

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: JULY 3, 2008



PROJECT DEVELOPMENT GUIDELINES

ITEM

Adopt Project Development Guidelines for NCSD projects [RECOMMEND APPROVAL].

BACKGROUND

At your 2007 Strategic Plan Workshop, your Honorable Board directed staff to report back with a draft set of Project Development Guidelines for major NCSD Public Works Projects. Your Honorable Board then edited a draft set of Guidelines at your June 25th Meeting and set this agenda item at this meeting. Attached is a set of revised Draft Project Development Guidelines.

RECOMMENDATION

Staff recommends that your Honorable Board adopt the attached set of draft Guidelines and direct staff to implement them.

ATTACHMENTS

- Draft Project Development Guidelines

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PROJECT DEVELOPMENT GUIDELINES

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July 9, 2008

DRAFT PROJECT DEVELOPMENT GUIDELINES

I. OVERVIEW AND SUMMARY

The NCSD Board at its 2007 Strategic Plan Workshop directed staff to propose a set of Project Development Guidelines to provide a framework for planning and construction of large District Water and Wastewater Capital Projects (projects costing over \$1 million). Specifically, the Board requested a framework that would assist the District in systematically: (A) defining the Goal, (B) evaluating alternatives to solve the identified problem, (C) describing the problem, (D) interacting with affected parties and stakeholders, (E) proposing a solution, (F) preparing the environmental documentation to determine the magnitude of impacts and the feasibility of mitigations, (G) designing the selected project, (H) securing permits, (I) securing land, (J) securing the funding, (K) selecting the contractor, (L) completing construction and (M) Project Startup. It should be noted the same steps (A through M) will be required to complete smaller projects but staff is capable of completing these projects with a less formal structure.

The following text addresses each of these steps. In addition, the attached NCSD Waterline Intertie Project Strategic Plan Outline illustrates how these guidelines were applied to one large project.

II. GUIDELINES

Project development for large projects is complex and complicated. The process is complex because of the number of steps and the various interests of the affected parties and the stakeholders. The process is complicated because such projects generally require multiple approvals from regulatory agencies, many of the steps are interactive and all the steps must be completed in a prescribed sequence (critical path) if the process is to conclude in the minimum feasible elapsed time.

A. GOAL DEFINITION

Most water/wastewater problems will be identified in the most recent Water and Sewer Master Plan along with a concept description and cost for resolution of the problem and a priority ranking for importance. In preparation for each annual budget, staff evaluates the progress made on projects in process and proposes new projects for initiation. For each such project, staff should develop a proposed set of objectives for Board consideration and secure Board agreement on these objectives.

B. EVALUATION OF ALTERNATIVES

Staff should work with the Committee to identify potential alternative technologies, locations and funding necessary to solve the problem. Once an initial list of alternatives is identified, staff should prepare an RFP for initial evaluation of those alternatives and other possible solutions to be proposed by a qualified consultant. Staff should secure proposals and present those proposals to the Board for selection. Staff should then work with the Committee and the Consultant to develop the initial evaluation using the project objectives to screen for effectiveness.

C. PROBLEM DESCRIPTION

For each such approved new large project, staff should assemble and present to the Board either a strategic plan like the one attached or a work program like the one Boyle prepared for Desalination and present that strategic plan/work program to the Board. The Board should edit the plan and assign the project to a committee for oversight.

D. AGENCY AND STAKEHOLDER INTERACTION

Staff should report on all large projects on a quarterly basis in the District Newsletter.

Staff should develop lists of agencies, affected parties and stakeholders for each of the initial alternatives and provide notice to all parties prior to development of the solution proposal. If there is substantial feedback from any one group, a forum should be held to exchange information and ideas.

This process should be repeated after the Draft EIR has been circulated and when the concept design is completed.

E. SOLUTION PROPOSAL

Staff should present the initial alternatives evaluation to the Board along with feedback from affected parties and stakeholders and ask the Board to propose a preferred alternative for environmental review. This is the time when a project schedule together with a critical path network should be developed and approved by the Board.

Should new information surface that substantially changes the feasibility of the proposed project, the process should be repeated.

F. ENVIRONMENTAL REVIEW

This is the point at which the Board should determine if the project qualifies for a mitigated negative declaration or if an EIR should be prepared. Staff should prepare an RFP for environmental review of the project and circulate the RFP to qualified professionals. Staff should then work with the committee to recommend retention of a firm and ask the Board to authorize execution of an agreement with that firm. Staff and that firm should then publish a Notice of Preparation, the Draft EIR, the Notice of Completion, solicit comments and ask the Board to hold at least one public hearing. Staff should also seek feedback from all trustee and responsible agencies. Following closure of the comment period staff and the environmental firm should respond to comments, publish a mitigation and monitoring program, publish findings, publish a draft Final EIR and present these materials to the Board so that the Board can make an environmental determination and authorize the filing of a Notice of Determination. All mitigations from the FEIR should be forwarded to the Design Team for incorporation into the design.

