completed the work on time and within budget.

Staff has verified that the bid bond provided by AIS is valid. Staff will also verify that AIS' Performance Bond and Labor and Materials Bond are valid prior to execution of the contract.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The total budget for CIP P2518, as approved in the FY 2013 budget, is \$750,000. Total expenditures, plus outstanding commitments and forecast, are \$652,990.

The total budget for CIP P2519, as approved in the FY 2013 budget, is \$775,000. Total expenditures, plus outstanding commitments and forecast, are \$641,007.

Based on a review of the financial budget, the Project Manager anticipates that both budgets are sufficient to support the Project. See Attachment B-1 for the budget detail for CIP P2518 and Attachment B-2 for the budget detail for CIP P2519.

Finance has determined that 100% of the funding is available from the Replacement Fund for both CIP P2518 and CIP P2519.

STRATEGIC GOAL:

This Project supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the General Manager's Vision, "A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service."

LEGAL IMPACT:

None.

KC/RR:jf

P:\WORKING\CIP P2518 & 2519 - 803-3 & 832-2 Reservoir Interior-Exterior Coating\Staff Reports\Staff Report - 803-3 and 832-2 Reservoirs Coatings - 2-6-13.docx

Attachments: Attachment A - Committee Action
Attachment B-1 - Budget Detail for CIP P2518
Attachment B-2 - Budget Detail for CIP P2519
Exhibit A-1 - 803-3 Location Map (P2518)
Exhibit A-2 - 832-2 Location Map (P2519)

ATTACHMENT A

SUBJECT/PROJECT: P2518-001103 P2519-001103	Award of a Construction Contract to Advanced Industrial Services, Inc. for the 803-3 & 832-2 Reservoirs Interior/Exterior Coatings and Upgrades Project
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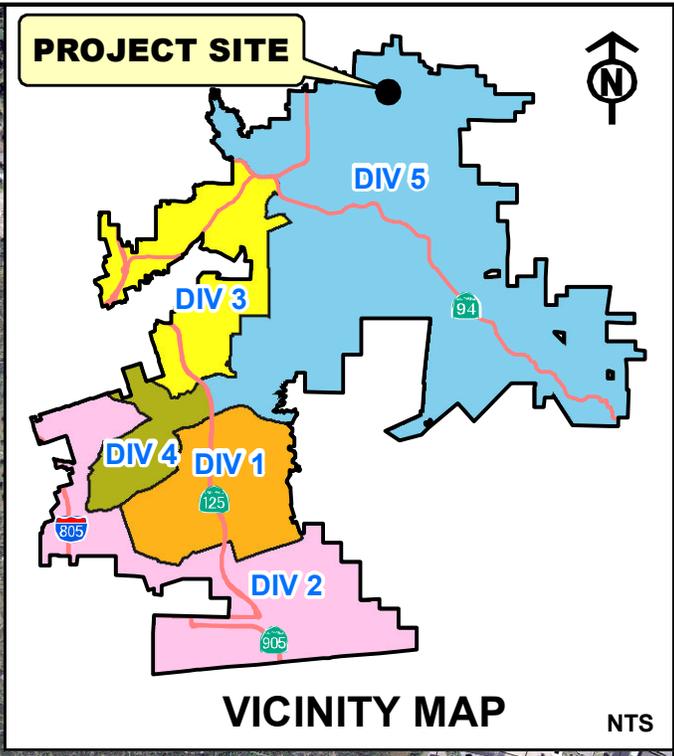
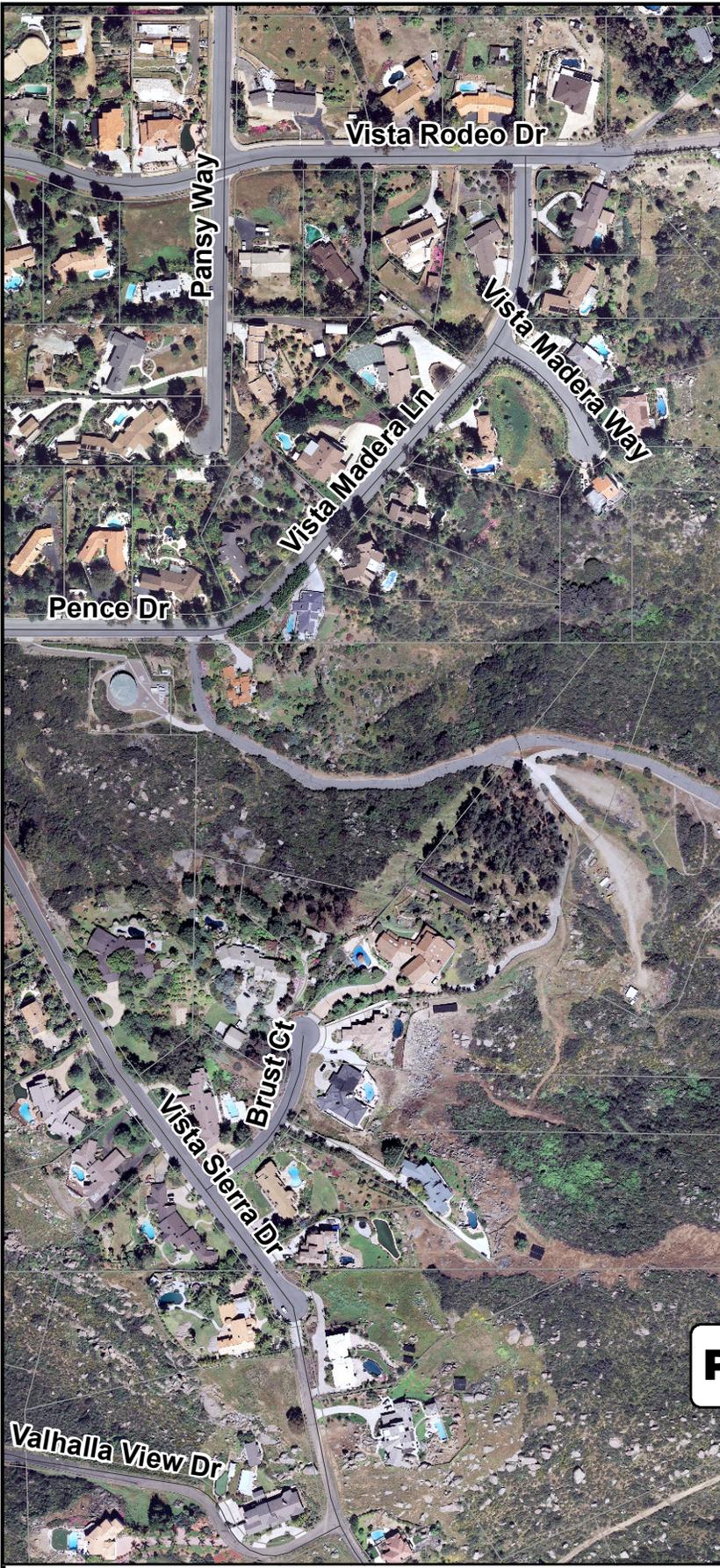
COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on January 16, 2013. 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.

P:\WORKING\CIP P2518 & 2519 - 803-3 & 832-2 Reservoir Interior-Exterior Coating\Staff Reports\Exhibit A-1-803-3 Location Map.mxd



