

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: PETER V. SEVCIK *PVS*
DISTRICT ENGINEER

DATE: November 9, 2011

AGENDA ITEM
E-6
NOVEMBER 16, 2011

**ESTABLISH PRE-QUALIFICATION POLICY AND APPEALS
PROCEDURE FOR SOUTHLAND WASTEWATER TREATMENT
FACILITY UPGRADE PHASE 1 PROJECT**

ITEM

Establish Pre-Qualification Policy and Appeals Procedure for the Southland Wastewater Treatment Facility (WWTF) Improvement Phase 1 Project [RECOMMEND BY MOTION AND ROLL CALL VOTE ADOPT RESOLUTION ESTABLISHING PRE-QUALIFICATION AND APPEALS POLICY FOR SOUTHLAND WWTF IMPROVEMENT PROJECT PHASE 1].

BACKGROUND

The Southland Wastewater Treatment Facility (WWTF) Upgrade Phase 1 Project (Project) will replace the current .9 MGD pond plant with a new treatment plant that will include an influent lift station, influent screening system, grit removal system, Biolac® cell, a clarifier, gravity belt thickener, two concrete lined sludge drying beds, controls & blower building, and a non-potable plant water system. The proposed Project also includes an additive alternate bid item for a second clarifier and an additive alternate bid item for additional on-site disposal basins. The Project design is now proceeding to the final stage.

The California Public Contracts Code ("PCC") Section 20101 permits the District to pre-qualify contractors who wish to bid on the District's public works contracts such as the Southland WWTF Upgrade Phase 1 Project. PCC Section 20101 requires the District to establish pre-qualification policies and the method by which decisions regarding Contractor's qualifications may be appealed. Pre-Qualification of Contractors will help ensure that the Project is constructed by reputable, experienced, and qualified contractors.

FISCAL IMPACT

Pre-Qualification of contractors will help ensure that the Project is constructed by reputable and qualified contractors at the best possible price.

STRATEGIC PLAN

Strategic Plan Goal 2.2 – Upgrade and Maintain Collection and Treatment Works
Strategic Plan Goal 2.3 – Select Disposal Solution for Southland Effluent and Implement

RECOMMENDATION

Staff recommends that the Board, by motion and roll call vote, adopt the attached resolution establishing the Pre-Qualification and Appeals Policy for the Southland WWTF Upgrade Phase 1 Project.

ATTACHMENTS

Resolution 2011-XXXX Southland WWTF Upgrade Pre-Qualification Policy

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2011 XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ESTABLISHING A PRE-QUALIFICATION POLICY AND APPEALS PROCEDURE
FOR THE SOUTHLAND WASTE WATER TREATMENT FACILITY
IMPROVEMENT PROJECT PHASE I**

WHEREAS, California Public Contracts Code ("PCC") Section 20101 permits the Nipomo Community Services District ("District") to pre-qualify contractors who wish to bid on public works contracts; and

WHEREAS, it is in the public interest for the District to adopt policies and procedures that will help ensure that the Southland Waste Water Treatment Facility Improvement Project Phase I (the "Project") is constructed by reputable and qualified contractors at the best possible price; and

WHEREAS, it is in the public interest for the District to implement a program for pre-qualifying general contractors and selected subcontractors ("Contractors") seeking to bid on the Project; and

WHEREAS, among other things, PCC Section 20101 requires the District to adopt an appeals procedure that will allow Contractors to appeal decisions regarding their qualifications to bid on the Project; and

WHEREAS, the District intends for this Resolution to establish pre-qualification policies and the method by which decisions regarding Contractor's qualifications may be appealed; and

WHEREAS, the procedures adopted by this Resolution are intended to facilitate construction of the Project. Nothing herein however, is intended or should be interpreted, to compromise the District's firm commitment to selecting responsible bidders for the Project.

NOW THEREFORE, BE IT RESOLVED, DECLARED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AS FOLLOWS:

1. EVALUATION OF CONTRACTORS REQUESTING PREQUALIFICATION

The Project Design Manager, District Engineer, and Project Construction Manager and/or their designees herein ("Contractor Evaluation Team") will evaluate the information submitted by each Contractor to assess the Contractor's capability and qualifications.