G. DESIGN

Staff should prepare an RFP for design services and circulate the RFP to qualified professionals. Staff should then work with the committee to recommend retention of a firm and ask the Board to authorize execution of an agreement with that firm. Staff should then work with that firm to develop the design, develop specifications, to pre-qualify contractors and to prepare the bid package. The design team should make

monthly presentations to the Committee and the Board and submit work products for review and guidance.

H. PERMITS

Staff should work with the environmental firm and the design team to contact all potential permit agencies while the EIR is being scoped, determine any concerns that each agency may have with the project and confirm the process for securing each permit. Once the FEIR has been certified, staff should submit the required applications and work with each agency to secure each permit. Any conditions resulting from permit issues should be incorporated into the project design.

I. LAND

Staff should develop a listing of property owners affected by the proposed project and contact each property owner. A budget level appraisal should be performed to assist in defining project cost estimates. Access agreements should be negotiated so that the environmental firm and the design team can conduct required testing. Once the Board authorizes negotiation with each property owner, formal appraisals should be prepared and discussions held with each property owner regarding their willingness to sell. Purchase agreements should be developed for execution pending project approval and funding.

J. FUNDING

Staff should work with the initial screening firm and then the design team to track both the capital cost of construction but also the annual operating and maintenance cost. If insufficient funds are available to pay for the capital cost, staff should develop an estimate of annual debt service based on the capital cost estimate and current market conditions. A rate study and financial plan should be developed to determine the increase in capacity charges and user fees. A Proposition 218 protest hearing should be conducted to confirm that the property owners in the affected area are willing to pay for the project. A finance team should be assembled to advise the Board on available debt instruments and assist the Board in securing the necessary capital.

K. CONTRACTOR SELECTION

Where contractors have been pre-qualified, Staff and the design team should solicit bids from the pre-qualified contractors. Where contractors have not been pre-qualified, staff and the design team should advertise and solicit bids from responding contractors. Bids should be opened and presented to the Board. The Board should award the bid(s) to the lowest responsive and responsible bidder(s). The contracts should be executed after all bonds and insurance documents are finalized.

L. CONSTRUCTION MANAGEMENT

Staff should prepare an RFP for construction management of the project and circulate the RFP to qualified professionals. Staff should then work with the committee to recommend retention of a firm and ask the Board to authorize execution of an agreement with that firm. Staff should work with the design team and the Construction Management Firm to review all work, to document progress, to resolve issues, and to process change orders. Following completion of the work, staff should present the project to the Board, seek Board acceptance, and file a Notice of Completion before releasing the retention.

M. PROJECT START-UP

During project start-up staff and the construction management firm should work with the Contractor to observe the initial start-up, to train on operation of the works and to secure complete manuals on all components. Staff should track problems during the warranty period and secure remediation of any such problems through the contractor or the bond company.

III. STATUS OF GUIDELINES

These guidelines provide general policy guidance for development of major District public works projects. The District may process projects without strict compliance with these guidelines on a case by case basis.

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SAMPLE

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Rough Draft NCSD WATERLINE INTERTIE PROJECT Strategic Plan Outline

5/23/08

- I. CEQA Timeline
- II. Design Timeline
- III. Permit Timeline
- IV. Land & ROW Timeline
- V. Funding Timeline
- VI. Construction Timeline
- VII. 2008 Board/Committee Meetings
- VIII. Critical Path (Project Flowchart)

SAMPLE

I. Rough draft NCSD-WIP CEQA TIMELINE

1. PROJECT OBJECTIVES DEFINITION

- A. Initial Committee Review 2/25/08
- B. Second Committee Review 4/14/08
- C. Board Determination 4/30/08

2. REVISE DWA AGREEMENT

- A. Secure Proposal 4/7/08
- B. Committee Review 4/14/08
- C. Board Consideration 4/30/08
- D. Execute Agreement 5/7/08

3. DRAFT EIR

- A. Prepare Printcheck Draft 5/7/08 to 8/22/08
- B. Prepare Circulation Draft 8/23/08 to 9/14/08
- C. Printing 9/15/08 to 9/20/08
- D. NOC/Circulation 9/21/08 to 11/05/08
- E. Board Status Report 10/08/08

3. FINAL EIR

- A. Committee Review 11/10/08
- B. Prep Ad Draft Responses 11/06/08 to 12/06/08 (30 days)
- C. Prepare Printcheck Draft 12/07/08 to 12/21/08 (14 days)
- D. Edit and Print Final 12/22/08 to 1/17/09
- E. Presentation to Board 1/28/09