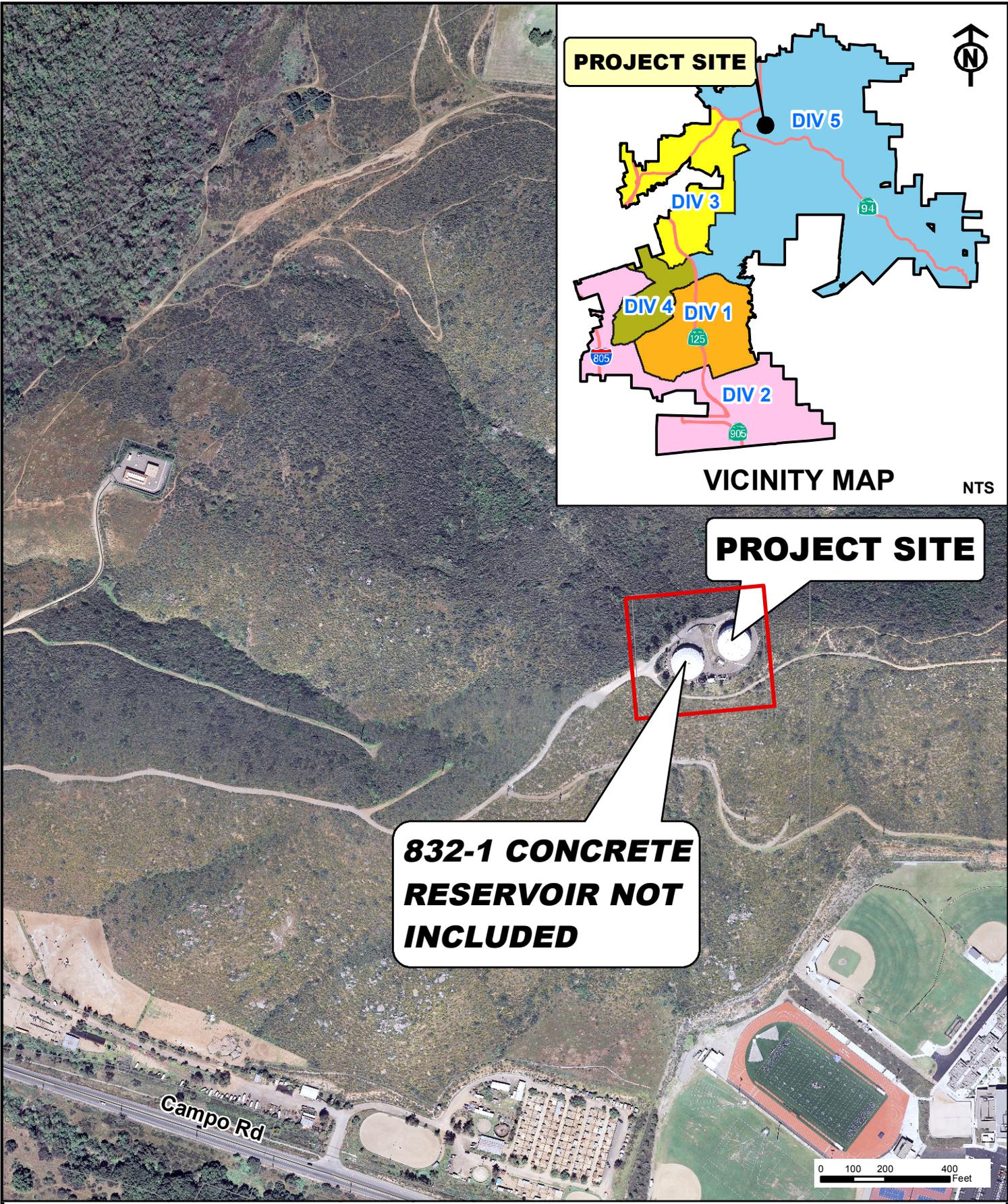
PROJECT SITE



OTAY WATER DISTRICT
803-3 RESERVOIR INT./EXT. COATING & UPGRADES
LOCATION MAP



CIP P2518



PROJECT SITE

DIV 5

DIV 3

DIV 4

DIV 1

DIV 2

VICINITY MAP

NTS

PROJECT SITE

832-1 CONCRETE RESERVOIR NOT INCLUDED

Campo Rd

0 100 200 400 Feet



OTAY WATER DISTRICT
832-2 RESERVOIR INT./EXT. COATING & UPGRADES
LOCATION MAP



CIP P2519



STAFF REPORT

TYPE MEETING: Regular Board	MEETING DATE: February 6, 2013
SUBMITTED BY: Mark Watton General Manager	PROJECT: P2451- DIV. NO. 2 001101
APPROVED BY: <input checked="" type="checkbox"/> Mark Watton, General Manager	
SUBJECT: Award of a Consulting Services Contract for Professional Consulting Work Related to the Otay Mesa Conveyance and Disinfection System Project for Consulting on Bi-national Water Matters	

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorize the General Manager to execute a Consulting Services Agreement with Hector Mares (Attachment C) in an amount not-to-exceed \$60,000 annually commencing April 1, 2013 for two years (\$120,000 total ending March 31, 2015) for professional consulting work on Bi-national water matters related to the Otay Mesa Desalination Facility Conveyance and Disinfection System Project (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a Consulting Services Agreement with Hector Mares in an amount not-to-exceed \$60,000 annually commencing April 1, 2013 for two years (\$120,000 total ending March 31, 2015) for professional consulting work on Bi-national water matters related to the Otay Mesa Desalination Facility Conveyance and Disinfection System Project (Project).

ANALYSIS:

The District is working with a private developer and several bi-national governmental agencies to support the design, build, and operation of a sea-water desalting facility in the area of Rosarito, Baja California. The Otay Mesa Conveyance and Disinfection System Project (Project) will provide a potable water transmission pipeline

and pump station to convey the desalinated water from the border of Mexico to Roll Reservoir on Otay Mesa. The primary purpose of the Project is to provide water service at a potable level to customers in both the U.S. and Mexico.

Given the many challenges in advancing this Project, the District will benefit by retaining the services of a bi-national consultant to advise the board and management on matters concerning desalination in Mexico among other subjects related to bi-national water development opportunities.

Staff is recommending the engagement of Mr. Mares based on his experience and knowledge in bi-national matters. Mr. Mares has been engaged as a consultant to the District in a similar capacity under the General Manager's authority and his analysis, reporting, and expertise has been of benefit to the District. By Mr. Mares' efforts, the District has established very important contacts and relationships with various Mexican water officials. This has resulted in a better understanding of the various projects and initiatives by local, state, and federal agencies in Mexico.

In addition to the Otay Mesa Conveyance and Disinfection System Project, there are opportunities for bi-national water projects, including but not limited to, recycled water, Colorado River aqueduct transportation and desalination. Mr. Mares will continue to provide valuable insight and assistance in these efforts.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The total budget for CIP P2451, as approved in the FY 2013 budget, is \$30,000,000. Expenditures to date are \$1,195,716. Total expenditures, plus outstanding commitments, including this contract, totals \$5,270,198.

Based on a review of the financial budget, the Project Manager anticipates that the budget is sufficient to support this Project (see Attachment B).

Finance has determined that 40% of the funding is available from the New Water Supply Fund and 60% of the funding will be available from the Betterment Fund.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

BK:sc

P:\WORKING\CIP P2451 Desalination Feasibility Study\Staff Reports\Board 1-6-13 Mares Binational\BD 02-06-13, Staff Report, Award of Consulting Services Contract to Mares Bi-national Consulting Services, (MW).docx

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



ATTACHMENT A

SUBJECT/PROJECT: P2451-001101	Award of a Consulting Services Contract for Professional Consulting Work Related to the Otay Mesa Conveyance and Disinfection System Project for Consulting on Bi-national Water Matters
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COMMITTEE ACTION:

This item was presented to the Engineering and Water Operations Committee at a meeting held on January 16, 2013. The committee supported presentation to the full board.

NOTE:

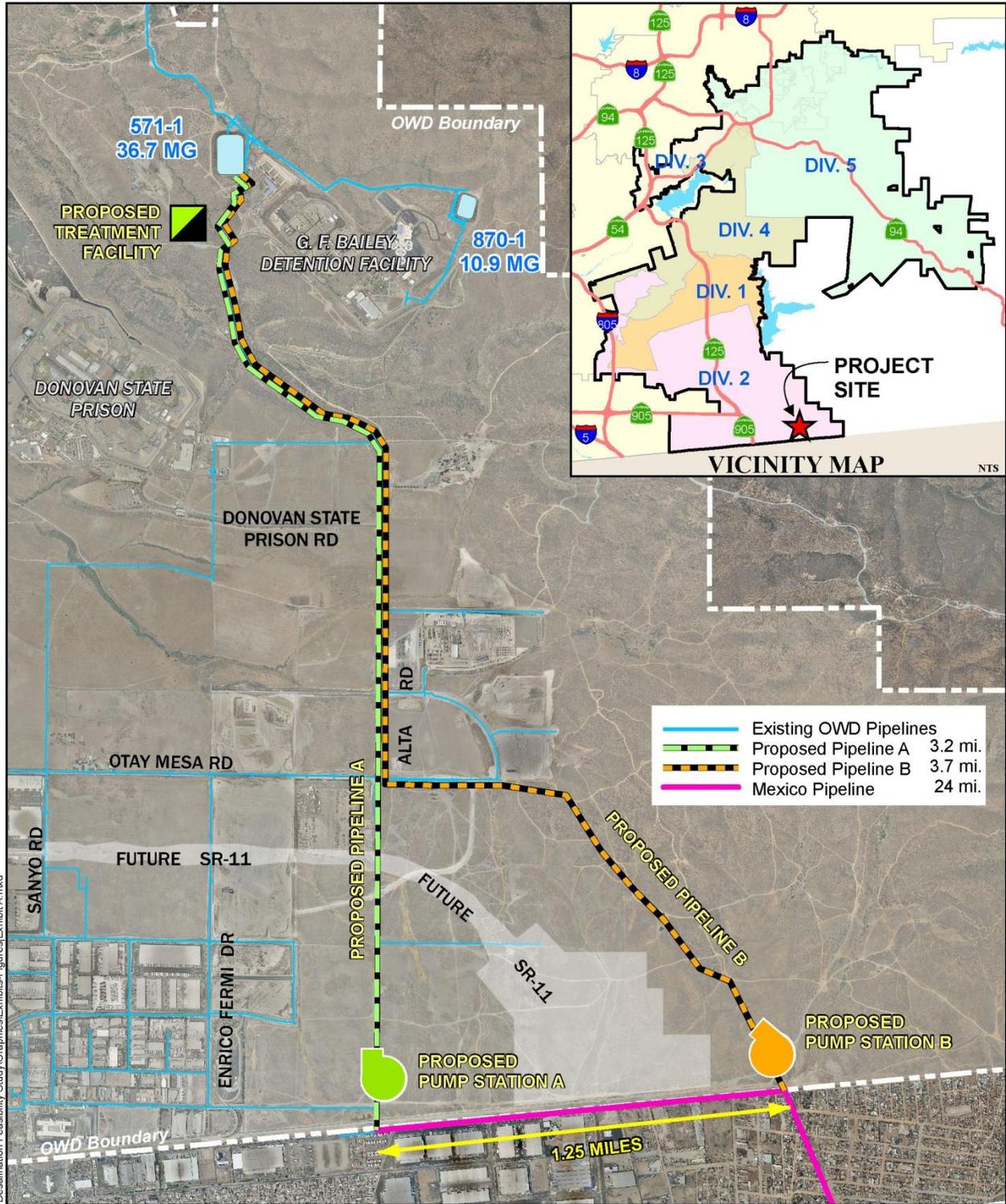
The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.



