

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 8/28/2012	(3) CONTACT/PHONE Tom Trott, Project Manager (805) 781-1186	
(4) SUBJECT Submittal of a Utility Reimbursement Agreement for Design Services with Central Coast Water Authority, in the amount of \$58,673, and Turnout Activation Request Letter to California Department of Water Resources for the County Service Area No. 16 State Water Turnout Project, Shandon. District 1.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board: <ol style="list-style-type: none"> 1. Approve a Utility Reimbursement Agreement for Design Services (Agreement) with Central Coast Water Authority (CCWA), in the amount of \$58,673, for the preparation of plans, specifications and estimates for the County Service Area (CSA) 16 State Water Turnout Project, Shandon; and 2. Approve and execute a letter to California Department of Water Resources (DWR) recommending activation of the CSA 16 State Water Turnout, project delegation to CCWA and minimization of DWR review and inspection fees. 			
(6) FUNDING SOURCE(S) CSA 16 Water	(7) CURRENT YEAR FINANCIAL IMPACT \$58,673.00	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001193		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date 1/25/11	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 1 -			

Reference: 12AUG28-C-5

County of San Luis Obispo



TO: Board of Supervisors
FROM: Public Works
Tom Trott, Project Manager
VIA: Dean Benedix, Utilities Division Manager
DATE: 8/28/2012

SUBJECT: Submittal of a Utility Reimbursement Agreement for Design Services with Central Coast Water Authority, in the amount of \$58,673, and Turnout Activation Request Letter to California Department of Water Resources for the County Service Area No. 16 State Water Turnout Project, Shandon. District 1.

RECOMMENDATION

It is our recommendation that your Honorable Board:

1. Approve a Utility Reimbursement Agreement for Design Services (Agreement) with Central Coast Water Authority (CCWA), in the amount of \$58,673, for the preparation of plans, specifications and estimates for the County Service Area (CSA) 16 State Water Turnout Project, Shandon; and
2. Approve and execute a letter to California Department of Water Resources (DWR) recommending activation of the CSA 16 State Water Turnout, project delegation to CCWA and minimization of DWR review and inspection fees.

DISCUSSION

Project Background

In 1992, your Board entered into two agreements on behalf of CSA 16 that a) provided for a 100 acre-foot per year (AFY) water allocation from the State Water Project (SWP) and b) water treatment by CCWA. In order to deliver SWP allocations to CSA 16 and other water contractors throughout San Luis Obispo and Santa Barbara Counties, the California Department of Water Resources (DWR), constructed the Coastal Branch of the State Water Project (Coastal SWP), which was completed in 1997. Turnout facilities to connect the CSA 16 water system to the Coastal SWP were included in the original Coastal SWP design; however, in 1995, a community advisory vote and subsequent Board action opted to not construct the turnout at that time. Instead, efforts to sell CSA 16's SWP allocation were pursued, but to no avail. More recently, the community Advisory Committee requested construction of the turnout.

On January 25, 2011, your Board provided policy direction to not sell CSA 16's SWP allocation and directed staff to re-initiate efforts to develop turnout facilities for Shandon's connection to the Coastal SWP. The CSA 16 Shandon State Water Turnout Project (Project) has since been budgeted and staff has performed initial project engineering, right of way, environmental and interagency coordination efforts.

CCWA Utility Reimbursement Agreement

The primary effort required for project success is coordination with CCWA and DWR. DWR owns the Coastal SWP and its turnout facilities and CCWA, via an agreement with DWR (O&M Agreement), operates and maintains the facilities. The project requires DWR approval, which has historically been a lengthy process with extensive requirements and inspection and review fees. Typically, this process gives minimal design control to the local water agency and results in a project design that is costly to construct.

In order to minimize the DWR coordination impacts on project scope, schedule and budget, and pursuant to the O&M Agreement, CCWA has expressed their intent to manage project design and construction. Staff supports this approach for the following reasons:

- CCWA has a close working relationship with DWR and can efficiently coordinate project review, thus, reducing DWR's review fees and review time.
- CCWA best understands the needs of the project since they currently operate and maintain all turnout facilities along the Coastal SWP. Their management of project design will ensure a more complete design in the early design stages, minimizing DWR review time and costs.
- CCWA has previously constructed two of the SWP Coastal Branch turnouts (Chorro Valley and Lopez Turnouts) on behalf of DWR through their existing O&M Agreement with DWR. DWR's trust of CCWA to perform that work resulted in a cost effective design and maximized water contractor input.
- The County recently contracted with CCWA (utility reimbursement agreements approved by your Board in March and September 2011) to manage the design and construction of a Coastal SWP pipeline encasement needed for the Willow Road Project. The result was a timely and cost effective project.