The Contractor Evaluation Team will evaluate the prequalification packages as follows:

a) The Contractor Evaluation Team will determine which Contractors are responsive to the material terms and conditions of the invitation to submit pre-qualification packages. The Contractor Evaluation Team will then determine which of the responsive Contractors are technically, financially, and otherwise qualified and responsible to perform the Project satisfactorily and who have demonstrated the capacity to meet all other requirements of the Project.

b) If a Contractor is found responsive and qualified based upon the information in its prequalification package, the Contractor Evaluation Team will conduct interviews with the Contractors. The Contractor Evaluation Team will not conduct interviews for Contractors determined to be non-responsive or not qualified based on the information in their prequalification packages.

2. ESSENTIAL REQUIREMENTS

A. All contractors and subcontractors seeking pre-qualification must meet the essential requirements for pre-qualification in Part 1 of the Pre-qualification Questionnaire.

In addition to the essential requirements in Part 1 of the Pre-qualification Questionnaire, **general contractors** must:

1. Have successfully completed at least three contracts for construction of a wastewater treatment plant upgrade of similar type, complexity and comparable value (at least \$10 million) to the Project and utilizing treatment processes similar to those of the Project, in the past seven years, including electrical, mechanical and instrumentation systems. Referenced projects must include: (1) major earthwork including pipeline and structural excavations, (2) construction of cast-in-place reinforced concrete hydraulic structures, (3) installation of mechanical and yard piping, (4) installation and start-up of mechanical equipment, (5) coordination with on-going wastewater treatment plant operations, and (6) overall coordination of facility testing and start-up.

2. Identify two or more prospective project managers and superintendents who are currently employed by Contractor and have held similar positions on at least one wastewater treatment plant upgrade of type, complexity and value similar to the Project in the past three (3) years, and

3. Identify a project scheduler who has performed scheduling services for construction of at least one wastewater treatment plant upgrade of type, complexity and value similar to the Project in the last three (3) years.

4. Provide general liability insurance covering Contractor and Subcontractors with policy limit of at least 5 million dollars per occurrence and 10 million dollars aggregate.

B. In addition to the essential requirements in Part 1 of the Pre-qualification Questionnaire, **subcontractors** and contractors who intend to perform the following portions of the work (Mechanical, Electrical, and Instrumentation and Controls) must also:

1. Have successfully completed at least three contracts for construction and start up of the components of their respective specialty as noted below for wastewater treatment plants of type, size, and complexity similar to the Project in the past seven (7) years.

(a) For mechanical subcontractors: list projects where it performed work valued at least \$3 million including installation of pumping systems, screening equipment, grit removal systems, and similar types of equipment used.

(b) For electrical subcontractors: list projects where it performed work valued at greater than \$1 million that include elements such as (1) installation of 75 hp and larger motors, (2) installation of 75 hp and larger variable frequency drives (3) installation of 480 volt distribution switchboards and motor control centers (4)

installation of 800A or larger automatic transfer switch with momentary paralleling with utility (5) installation of electrical equipment and raceway in Class I hazardous locations.

(c) For instrumentation and control subcontractors: list projects of at least \$250,000 including elements such as installation of metering and monitoring equipment, SCADA systems and integration with existing instrumentation and control systems, for operation and monitoring of wastewater treatment facilities.

2. Identify a superintendent and foreman currently employed by contractor for the Project who have held similar positions on at least one wastewater treatment plant of type and complexity similar to the Project and for type and value of work noted above in the past three (3) years.

C. Contractors must meet all of the criteria listed above in order to be pre-qualified, in addition to receiving a passing score on the other evaluation criteria. Contractors who do not meet all of the criteria will not be found qualified to participate in bidding for the contract to construct the Project.

3. **APPEAL PROCESS**

The Contractor Evaluation Team will notify prospective contractors of the result of the pre-qualification process in writing. Any contractor who is not pre-qualified may appeal the determination to the District General Manager. The appeal process is as follows:

(a) Within five (5) calendar days of receipt of written notice that the contractor has not been pre-qualified, the prospective bidder shall notify the District General Manager of its intent to appeal. The notice of appeal shall be made in writing and delivered to the District General Manager at the address in the Notice Inviting Submission of Pre-qualification Packages. If requested by the prospective contractor in the notice of appeal, the District General Manager shall provide notification in writing of the basis of the disqualification and any supporting evidence received from others or adduced as a result of an investigation by the Contractor Evaluation Team. The District General Manager shall provide this information within five (5) calendar days of receiving the notice of appeal.