ATTACHMENT B

SUBJECT/PROJECT: P2451-001101	Award of a Consulting Services Contract for Professional Consulting Work Related to the Otay Mesa Conveyance and Disinfection System Project for Consulting on Bi-national Water Matters
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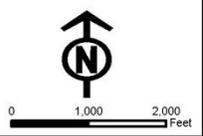
Otay Water District					Date Updated: January 11, 2013
P2451 - Rosarito Desalination Facility Conveyance					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
30,000,000					
Planning					
Labor	478,643	478,643		478,643	
Printing	61	61	-	61	MAIL MANAGEMENT GROUP INC
Mileage Reimbursement	138	138	-	138	PETTY CASH CUSTODIAN
Parking and Tolls	88	88	-	88	PETTY CASH CUSTODIAN
	45	45	-	45	US BANK CORPORATE PAYMENT
	21	21	-	21	WATTON, MARK
Airfare and Transportation	40	40	-	40	PETTY CASH CUSTODIAN
	9,781	9,781	0	9,781	US BANK CORPORATE PAYMENT
	697	697	-	697	WATTON, MARK
Lodging	3,262	3,262	-	3,262	US BANK CORPORATE PAYMENT
	1,590	1,590	-	1,590	WATTON, MARK
	472	472	-	472	CONSOLIDATED WATER COMPANY
Meals and Incidentals	249	249	-	249	PETTY CASH CUSTODIAN
	38	38	-	38	US BANK CORPORATE PAYMENT
	194	194	-	194	WATTON, MARK
	395	395	-	395	CONSOLIDATED WATER COMPANY
Business Meetings	180	180	-	180	PETTY CASH CUSTODIAN
	949	949	-	949	US BANK CORPORATE PAYMENT
Insurance	26	26	-	26	PETTY CASH CUSTODIAN
	27	27	-	27	US BANK CORPORATE PAYMENT
Professional Legal Fees	43,175	43,175	-	43,175	SOLORZANO CARVAJAL GONZALEZ Y
	15,914	15,914	-	15,914	STUTZ ARTIANO SHINOFF
	152,066	152,066	-	152,066	GARCIA CALDERON & RUIZ LLP
Other Legal Expenses	9,975	9,975	-	9,975	GARCIA CALDERON & RUIZ LLP
	38	38	-	38	STUTZ ARTIANO SHINOFF
Consultant Contracts	98,577	98,577	-	98,577	CAMP DRESSER & MCKEE INC
	46,706	46,706	-	46,706	MARSTON+MARSTON INC
	994	994	-	994	CPM PARTNERS INC
	12,200	12,200	-	12,200	REA & PARKER RESEARCH
	4,173	4,173	-	4,173	SALVADOR LOPEZ-CORDOVA
	152,066	80,066	72,000	152,066	SILVA SILVA INTERNATIONAL
	70,200	64,800	5,400	70,200	HECTOR I MARES-COSSIO
	120,000	-	120,000	120,000	HECTOR I MARES-COSSIO
	7,000	7,000	-	7,000	BUSTAMANTE & ASSOCIATES LLC
	32,340	32,340	-	32,340	BROWNSTEIN HYATT FARBER
Service Contracts	500	500	-	500	REBECA SOTURA NICKERSON
	106	106	-	106	SAN DIEGO DAILY TRANSCRIPT
Total Planning	1,262,926	1,065,525	197,400	1,262,926	
Design					
Labor	76,660	76,660		76,660	
Meals and Incidentals	14	14	-	14	PETTY CASH CUSTODIAN
Consultant Contracts	5,535	5,535	-	5,535	MICHAEL R WELCH PHD PE
	3,910,297	33,215	3,877,082	3,910,297	AECOM TECHNICAL SERVICES INC
	5,000	5,000	-	5,000	ATKINS
	8,818	8,818	-	8,818	CPM PARTNERS INC
	276	276	-	276	MARSTON+MARSTON INC
Service Contracts	343	343	-	343	SAN DIEGO UNION-TRIBUNE LLC
Total Design	4,006,943	129,861	3,877,082	4,006,943	
Construction					
Labor	329	329		329	
Total Construction	329	329	-	329	
Grand Total	5,270,198	1,195,716	4,074,482	5,270,198	



P:\WORKING\CIP P2451 Desalination Feasibility Study\Graphics\Exhibits\Figures\Exhibit A.mxd



OTAY WATER DISTRICT
 Otay Mesa Conveyance and
 Disinfection Facility Project
EXHIBIT A





CONSULTANT CONTRACT SERVICES AGREEMENT FOR BI-NATIONAL WATER AND RELATED ISSUES

THIS CONTRACT SERVICES AGREEMENT (herein “Agreement”) is made and effective as of April 1, 2013, by and between the Otay Water District, a municipal water district organized pursuant to the provisions of the Municipal Water District Law of 1911, commencing with Section 71000 of the Water Code of the State of California, as amended (herein “OWD”) and Hector Mares (herein “Consultant”).

NOW, THEREFORE, the parties hereto agree as follows:

1.0 SERVICES OF CONSULTANT

1.1. Scope of Services. In compliance with all the terms and conditions of this Agreement, the Consultant shall perform the work or services set forth in the Scope of Services attached hereto as Exhibit A and incorporated herein by reference. The Consultant warrants that all work and services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner.

1.2. Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the OWD and any Federal, State or local governmental agency of competent jurisdiction.

1.3. Licenses, Permits, Fees and Assessments. The Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement.

2.0 COMPENSATION

2.1. Contract Sum. For the services rendered pursuant to this Agreement, and costs incurred in connection therewith, Consultant shall be compensated in accordance with the Schedule of Compensation attached hereto as Exhibit B and incorporated herein by this reference.

2.2. Method of Payment. Provided that Consultant is not in default under the terms of this Agreement, Consultant shall be paid monthly in accordance with the terms set forth in Exhibit B.

3.0 COORDINATION OF WORK

3.1. Representative of Consultant. Hector Mares is hereby designated as being the principal and representative of Consultant authorized to act in its behalf with respect to the work and services specified herein and make all decisions in connection therewith.

3.2. Contract Officer. Mark Watton, General Manager of the OWD, is hereby designated as being the OWD representative authorized to act in its behalf with respect to the work and services specified herein and make all decisions in connection therewith (herein "Contract Officer"). The General Manager of OWD shall have the right to designate another Contract Officer by providing written notice to Consultant.

3.3. Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any person or entity to perform in whole or in part the work or services required hereunder without the express written approval of OWD. Neither this Agreement nor any interest herein may be assigned or transferred voluntarily or by operation of law, without the prior written approval of OWD. Any such prohibited assignment or transfer shall be void.

3.4. Independent Contractor. Neither OWD nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth. Consultant shall perform all services required herein as an independent contractor of OWD and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of OWD.

4.0 INSURANCE AND INDEMNIFICATION

4.1. Insurance. The Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to OWD, during the entire term of this Agreement including any extension thereof, a policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than either (i) bodily injury liability limits of \$250,000.00 per person and \$500,000.00 per occurrence and property damage liability limits of \$100,000.00 per occurrence and \$250,000.00 in the aggregate or (ii) combined single limit liability of \$500,000.00. Said policy shall include coverage for owned, non-owned, leased and hired cars.

The above policy of insurance shall be primary insurance and shall name OWD, its directors, officers, employees and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against OWD, its directors, officers, employees and agents and their respective insurers. The policy of insurance shall provide that said insurance may not be amended or canceled without providing thirty (30) days prior written notice by registered mail to OWD. In the event said policy of insurance is canceled, the Consultant shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 4.1 to the Contract Officer. No work or services under this Agreement shall commence until the Consultant has provided OWD with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by OWD.

CANCELLATION:

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY SHALL MAIL THIRTY (30) DAYS ADVANCE WRITTEN NOTICE TO CERTIFICATE HOLDER NAMED THEREIN.

Initials

The provisions of Section 4.1 shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages to any persons or property resulting from the Consultant's activities or the activities of any person or persons for which the Consultant is otherwise responsible.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated A or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of OWD due to unique circumstances.

4.2. Indemnification. The Consultant agrees to indemnify OWD, its directors, officers, agents and employees against, and will hold and save them and each of them harmless from, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities, including applying any legal costs, attorneys fees, or paying any judgment (herein "Claims or Liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work or services of Consultant, its agents, employees, subcontractors, or invitees, provided for herein, or arising from the negligent acts or omissions of Consultant hereunder, or arising from Consultant's negligent performance of or failure to perform any term, provision covenant or condition of this Agreement, but excluding such Claims or Liabilities to the extent caused by the sole negligence or willful misconduct of OWD.

5.0 TERM

5.1. Term. This Agreement shall be effective as of April 1, 2013. Unless earlier terminated in accordance with Section 5.2 below, this Agreement shall continue in full force and effect until March 31, 2015.

5.2. Termination Prior to Expiration of Term. Either party may terminate this Agreement at any time, with or without cause, upon ten (10) days written notice to the other party. Upon receipt of the notice of termination, the Consultant shall immediately cease all work or services hereunder except as may be specifically approved by the Contract Officer. In the event of termination by OWD, Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for such additional services specifically authorized by the Contract Officer. OWD shall be entitled to reimbursement for any compensation paid in excess of the services rendered.

6.0 MISCELLANEOUS

6.1. Covenant Against Discrimination. The Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. The Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

6.2. Non-liability of District Officers and Employees. No officer or employee of OWD shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by OWD or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

6.3. Conflict of Interest. No officer or employee of OWD shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation.

The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

Initials

6.4. Notice. Any notice demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of OWD, to the General Manager and to the attention of the Contract Officer, OWD, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978, and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement.

6.5. Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

6.6. Integration: Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

6.7. Severability. If any part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity

or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

6.8. Waiver. No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

6.9. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) they are duly authorized to execute and deliver this Agreement on behalf of said party; (ii) the executing and entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

6.10 Governing Law/Venue. The terms and conditions of this Agreement shall be governed by the laws of the State of California. Any action or proceeding brought by any party against any other party arising out of or related to this Agreement shall be brought exclusively in San Diego County.

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

OTAY WATER DISTRICT

Mark Watton, General Manager

APPROVED AS TO FORM:

Daniel Shinoff, General Counsel

CONSULTANT:

By: _____
Hector Mares

EXHIBIT A

SCOPE OF SERVICES

All items described herein shall be provided by Consultant as part of his compensation to further OWD's objectives regarding water delivery and supply, as such objectives are described below and may be further described to Contractor by the Contract Officer in writing during the Term of this Agreement:

1. Monitor and report from time to time on progress of the Mexican Colorado River Aqueduct and associated facilities.
2. Provide research and a written report on the interest and viability of forming a committee such as San Diego Dialogue to foster bi-national relations.
3. Monitor and report from time to time on existing bi-national committees and associations, such as the San Diego Dialogue and the Institute of the Americas.
4. Provide oral and written reports on Mexicali, Mexico (MX) issues related to All-American Canal lining and other water related activities.
5. Arrange and guide tours of Tijuana, MX water facilities involving appropriate Mexican officials.
6. Provide a comprehensive report and analysis on Tijuana, MX water matters.
7. Arrange introductions for Tijuana, Rosarito Beach and Mexicali state and federal public officials involved in water issues.
8. Arrange, organize, and invite Mexican water leaders and public officials for a tour of OWD facilities.
9. Provide political analysis on Mexican water matters involving local, state and federal jurisdictions.
10. Provide advice and analysis on the pending Rosarito Beach, MX desalination facility.

EXHIBIT B

SCHEDULE OF COMPENSATION

OWD shall pay Consultant a sum not to exceed \$3,600.00 per month for a total sum not to exceed \$120,000.00 for all costs and services under this Agreement. Consultant shall submit monthly invoices describing in detail the services and tasks performed during the prior calendar month. Each invoice is payable within thirty (30) days of acceptance of the invoiced amounts by OWD. Services under this Agreement shall commence on April 1, 2013 and end on March 31, 2015.

Consultant will be reimbursed for all reasonable out-of-pocket expenses incurred in performance of the work identified in Exhibit A. Consultant shall request written pre-approval of any single expense in excess of \$100.00 or any monthly sum of expenses in excess of \$250.00. Consultant shall submit to the OWD detailed receipts and a detailed invoice for said out-of-pocket expenses. Any entertainment or meal expenses must be pre-approved by the Contract Officer. Failure to obtain pre-approval may result in a denial of reimbursement.