4. CERTIFICATION

- A. Prepare Findings 1/19/09 to 2/2/09
- B. Certification Hearing #1 2/11/09
- C. Certification Hearing #2 2/18/09
- D. Notice of Determination 2/19/09

5. PROJECT SELECTION

- A. Committee Review 2/2/09
- B. Board Review 2/19/09

SAMPLE

II. Rough Draft NCSD-WIP Design Timeline

1. COMPLETE ENGINEERING MEMORANDUM

- A. Retain Boyle & Initiate Assignment 1/16/08
- B. Committee Review #1 1/22/08
- C. Committee Review #2 2/25/08
- D. Boyle Submission of Draft Memorandum 4/7/08
- E. Committee Meeting #3 4/14/08
- F. Board Review of Draft Memorandum 4/30/08

2. DESIGN TEAM SELECTION

- A. Prepare Draft Design Services RFP 4/14/08
- B. Board Review RFP and Concept 4/30/08
- C. Circulate Design Services RFP (mail/post) 5/2/08
- D. Receive Design Services Proposals 6/10/08
- E. Committee Review of Proposals 6/16/08
- F. Screen to Short List 6/13/08
- G. Short List Interviews 6/23/08
- H. Board Selection/Authorize Negotiation 6/25/08

3. DESIGN SERVICES AGREEMENT

- A. Negotiate Design Agreement 6/26/08 to 7/23/08
- B. Board Review 7/23/08
- C. Execute Agreement 7/25/08

4. CONSTRUCTION MANAGEMENT (QA/QC) TEAM SELECTION

- A. Circulate CM/QA/QC RFP 6/26/08
- B. Receive CM/QA/QC Proposals 7/21/08
- C. Board Review 8/13/08
- D. Execute Agreement 8/15/08

5. DESIGN

- A. Issue NTP#1 TBD
- B. Research & 30% Design 120 Days from NTP#1
- C. 30% Review & Issue NTP#2 TBD
- D. 60% Design Submittal 120 Days from NTP#2
- E. 60% Review & Issue NTP #3 TBD
- F. 95% Design Submittal 21 Days from NTP#3
- E. 95% Review & Issue NTP#4 TBD
- F. 100% Design Submittal 21 Days from NTP#4
- G. Printing 8/20/09 to 8/27/09 (7 Days)

SAMPLE

II. Rough Draft NCSD-WIP Design Timeline (Continued)

6. ENGINEERING SERVICES DURING CONSTRUCTION (ESDC)

- | | | |
|----|-----------------------|-------------------|
| A. | Negotiate ESDC BUDGET | 7/23/08 to 9/1/09 |
| B. | Board Review | 9/2/09 |
| C. | Execute Agreement | 9/4/09 |

7. BIDDING

- | | | |
|----|--------------------------------------|----------------------|
| A. | Pre-Qualify Contractors | 5/7/09 to 7/1/09 |
| B. | Resolve Pre-Qualification Protests | 6/1/09 to 7/1/09 |
| C. | Advertise | 8/27/09 to 10/21/09 |
| D. | Open Bids | 10/22/09 |
| E. | Resolve Protests | 10/22/09 to 11/17/09 |
| F. | Award Bids | 11/18/09 |
| G. | Execute Contracts/Secure Bonds, Etc. | TBD |
| H. | Issue NTP | TBD |

SAMPLE

III. Rough Draft NCSD-WIP Permit Timeline

1. INITIAL CONTACTS & CONFIRMATIONS

A.	Letter to Each Agency	5/7/08 (See Footnote #1)	
B.	Calls/Meetings with Each Agency	5/7/08 to 8/22/08	
C.	Determine Time Sensitive Research	5/7/08	
D.	Secure Proposals to Perform Research	TBD	(See Footnote #2)
E.	Board Consideration of Proposals	TBD	
F.	Execute Agreements	TBD	
G.	Perform Research & Secure Results	TBD	
H.	Summary of Results	TBD	

2. DEIR COMMENT REVIEW

A.	Review DEIR Comment Submitted	11/6/08 to 12/06/08	
B.	Calls/Meetings with Each Agency	11/6/08 to 12/06/08	
C.	Summary of Results	12/10/08	

3. PERMIT PROCESSING

A.	Prepare and Submit Application	Feb 2009 (See Footnote #3)	
B.	Interact with Agency	TBD	
C.	Negotiate Potential Conditions	TBD	
D.	Committee Review of Policy Issues	TBD	
E.	Board Review of Policy Issues	TBD	
F.	Secure Permits	TBD	

4. PERMIT IMPLEMENTATION

A.	Secure Proposals for New Research	TBD	
B.	Board Consideration of Proposals	TBD	
C.	Execute Agreements	TBD	
D.	Perform Research & Secure Results	TBD	
E.	Integrate Conditions/Research into Design	TBD	
F.	Integrate Conditions into Construction	TBD	