Approval of the recommended action provides for an Agreement with CCWA to manage project design, including final plans, specifications and estimates, as well as DWR's project approval. CCWA will undertake the professional engineering design work with their consultant, AECOM. Project design work will mainly consist of performing a value engineering assessment of the original DWR design and updating the design to minimize construction costs and incorporate new technologies. Staff estimates that this project approach could save up to eight months on the project schedule and \$120,000 (\$45,000 in DWR fees and \$75,000 in construction costs). Staff will return to your Board at the completion of design with a separate utilities reimbursement agreement providing for CCWA's management of project construction.

DWR Turnout Letter

DWR requires written notification from the County in order to initiate activation of the Shandon SWP Turnout. The attached letter, recommended for your approval, requests turnout activation and provides the following recommendations to efficiently implement the project at minimal cost to the Shandon community:

- Delegate the project to CCWA pursuant to the O&M Agreement.
- Eliminate the need for a new turnout agreement since the Shandon Turnout was included in the original Coastal SWP and is accounted for under the provisions of the 1963 Water Supply Contract between DWR and the San Luis Obispo Flood Control and Water Conservation District.
- Minimize DWR review and inspection fees (fees estimated at \$45,000, which were not previously anticipated in the budget) due to CCWA's management of the project.

OTHER AGENCY INVOLVEMENT/IMPACT

The Shandon Advisory Committee supports project implementation and staff periodically updates the Committee on implementation progress. Project review and approval is required from DWR, who owns and operates the SWP and its turnout facilities. CCWA operates and maintains the Coastal SWP and its turnout facilities pursuant to an agreement with DWR and owns and operates the Polonio Pass Water Treatment Plant, which treats water for the Coastal SWP. CCWA is proposed to manage project design and construction.

County Counsel has reviewed the Contract as to legal form and effect.

FINANCIAL CONSIDERATIONS

The FY 2012-13 budget for CSA 16 Water Fund includes \$369,812 for Shandon State Water Turnout costs. The cost of design services provided by this Agreement total \$58,673. The CSA 16 Water Fund is anticipated to cover all project costs, currently estimated at \$497,000; however, in an effort to maintain CSA 16's reserves balance, staff is pursuing grant funding capable of covering all or some of the project costs. Potential funding sources include a Proposition 84 Round 1 Implementation Grant; a Proposition 50 water Security Grant from the California Department of Public Health (CDPH); and a loan or grant from the United States Department of Agriculture (USDA) Rural Development Program.

See Exhibit "A" for an estimated breakdown of project costs. The current budget estimate projects a project shortfall of \$117,922. The differences between the two estimates are mainly the result of the following:

- Extensive, unanticipated fees required by DWR for review and inspection of turnout design and construction (these costs are anticipated to be minimized as a result of the letter recommended for your approval herein).

- Added construction costs resulting from the inability to use turnout equipment that was previously purchased in 1995. The equipment was originally thought to be acceptable, but now has been identified as obsolete.
- Added costs for unanticipated equipment, identified during preliminary engineering, needed for the upgrade Shandon's treatment system from chlorine to chloramine to match State Water treatment.

See Exhibit "B" for a detailed comparison of original vs. current budget estimates, including reasons for the differences. At the time of Award, when actual project costs are known, we will return to your Board with a budget adjustment if necessary.

RESULTS

Approval of the recommended action provides for the initiation and design of turnout facilities that will allow the community of Shandon to access its water allocation from the State Water Project. This will contribute to the County's community goals of providing for a safe, healthy, livable and well governed community.

File: Contract No. 300463

c: Tom Trott, Project Manager

Reference: 12AUG28-C-5

L:\UTILITY\AUG12\BOS\CCWA Design Utility Reimbursement brd ltr.doc.tt.taw

ATTACHMENTS

1. Vicinity Map
2. Exhibit A - Project Cost Estimates
3. Exhibit B - CSA 16 (Shandon) - State Water Turnout Project
4. Utility Reimbursement Agreement for Design Services
5. Letter to California Department of Water Resources