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 6, 2013
SUBMITTED BY:	Lisa Coburn-Boyd Environmental Compliance Specialist	PROJECT:	P2494- DIV. NO. All 001101
	Ron Ripperger Engineering Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Asst. General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Discussion and Recommendation Regarding the Proposed Termination of Work on the Joint Water Agencies Natural Community Conservation Plan/Habitat Conservation Plan		

GENERAL MANAGER' S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) recommend that the District, along with the three other Joint Water Agencies (JWA), terminate all work on the JWA Natural Community Conservation Plan/Habitat Conservation Plan (JWA NCCP/HCP) (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To provide the Board with the history and background of the JWA Plan so that they can make a recommendation regarding the termination of work on the JWA Plan.

ANALYSIS:

In September, 2007 the District made the decision to pursue becoming a partner in the Joint Water Agencies plan to produce a NCCP/HCP. The three agencies that were a part of the JWA at that time, Sweetwater Authority, Helix Water District, and Padre Dam Water District had been working on putting together the NCCP/HCP for about 10 years and were close to finishing the Plan. The District recognized at that time that by becoming a partner in the JWA Plan it would provide substantial benefits for the biological permitting challenges of future CIP projects. These benefits include the following:

- Long-term self-permitting for habitat and species impacts
- Increased certainty with Project schedules, pre-approved mitigation areas and mitigation ratios
- Exchange or sale of mitigation credits among JWA Partners
- Reduced Wildlife Agency consultations

The JWA Partners supported the inclusion of the District, but asked for a financial buy-in since the other three agencies had expended a significant amount of money and time to get the Plan to substantial completion. The District agreed and paid \$133,333 to each existing Partner, as approved by the Board in January 2010. In addition, the District would fast-track the preparation of its individual Sub-area Plan for the overall NCCP/HCP and enter into contracts with the existing JWA Plan Consultants to complete the NCCP/HCP.

The JWA NCCP/HCP covers approximately 8,388 acres in the southwest quadrant of San Diego County, including lands within the unincorporated area and the cities of Chula Vista, National City, Santee, La Mesa, Lemon Grove, and El Cajon. The Plan proposes coverage for 77 species (28 plants and 49 animals) through coordinated conservation and management actions which would be implemented within a 3,134 acre Conservation Easement Area (CEA) dedicated on lands currently owned by the Partners, including the District's San Miguel Habitat Management Area.

The draft Plan which includes six components, a Sub-regional Plan, a Conservation Plan, and four Sub-area Plans (one from each Partner) was submitted to the California Dept. of Fish & Game (CDFG) and the US Fish & Wildlife Service (USFWS), referred to collectively as Wildlife Agencies (WLA's), on March 7, 2011. The JWA Partners and Consultants had been working with the WLA's

throughout the process and were cautiously optimistic that it would take three to six months to receive review comments from the WLA's because of their workloads. Unfortunately, the USFWS sent a letter to the JWA Partners in December, 2011, saying that their Agency would not be able to start the review of the documents until April 2012 because of staffing issues, a backlog of already submitted NCCP's/HCP's, and a priority shift that put the review of any energy-related projects at the top of their list. Although this news was discouraging, the JWA Partners' staff members felt that having a start date for review was positive.

In April, correspondence from USFWS indicated that they were starting their review, but could only spend eight (8) hours per week on the JWA Plan, which meant that the review period length could be substantial because of the breadth of the Plan. The JWA Partners staff met in May 2012 and again in July 2012 with our General Managers to decide how to proceed. At the July meeting, it was decided that the General Managers would meet with representatives of the two agencies, CDFG and USFWS, to let them know that the JWA Partners were considering not going forward with the Plan.

The most significant concern that led the Partners to this decision was the economics of moving forward. Current economic conditions are such that the budgets for all four Agencies are tight and CIP projects are being delayed and/or abandoned. The costs associated with going ahead with the Plan include additional consultant work to address the WLA's review comments and the associated CEQA/NEPA document and the more substantial costs that would be incurred with the implementation of the Plan upon approval. Implementation costs include the work associated with setting up the conservation easements for mitigation lands and the survey, management, and reporting for these lands on an annual basis once they are established.

The District is in the unique position of having our conservation lands already established, the District's Habitat Management Area (HMA). The District already manages, surveys, and reports on the HMA. However, the WLA's may have established other conditions for the HMA land which would have needed to be met, increasing our annual costs for this area. For the other three agencies, the costs for this work would be significant and staff felt that it would not be fiscally responsible to proceed.

The Partners' General Managers met with the WLA representatives in July 2012. The WLA's asked that the General Managers delay

their decision for 60 days while they come up with a plan that could reduce the costs associated with the conservation easements. That deadline has come and gone without any word from the WLA's and the Partners have decided that it is in their best interests to stop work on the Plan and abandon the JWA NCCP/HCP.

Although the recommendation is to not go ahead with the JWA Plan at this time, the work that has been done for the preparation of the District's Subarea Plan and the other JWA Plan documents can still be used to explore other options for the District to streamline our biological permitting in the future.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The total Project budget for CIP P2494 is \$930,000, of which \$789,049 has been expended to date (see Attachment B for budget detail). The committed funds for the Project are \$934,017 which exceeds the approved Project budget by \$4,017 due to extended effort by staff to monitor the ongoing review process.

Upon approval by the Board to terminate the work on the JWA plan, the contracts for the JWA Plan consultants, TAIC, The Rick Alexander Company, and A.D. Hinshaw would be terminated and \$65,905 of the committed budget amount would not be spent. Staff will continue to work with the District's Subarea Plan consultant, RECON, to investigate how the District can streamline our biological permitting.

The remaining fiscal issue concerns the payments that the District made to the other three JWA Partners to "buy-in" to the JWA Plan. Any refunds of this money to the District will be worked out between the Partners' General Managers.

STRATEGIC GOAL:

This Project supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the General Manager's Vision, "A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service."

LEGAL IMPACT:

None.

LCB/RR:jf

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Attachments: Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Regional Location Map



ATTACHMENT A

SUBJECT/PROJECT: P2494-001101	Discussion and Recommendation Regarding the Proposed Termination of Work on the Joint Water Agencies Natural Community Conservation Plan/Habitat Conservation Plan
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on January 16, 2013. 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:	Discussion and Recommendation Regarding the Proposed Termination of Work on the Joint Water Agencies Natural Community Conservation Plan/Habitat Conservation Plan
P2494-001101	

Otay Water District				Date Updated: - 1/7/2013	
P2494-Multiple Species Conservation Plan					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment &</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
930,000					
Planning					
Construction Contracts	133,333	133,333	-	133,333	SWEETWATER AUTHORITY
	133,333	133,333	-	133,333	PADRE DAM MUNICIPAL WATER
	133,333	133,333	-	133,333	HELIX WATER DISTRICT
Consultant Contracts	20,202	14,450	5,752	20,202	RICK ALEXANDER COMPANY, THE
	34,625	8,501	26,125	34,625	A D HINSHAW ASSOCIATES
	3,000	3,000		3,000	DR MARY ANNE HAWKE
	4,332	4,332	-	4,332	TRAC
	254,331	175,267	79,064	254,331	RECON
	76,451	42,422	34,028	76,451	TECHNOLOGY ASSOCIATES
Meals and Incidentals	31	31	-	31	US BANK CORPORATE PAYMENT
Professional Legal Fees	11,388	11,388	-	11,388	GARCIA CALDERON & RUIZ LLP
	22	22	-	22	STUTZ ARTIANO SHINOFF
Service Contracts	4,000	4,000	-	4,000	FORENSIC ENTOMOLOGY SERVICES
	-	3,000	(3,000)	-	MATTHEW RAHN
	4,000	1,000	3,000	4,000	RAHN CONSERVATION CONSULTING
Standard Salaries	119,654	119,654	-	119,654	
Total Planning	932,035	787,067	144,968	932,035	
Design					
Standard Salaries	1,982	1,982	-	1,982	
Total Design	1,982	1,982	-	1,982	
Grand Total	934,017	789,049	144,968	934,017	

Ownership

- Padre Dam Municipal Water District
- Helix Water District
- Otay Water District
- Sweetwater Authority

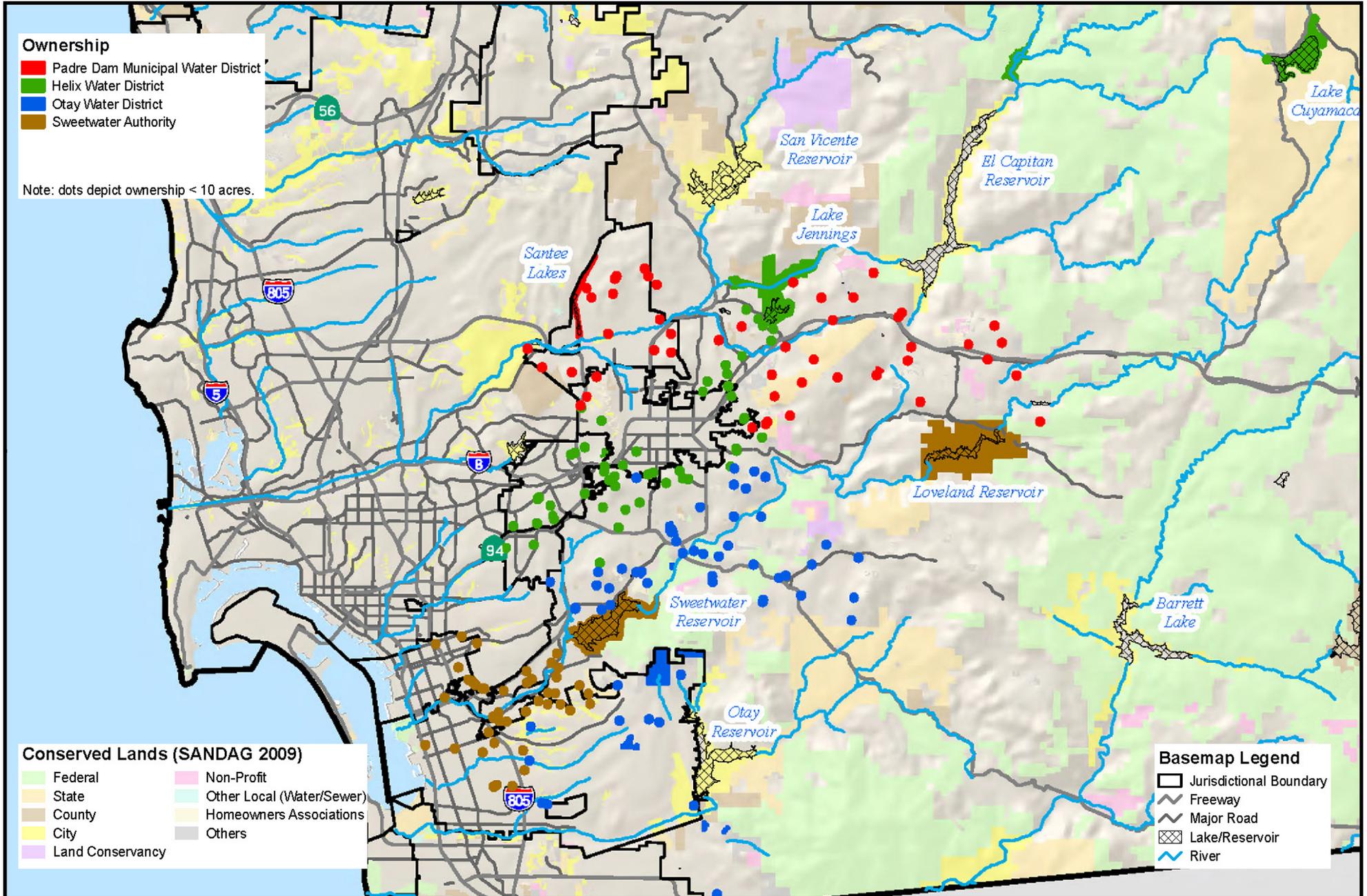
Note: dots depict ownership < 10 acres.