NOTE #1 – Permit Agencies: US ACE (Section 404 & NPDES); Ca DFG (1601); CCRWQCB (401 & NPDES); USFWS (7g/10); Caltrans (Encroachment); City Santa Maria (Encroachment Permit); County Santa Barbara (Encroachment Permit); County of SLO (Encroachment Permit);

NOTE #2 – Mitigation D7 Research must start by 8/15 to conclude by 10/31

NOTE #3 – As soon as possible after FEIR Certification

SAMPLE

IV. Rough Draft NCSD-WIP Land & ROW Timeline

1. INTIAL CONTACTS

- A. Letter to Each Owner 5/7/08
- B. Calls to Each Owner 5/7/08 to 8/22/08
- C. Summary of Results 9/10/08

2. ROUGH APPRAISAL

- A. Secure Rough Appraisal Update 5/29/08 to 6/24/08
- B. Board Review (Closed Session) 6/25/08

3. DETAILED APPRAISAL

- A. Board Authorization for Detailed 6/25/08
- B. Execute D A Agreement Sept 2008
- C. Secure Detailed Appraisal Jan 2009
- D. Board Review (Closed Session) Sept 08 to Jan 09

4. NEGOTIATIONS

- A. Tender Offers Jan 2009
- B. Negotiate w Prop Owners Jan 2009 to May 2009
- C. Board Review Feb to May 2009
- D. Open Escrows May 2009 to TBD
- E. Board Review TBD

5. FUNDING

- A. Secure Funding May 2009
- B. Board Adopt Notice of Acceptance TBD
- C. Close Escrow TBD
- D. Secure Title and File Documents TBD

SAMPLE

V. Rough Draft NCSD-WIP Funding Timeline

1. EVALUATION OF OPTIONS

A. Republish White Paper 5/29/08 to 6/25/08

2. INITIAL REVIEW OF OPTIONS

A. Committee Review July 2008

B. Board Review July/August 2008

3. FUNDING DEVELOPMENT

A. Connection Charge Monitoring July 2008

B. Grant Monitoring & Applications Ongoing

C. Federal Lobbying Ongoing

C. Process Loan/Bond/COP Paperwork TBD

D. Secure Funds TBD

4. PROPOSITION 218 VOTE

A. Select Consultant to prepare rate study(ies) October 2008

B. Approve Financial Plan March 2009

C. Circulate Notice(s) April 2009

D. Conduct Protest Hearing(s) July 2009

E. Implement New Rates January 2010

VI. CONSTRUCTION TIMELINE

A. CONSTRUCTION 11/19/09 through 10/20/10

B. START UP 10/21/10 to 11/17/10

C. TESTING 11/18/10 to 12/15/10

D. ACCEPTANCE TBD

SAMPLE

VII. Rough Draft NCSD-WIP Board/Committee Meetings

Board Meeting Date	Committee Meeting Date	TOPIC
1/16/08		Re-Start Boyle Preliminary Engineering
	1/22/08	Status Report & Timeline
	2/25/08	Timeline & Objectives
	4/14/08	Preliminary Engineering Memorandum, Objectives, Restart DEIR, Design Services RFP
4/30/08		Preliminary Engineering Memorandum, Objectives, Restart DEIR, Design Services RFP
	6/16/08	Design Services Proposal
	6/23/08	Design Firm Interviews
6/25/08		Design Services Firm Selection, CM Firm RFP, Rough Appraisal Results (Closed Session); Retain Appraiser for Detailed Appraisals
	7/??/08	Funding Options; SWP Capacity Charge
	7/??/08	CM Firm Proposals
7/23/08		Funding Options; SWP Capacity Charge
8/13/08		CM Firm Selection; Detailed Appraisals (CS)
	9/??/08	Status Report on DEIR
10/8/08		Draft EIR Hearing
	11/10/08	Review Comments to DEIR
11/26/08		Review Comments to DEIR Retain Rate Consultant for 218 Protest
	12/??/08	Status Reports
	1/??/09	Review Responses to Comments

SAMPLE

Board Meeting Date	Committee Meeting Date	TOPIC
1/28/09		Review Final EIR
2/11/09		Certification Hearing #1
2/18/09		Certification Hearing #2 & NOD
	??	30% Design
??		30% Design
3/25/09		Approve Financial Plan & Set Protest Hearing
4/8/09		Circulate Prop 218 Notice
7/8/09		Conduct Prop 218 Protest Hearing
7/22/08		Adopt 2010 et seq. Water Charges
	??	60% Design
??		60% Design & Retention ESDC
	??	95% Design
??		95% Design
??		Land Acquisition
??		Funding
	??	Review Bids
11/18/09		Award Bids
??/??/11		Accept Works

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