Conserved Lands (SANDAG 2009)

- | | |
|--|--|
| ■ Federal | ■ Non-Profit |
| ■ State | ■ Other Local (Water/Sewer) |
| ■ County | ■ Homeowners Associations |
| ■ City | ■ Others |
| ■ Land Conservancy | |

Basemap Legend

- Jurisdictional Boundary
- Freeway
- Major Road
- Lake/Reservoir
- River



JOINT WATER AGENCIES NCCP/HCP

REGIONAL LOCATIONS OF WATER AGENCY LANDS RELATIVE TO CONSERVED LANDS



NOT TO SCALE

CIP P2494



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 6, 2013
SUBMITTED BY:	Jeff Marchioro Senior Civil Engineer	CIP./G.F. NO:	P2434- DIV. NO. 2 001102
	Ron Ripperger Engineering Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Asst. General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Informational Update for the Rancho del Rey Groundwater Well Development Project		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To update the Otay Water District (District) Board of Directors (Board) on the progress of the Rancho del Rey Groundwater Well Development Project (Project).

ANALYSIS:

In 1997, the District purchased property along Rancho del Rey Parkway within the City of Chula Vista with an existing brackish groundwater production well on site (see Exhibit A for Project location).

In 1999, the District split the property and sold the excess land. The property modification was approved through the City

of Chula Vista planning process that included preparing a tract map with plans for a developer to build a childcare facility (Childtime) and a common driveway to serve Childtime's and the District's sites. The District acquired an access easement from Childtime in 2001. At the time the property was purchased, the Project was considered economically unfeasible. Consequently, the Project was suspended until the cost of imported water began to escalate in recent years.

In 2010, a new production well was constructed by AECOM Technical Services, Inc. (AECOM). After development of the well, AECOM recommended that 450 gallons per minute (725 acre-foot per year) maximum safe yield pumping rate be used for design purposes. Subsequently, staff contracted with Separation Processes, Inc. (SPI), a well-known membrane treatment firm, to conduct a feasibility study for the Project.

In April 2011, the Board awarded a professional services contract to Tetra Tech, Inc. (Tetra Tech) to design the treatment plant facility. To date, Tetra Tech has completed the 90% design submittal. Tetra Tech is currently proceeding to the 100% design level. In parallel with Tetra Tech's ongoing design effort, staff has been working on the following components of the overall Project:

1. Sewer: Waste will be transported through the City of Chula Vista's (Chula Vista) existing sewer collection system, the County of San Diego's (County) existing Spring Valley Outfall, and the Metropolitan Wastewater Joint Powers Authority's (Metro) sewage system for treatment. The District will utilize existing sewer capacity rights in the County's Spring Valley Outfall and in Metro's South Metro Interceptor and Point Loma Wastewater Treatment Plant. The District will be invoiced by Chula Vista, the County, and Metro for Project sewer discharges separately.

Staff is working with Chula Vista to develop a new sewer agreement to discharge brine to the sewer. Staff is also working with the City of San Diego to obtain a new Metro Industrial User Discharge Permit. The overall cost for the sewer connection including Chula Vista, County, and Metro fees is anticipated to be roughly \$200/acre-foot.

2. Storm Drain: Staff is working with the City of Chula Vista and the Regional Water Quality Control Board to obtain coverage under existing National Pollutant Discharge

Elimination System (NPDES) Permit for discharge of non-spec potable water to the storm drain.

3. Hazardous Materials Storage/Handling: Staff met with the City of Chula Vista Fire Department in December 2011 to review the draft design. A County Hazardous Materials Business Plan application was submitted to the County in April 2012.
4. Operation Options: Staff is currently considering three options for operation of the facility including: a) operation by a private company, b) operation by District in-house staff, and c) operation by the Sweetwater Authority.
5. San Diego Gas & Electric (SDG&E) Power Supply: Coordination with SDG&E has been completed for the design phase. Staff is working with SDG&E to gain a better understanding of future changes in electricity rates.
6. Funding: District staff is working on a Bureau of Reclamation funding application for up to 25% of the cost of the Project (\$2.18M in initial cost savings, which is equivalent to a \$223/acre-foot savings). Funding through the San Diego County Water Authority's (SDCWA) Local Water Supply Development (LWSD) Program (up to \$200/acre-foot) and the Metropolitan Water District of Southern California (up to \$250/acre-foot) is currently unavailable.
7. Design: Tetra Tech has designed the treatment facility to the 90% design level and is currently proceeding to the 100% design level.

Staff considers it prudent at this time to complete the following items:

- Design phase
- Lock in the City of Chula Vista sewer agreement
- Permit the storm drain connection
- Continue Agency coordination regarding hazardous materials
- Obtain a better understanding of future changes in electricity rates
- Secure available funding

However, once the design has been completed, the Project construction phase should be put on hold due to the uncertainty of the items summarized in the table below:

Assumption:	Economic Impact:	Reliability Impact:
SDCWA/Poseidon Resources current draft water purchase agreement moves forward	Increase in SDCWA Rates would increase Project appeal	No change - regional treated water supply would increase; however, the Project would remain the sole non-SDCWA source
SDCWA and Metropolitan Water District of Southern California treated water rate increases long-term	Increase in SDCWA Rates would increase Project appeal	Not applicable
Rosarito Desalination project moves forward	Unknown	The additional non-SDCWA source would decrease Project appeal
SDG&E rate increases per November 7, 2012 District Staff Report	Increase in electricity cost would decrease Project appeal	Not applicable

Once staff has a better understanding of when the SDCWA all-inclusive treated rate will approach the projected Project unit cost (currently estimated at \$2,000/acre-foot) continuing with the construction phase could be re-evaluated (see presentation attached as Exhibit B).

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

No fiscal impact. The total budget for CIP P2434, as approved in the FY 2013 budget, is \$8,700,000. CIP expenditures prior to FY 2009 (prior to commencing the SPI feasibility study and prior to drilling the new production well) were \$551,303. CIP expenditures to date (through October 24, 2012) were \$3,481,978. Total CIP expenditures, plus outstanding commitments and forecast, are approximately \$8,694,729. See Attachment B for budget detail.

STRATEGIC GOAL:

This Project supports the District's Mission statement, "To provide high value water and wastewater services to the

customers of the Otay Water District in a professional, effective, and efficient manner” and the General Manager’s Vision, “A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service.”

LEGAL IMPACT:

None.

JM/RR:jf

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Attachments: Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Location Map
Exhibit B - Presentation



ATTACHMENT A

SUBJECT/PROJECT: P2434-001102	Informational Update for the Rancho del Rey Groundwater Well Development Project
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on December 10, 2012 and the following comments were made:

- Staff provided a PowerPoint presentation on the progress of the Rancho del Rey Groundwater Well Development Project (Project).
- Staff stated that the Project is a new 600 AFY Potable Water Source with a new brackish groundwater production well, nested monitoring well, and reverse osmosis treatment plant that will discharge brine to the sewer.
- The Project is located in the City of Chula Vista along Rancho del Rey Parkway in a mostly residential community adjacent to an existing daycare facility called Childtime. It was noted that the District's property shares a common driveway that is owned by Childtime.
- A slide was provided to show current architectural elevations for the Project. Staff and the consultant (Tetra Tech) incorporated architectural concepts to blend in with Childtime and the surrounding residential homes. The idea was for the structure to appear similar to a 2-story home.
- It was noted that staff, California Department of Public Health (CDPH), and the value engineering and constructability consultant (Arcadis) reviewed Tetra Tech's 90% design level submittal. Tetra Tech is currently proceeding to the 100% design level.
- A map was provided that showed the sewer flow path to Metro's south interceptor. Staff indicated that brine will

be transported through the City of Chula Vista's sewer system, then through the County's Spring Valley Outfall and Metro's South Metro Interceptor, and ultimately to the Point Loma Wastewater Treatment Plant.

- Staff noted that the District will pay three (3) separate bills, one to Chula Vista, one to the County, and one to Metropolitan Water District (Metro).
- It was indicated that District and Chula Vista staff have been working together for a couple years to study Chula Vista's sewer system and determine its hydraulic capacity to support the Project. Based on the technical results, staff drafted and negotiated a new sewer agreement that is nearly complete. The draft Chula Vista sewer agreement includes initial and reoccurring transportation costs, and possible other costs like manhole lining and scale removal; however, it's unlikely that it will be needed. Staff stated that working with the County and Metro has been straightforward because the District will utilize existing capacity in the Spring Valley Outfall and Metro Wastewater pursuant to existing agreements. Existing County and Metro agreements will be utilized for reoccurring County and Metro costs. District staff is working with the City of San Diego to secure an Industrial User Discharge Permit.
- It was noted that staff is also working on development of a new storm drain connection to discharge non-spec potable water to the storm drain.
- Staff stated that the District is working with the Chula Vista fire department and the County regarding hazardous materials which are especially sensitive since the Project will be adjacent to a daycare facility.
- There was a discussion about who will operate the plant. Staff indicated that the health department requires two (2) T3 certified operators familiar with reverse osmosis equipment until the plant is deemed reliable for remote operation. If the District decides to operate the plant in-house, it would need to hire from the outside because the District currently does not employ T3 certified operators. Staff stated that there may be an opportunity for an outside company to operate the plant, but the drawback is that there are no similar operations nearby and the private companies may have difficulty keeping the T3 operators busy when not working on the well. It was noted that Sweetwater may be a good fit to operate the plant

since they have a similar facility nearby, but it's not clear if they are interested.

- Staff stated that coordination with SDG&E has been completed for the design phase; however, staff is working with SDG&E to gain a better understanding of future changes in electricity rates.
- It was noted that District staff is working on a Bureau of Reclamation funding application for up to 25% of the cost initial of the Project.
- Staff provided a slide that showed the current schedule for the Project. Staff, including the Engineering, Operations, and Finance departments, will meet with the City of Chula Vista on January 17, 2013 to negotiate a few items in the agreement.
- It was noted that the Project will not be placed on hold until the design has been completed. Staff feels it is important to work through details of the design, permitting, and agreements to facilitate resurrecting the Project in the future.
- Staff indicated that some of the drivers influencing the decision to place the Project on hold include the uncertainty of the SDCWA/Poseidon Resources water purchase agreement, long-term SDCWA and Metropolitan Water District of Southern California treated water rates, Rosarito Desalination project, and future SDG&E rate increases.
- Staff stated that Sycuan is showing an interest in the Project.
- In response to a question by the Committee, staff indicated that the District has so far invested \$3.5 million into the Project and has committed \$3.8 million. It was noted that staff will pause the construction of the Project to ensure that the District is investing in the right areas.
- The Committee recommended that staff add to the PowerPoint presentation some focal points that emphasize the Project's potential, such as Sycuan's interest in the Project and the production of water at 600 AFY for approximately \$2,000. Following the discussion, the EO&WR Committee requested that this item be brought back to the EO&WR Committee before going to the full Board.

- The following was provided after the Committee meeting in response to the Committee's inquiries described above:
 - On April 4, 2007, the District adopted the Integrated Resource Plan (IRP). The IRP outlined which measures the District needed to "wean" itself from CWA by developing several alternative water supplies, including groundwater, desalination, recycled water supplies, and conservation. Thirty (30) potential alternative water supplies were considered including Rosarito Desalination, SD17 Pump Station with the City of San Diego, North District Recycled Water Concept, Rancho del Rey Groundwater Well, Otay 7 Well, Otay River Sweetwater Wells, etc.
 - In the FY 2008 budget, a CIP was created to allocate funds for the planning, exploration, testing, and preliminary investigation of groundwater wells to develop treatment requirements to meet water supply diversification and reliability goals. In FY 2010, the Rancho del Rey Groundwater Well Development Project was specifically identified as a production well development of approximately 300 GPM for potable water use as the Project needed to meet the IRP water supply goals.
 - In January 2010, staff brought for Board consideration the awarding of a contract to AECOM in the amount of nearly \$1.6 million for technical services including the planning, design, construction, and testing of a production and monitoring well at Project site. Attachment C of the January 2010 staff report justified the need of taking the next step towards development of a production groundwater well at the Rancho del Rey Groundwater Well site. At the time the staff report was prepared, it was understood that land use development projects planned to be served by the District, however, not within the jurisdictions of the SDCWA, would likely require alternative water resources.
 - In January 2011, staff presented two staff reports to the full Board including an AECOM change order in an amount of \$176,805 and authorization to issue a RFP for the Design of Phase 2 of the Project.
 - In April 2011, staff brought for Board consideration the awarding of a contract to Tetra Tech in the amount of \$724,000 for design engineering, permitting assistance,

construction support services, and operations training. In February 2012, staff updated the Board on the progress of the Architectural Design relating to the Project.

- o The following recent developments have influenced the decision to pause the construction phase of the Project. Staff will continue to develop a better understanding of the issues and outcomes below before more funds are committed.
 1. The Rosarito Desalination Project, which has recently gained momentum, would reduce the need for more local supply. The Rosarito Desalination Project would be preferred compared to the Rancho del Rey Groundwater Well Development Project due to its larger scale, probable lower unit cost of water, and streamlined operations.
 2. The impact of SDG&E rate increases per the District's November 7, 2012 Staff Report is unknown. Electricity cost is very sensitive to the Project since it's currently estimated at \$260,000 annually which is equivalent to \$430/acre-foot. Based on the November 7, 2012 Staff Report, possible SDG&E rate increases could add an additional \$215/acre-foot to the Project unit cost of water.
 3. The Metropolitan Water District of Southern California's (MWDSC) \$250/acre-foot local supply rebate was made unavailable when SDCWA entered into litigation with MWDSC over water rates. SDCWA's Local Water Supply Development (LWSD) Program's \$200/acre-foot rebate was also made unavailable when SDCWA did not include it in their FY 2011-12 budget.
 4. The outcome of ongoing sewer connection negotiations, partially related to unforeseen existing hydraulic capacity issues in the City of Chula Vista's existing sewer system and other items, are still unknown.
 5. To partially mitigate City of Chula Vista sewer capacity issues (see bullet #4 above) and discharge off-spec potable water to the storm drain, the Regional Water Control Board is currently reviewing the District's application for coverage under the RWQCB's General Permit for the Discharge of

Groundwater Extraction Waste to the Waters of San Diego Bay, Order R9-2007-0034.

6. Staff is currently considering operation options in response to the health department's verbal suggestion that they will require two (2) T3 certified operators with reverse osmosis experience to operate the facility. If the District decides to operate the plant in-house, it would need to hire from the outside because the District currently does not employ T3 certified operators. Appeal for an outside company to operate the plant appears low because there are no similar operations nearby and the private companies may have difficulty keeping the T3 operators busy when not working on the Project.
 7. Staff is also evaluating reimbursements to District sewer customers for the Project to utilize existing sewer capacity assets which were originally purchased by sewer customers. These assets include existing capacity in the Spring Valley Outfall and Metro Wastewater pursuant to existing agreements. If the District did not already own unused capacity in Metro Wastewater, the City of Chula Vista would charge the District an additional \$802,276 one-time payment based on Metro capacity rates per the City of Chula Vista's current (May 2005) Sewer Master Plan. If the District did not already own unused capacity in the Spring Valley Outfall, the pipeline capacity one-time payment to City of Chula Vista could double (\$624,877 rather than \$312,439). Based on this, the internal reimbursement for the Project to purchase capacity in the Spring Valley Outfall and Metro from the District's sewer customers would be a one-time payment of approximately \$1.1 million which is equivalent to approximately \$115/acre-foot assuming 600 AFY. This internal reimbursement to District sewer customers has not yet been included in the Project cost model or Attachment B.
- o The Project's potential might be realized through a better understanding of the following items:
8. When the SDCWA all-inclusive treated rate will approach the projected Project unit cost considering SDCWA's recent approval of the water purchase agreement with Poseidon Resources.

9. Sycuan Indian Reservation may be interested in contributing to funding of the Project because they are seeking a source of water independent of MWDSC and SDCWA supplies.
10. If and when Bureau of Reclamation funding for up to 25% of the cost of the Project (\$2.18 million in initial cost savings, which is equivalent to a \$223/acre-foot savings) will be available.
11. If and when SDCWA ends litigation with MWDSC and MWDSC's \$250/acre-foot local supply rebate will become available again.

Several San Diego County Water Authority (SDCWA) member agencies have invested in potential alternate water supply projects at risk in an attempt to increase reliability and lessen the impact of supply shortages and regulatory restrictions that have limited Southern California's imported water supplies (Colorado River and Sacramento-San Joaquin River Delta). Alternative water supply projects have also become attractive as Metropolitan Water District of Southern California and SDCWA have raised and will continue to raise wholesale water rates.

Recently, the Olivenhain Municipal Water District (OMWD) budgeted \$19 million for the San Elijo Valley Groundwater Project through FY 2016/FY 2017. OMWD's project, which is anticipated to produce up to 10% of their yearly demand (approximately 2,000 AFY), is still in the early planning stage, with a pilot test well recently installed. The City of San Diego has budgeted approximately \$100 million for their Groundwater Asset Development Program and has installed and/or is working to install several brackish groundwater monitoring wells and pilot-production wells throughout San Diego County (County). The City of Oceanside and Sweetwater Authority are both working to expand their existing local brackish groundwater supplies and treatment plants (Richard A. Reynolds Groundwater Purification Facility and Mission Basin Groundwater Purification Facility, respectively) and construct additional production wells. There are several Indirect Potable Reuse (IPR) projects including the Helix Water District's El Monte Valley Project which was suspended in 2011. Once staff has a better understanding of the issues described above, continuing with the construction phase will be re-evaluated and staff will bring it back to the Board for consideration.

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on January 16, 2013. 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.



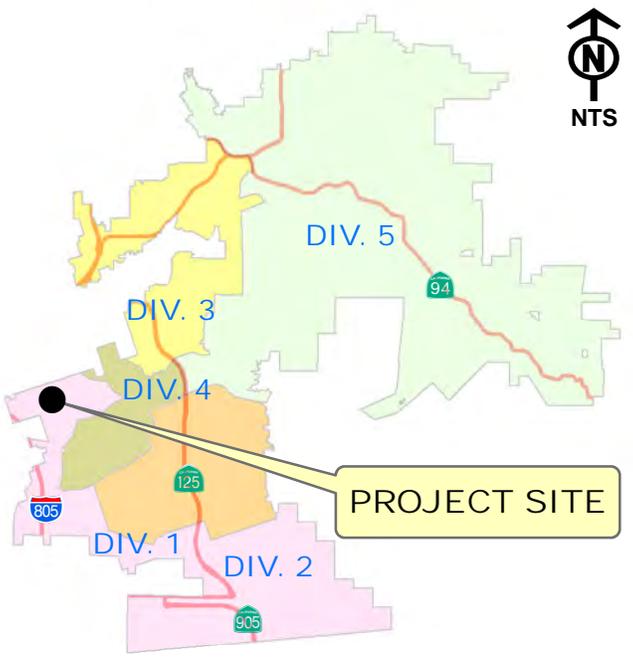
ATTACHMENT B

SUBJECT/PROJECT:	Informational Update for the Rancho del Rey Groundwater Well Development Project
P2434-001102	

Otay Water District
P2434 - Rancho Del Rey Well Development

Date Updated: October 24, 2012

Budget	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor/Comments
8,700,000					
Prior to FY 2009					
Labor	119,257	119,257	-	119,257	
Land	326,092	326,092	-	326,092	
Permits	125	125	-	125	CITY OF CHULA VISTA-DEPT. OF
Materials	1,348	1,348	-	1,348	VARIOUS
Rental	159	159	-	159	PENHALL COMPANY
Construction Costs	26,154	26,154	-	26,154	CHILDTIME CHILDCARE, INC.
Service Contracts	6	6	-	6	COUNTY OF SAN DIEGO
	134	134	-	134	COURIER EXPRESS, INC.
	205	205	-	205	USA SIGN CO.
	3,226	3,226	-	3,226	QUALITY ASSURANCE LABORATORY
	7,108	7,108	-	7,108	MULTI WATER SYSTEMS
	1,955	1,955	-	1,955	BARRETT CONSULTING GROUP
	5,665	5,665	-	5,665	EARTH TECH
	3,344	3,344	-	3,344	CITY OF CHULA VISTA
	16,714	16,714	-	16,714	BOYLE ENGINEERING CORPORATION
	112	112	-	112	MONTGOMERY WATSON LABORATORIES
	2,500	2,500	-	2,500	ANDREW A. SMITH COMPANY
	2,000	2,000	-	2,000	ENARTEC ENGINEERING PLANNING
	35,200	35,200	-	35,200	ALCEM FENCE COMPANY INC.
Total Prior to FY 2009	551,303	551,303	-	551,303	
Planning (FY2009-current)					
Labor	233,027	233,027	-	233,027	
Professional Legal Fees	5,619	5,619	-	5,619	GARCIA CALDERON & RUIZ LLP
Outreach Materials	1,876	1,876	-	1,876	MARSTON+MARSTON INC
Regulatory Agency Fees	50	50	-	50	PETTY CASH CUSTODIAN
Consultant Contracts	19,871	19,871	-	19,871	JONES & STOKES ASSOCIATES INC
	13,825	13,825	-	13,825	MWH CONSTRUCTORS INC
	1,100	1,100	-	1,100	SOUTHWESTERN COLLEGE
	3,065	3,065	-	3,065	SOUTHERN CALIFORNIA SOIL
	14,993	14,993	-	14,993	SEPARATION PROCESSES INC
	6,930	6,930	-	6,930	VALLEY CONSTRUCTION MANAGEMENT
	1,718,505	1,718,505	-	1,718,505	AECOM TECHNICAL SERVICES INC
Service Contracts	5,100	5,100	-	5,100	S R BRADLEY & ASSOCIATES INC
	257	257	-	257	SAN DIEGO DAILY TRANSCRIPT
	245	245	-	245	SAN DIEGO UNION-TRIBUNE LLC
	2,500	2,500	-	2,500	FIRST AMERICAN TITLE CO
	624	624	-	624	UNION TRIBUNE PUBLISHING CO
	399	399	-	399	REPROHAUS CORP
	440	440	-	440	URBINA'S MASTER SWEEPING INC
Total Planning (FY2009-current)	2,028,426	2,028,426	-	2,028,426	
Design (FY2009-current)					
Labor	390,736	390,736	40,000	430,736	
Professional Legal Fees	5,118	5,118	-	5,118	STUTZ ARTIANO SHINOFF
Consultant Contracts	646,457	404,445	242,012	646,457	TETRA TECH INC
	7,847	7,847	-	7,847	PBS&J
	11,940	11,940	-	11,940	ATKINS
	6,130	6,130	-	6,130	MTGL INC
	3,200	3,200	-	3,200	ALTA LAND SURVEYING INC
	8,154	8,154	-	8,154	V & A CONSULTING ENGINEERS
	4,500	4,500	-	4,500	ENGINEERING PARTNERS INC, THE
	1,980	1,980	-	1,980	HERNDON SOLUTIONS GROUP
	79,472	42,717	36,754	79,472	ARCADIS US INC
Service Contracts	294	294	-	294	REPROHAUS CORP
	130	130	-	130	SAN DIEGO DAILY TRANSCRIPT
	343	343	-	343	SAN DIEGO UNION-TRIBUNE LLC
			20,000	20,000	Planset Reproduction/Distribution
Total Design (FY2009-current)	1,166,300	887,534	338,766	1,226,300	
Construction (FY2009-current)					
Labor	14,715	14,715	200,000	214,715	
	101,785		101,785	101,785	TETRA TECH INC
			3,814,900	3,814,900	Treatment Plant Construction
			350,000	350,000	Construction Management
			407,300	407,300	Chula Vista Sewer Connection
Total Construction (FY2009-current)	116,500	14,715	4,873,985	4,888,700	
Grand Total	3,862,529	3,481,978	5,212,751	8,694,729	



VICINITY MAP



PROJECT SITE



OTAY WATER DISTRICT
RANCHO DEL REY WELL PROJECT
LOCATION MAP

CIP P2434

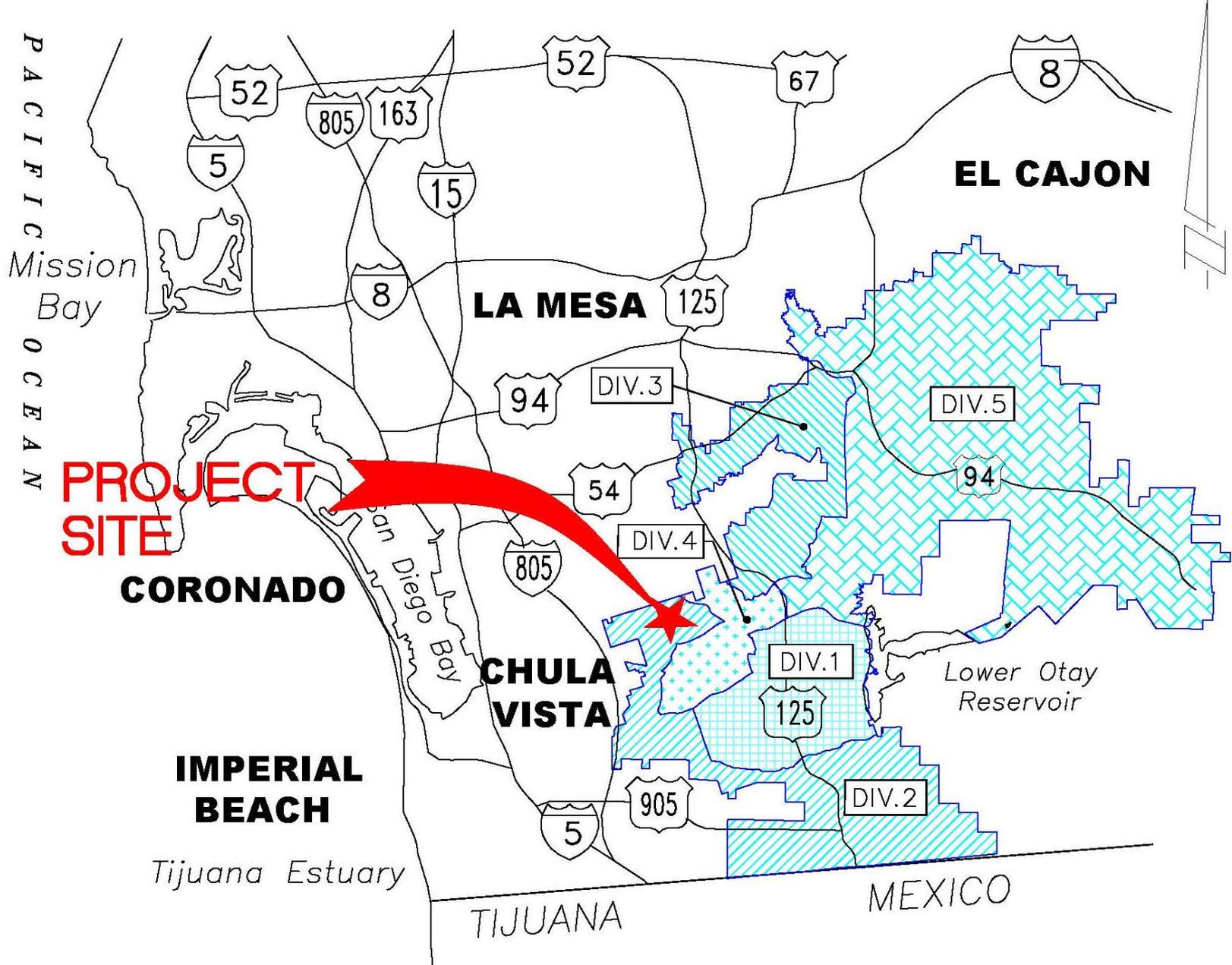
EXHIBIT A

P:\WORKING\CIP P2434 - RDR Well\Graphics\Exhibits\Figures\Exhibit A, Location Map.mxd



Presentation Outline

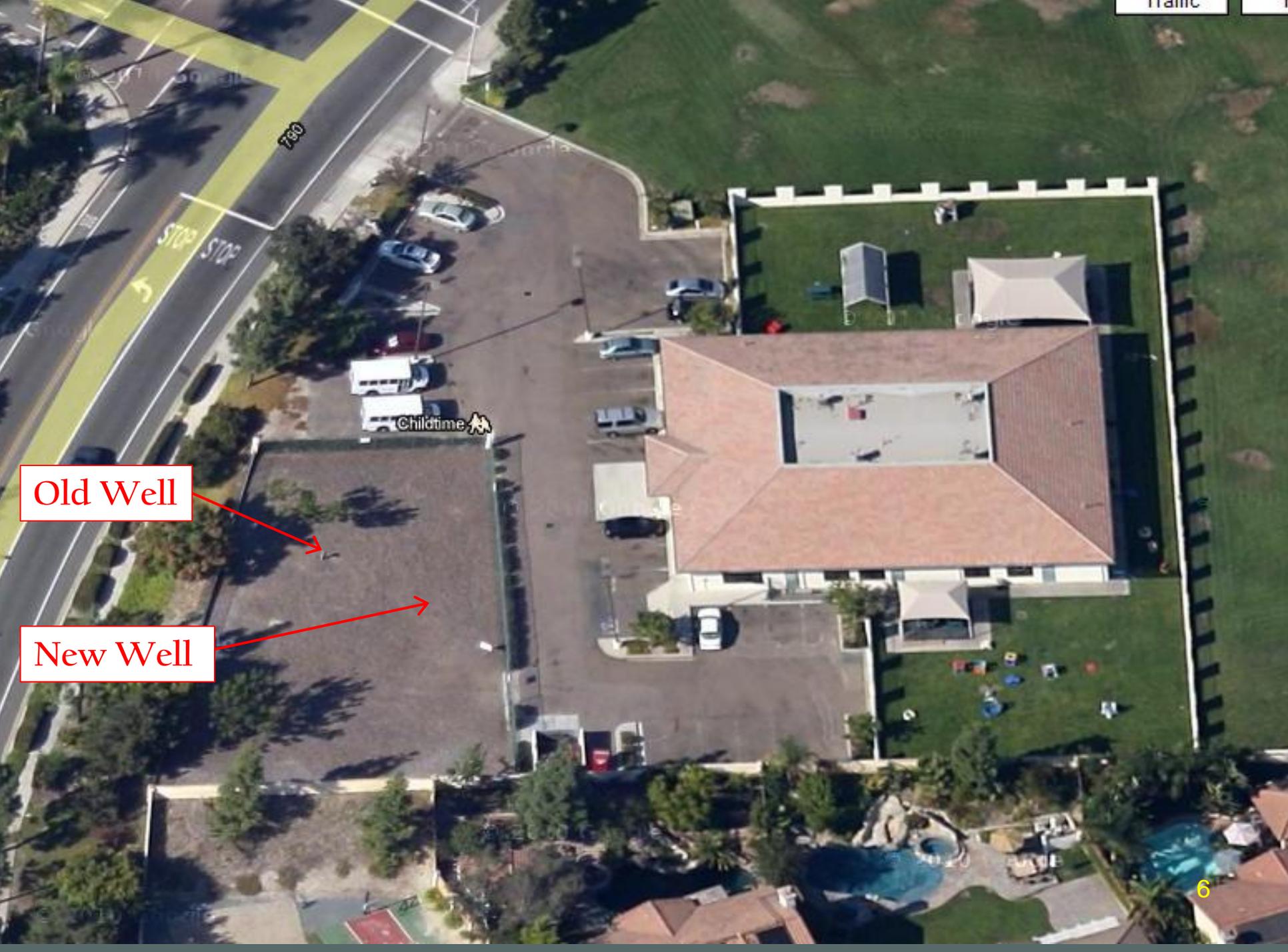
1. Project Overview
2. Recent Efforts
3. Costs
4. Schedule



VICINITY MAP



RDR Well site



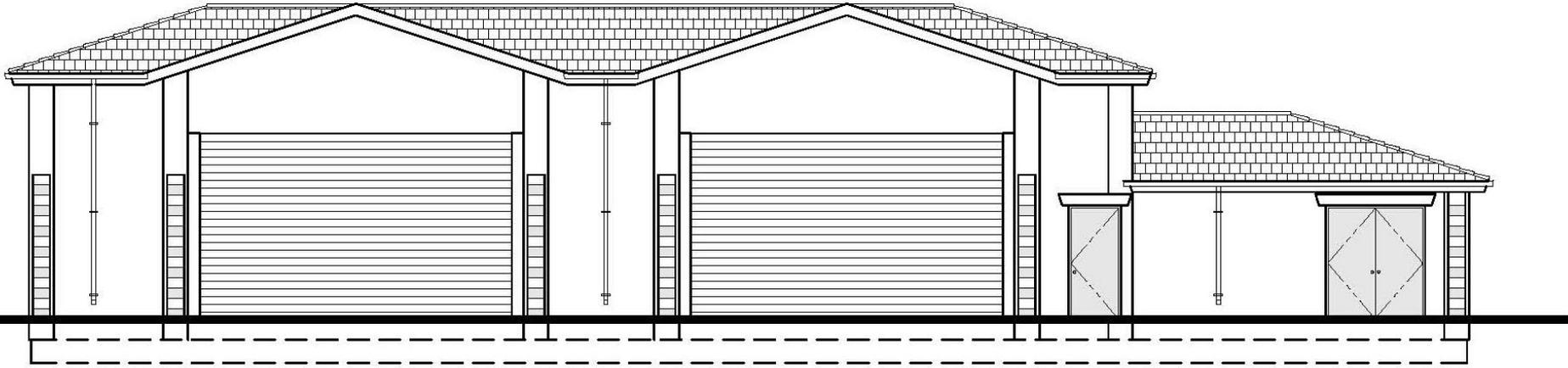
Old Well

New Well

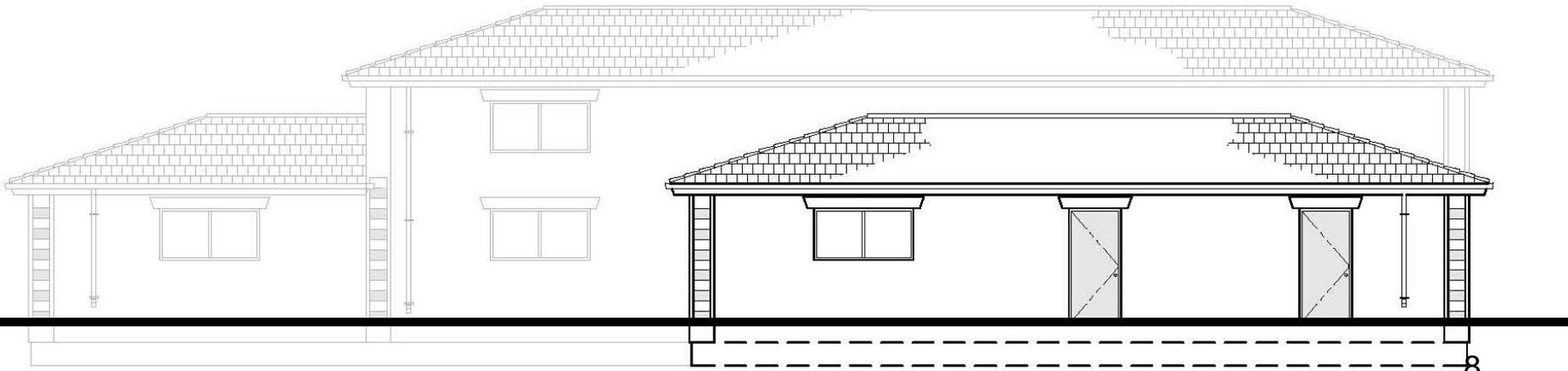
Childtime



Architectural Elevations

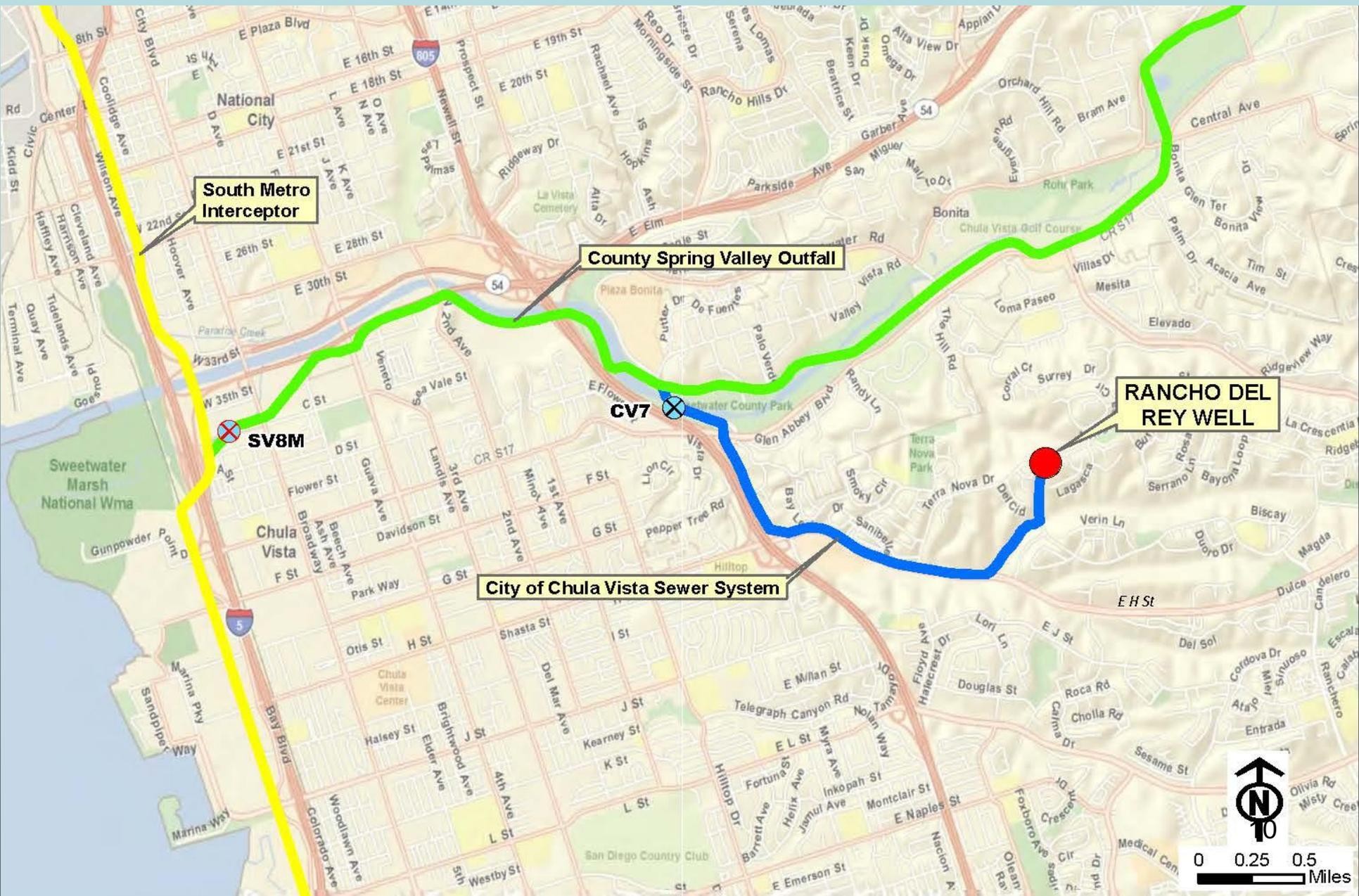


VIEW FROM CHILDTIME



VIEW FROM STREET

Sewer Connection





Recent Efforts (continued)

- Storm Drain connection and NPDES Permit

- Hazardous Materials Storage/Handling
 - County Hazardous Materials Business Plan
 - Chula Vista Fire Department

- Operation Options
 - Private Company (Veolia, Cal Am, United Water, Degremont, IDE)
 - In-House (District hire two T3 Operators)
 - Sweetwater Authority