(b) Within five (5) calendar days of receipt of the District's information, the prospective bidder shall submit any and all evidence it wants the District General Manager to consider in support of its qualifications to perform the Project or submit a written request for a hearing at which to present evidence. The evidence or request for hearing shall be in writing and delivered to the District at the address in the Instructions for Completion of General Contractors and selected subcontractors Pre-qualification Package.

(c) If the District General Manager receives a timely request for a hearing, the hearing will held within ten (10) calendar days of the date the District's General Manager receives the request. The hearing will be before the District General Manager or his designee and will be recorded on audio and/or video tape. The prospective bidder may request that the hearing be recorded steno-graphically. If the prospective bidder requests a stenographic record, it shall be solely responsible for arranging the stenographer and paying all costs for the transcript. At the District General Manager's request, the prospective bidder shall furnish the District General Manager with a copy of the transcript, and the District shall pay no more than the cost of the copy.

(d) The District General Manager shall give the prospective bidder written notice of the outcome of the appeal no later than ten (10) calendar days after the hearing is concluded. The District General Manager's decision will be final and binding.

(e) If any of the above deadlines falls on a holiday or weekend day, then the deadline will be the next business day.

The District will strictly enforce the time limits in connection with appeals of determination of Contractor pre-qualification, and the bid date will not be extended on account of any appeal of a determination that a contractor is not qualified to submit a bid for the contract to construct the Project.

If a prospective bidder does not appeal a denial of pre-qualification through the process described above, the District's Contractor Evaluation Team's decision on pre-qualification may be adopted without further proceedings. **Failure to appeal within the time set forth above shall be deemed a failure to exhaust administrative remedies and act as a bar to subsequent litigation or other claims procedures.**

4. AUTHORITY OF GENERAL MANAGER

The District General Manager is authorized to modify the Model Forms created by the Department of Industrial Relations for Pre-qualification of Contractors Seeking To Bid On Public Works Projects and to prepare Pre-qualification Packages consistent with this Resolution.

5. MISCELLANEOUS

(a) A Contractor's pre-qualification status will immediately terminate if (1) the contractor's contracting license is suspended or terminated for any reason by the California State Licensing Board; (2) the Contractor is convicted of any crime or moral turpitude, (3) the District determines, after the Contractor is given the opportunity to respond, that the Contractor's application contains information that is materially false; or (4) the Contractor's control over a public works contract, whether within the District's jurisdiction or otherwise, is terminated for cause.

(b) Failure of a Contractor to give District written notice of changes in the information previously provided in its Pre-qualification Package within ten (10) days before a bid opening will result in the Contractor being ineligible to bid on the Project.

(c) Nothing contained within this Resolution, or otherwise, will require the District to rate or consider Contractors who have submitted documents that are materially false, substantially incomplete, or are untimely. Any Contractor who submits such documents will be deemed to have waived its right to be considered for bidding on the Project.

(d) The District's General Manager in his sole discretion at any time during the pre-qualification process, even after receiving and scoring applications, may cancel the pre-qualification process. If the pre-qualification process is cancelled as provided herein, and the District wishes to proceed with the Project, then the normal competitive bidding rules will apply. The District shall not be liable for the cost of prospective contractor may have incurred by submitting an application for pre-qualification, and the submittal of a pre-qualification application is a waiver to claim any such cost or losses due to cancellation of the process.

(e) Nothing contained in this Resolution is intended to delay or postpone the date for submitting and opening bids. Accordingly, to the extent practicable, the District's General Manager, or designee, will expedite the appeals process set forth here.

(f) This Resolution will remain effective until repealed or is superseded by subsequent Resolutions.

(g) This Resolution will take effect immediately upon adoption.

On the motion by Director _____, seconded by Director _____, and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

the foregoing resolution is hereby passed, approved and adopted by the Board of Directors of the Nipomo Community Services District this ___ day of _____, 2011.

JIM HARRISON, President
Nipomo Community Services District
Board of Directors

ATTEST:

APPROVED AS TO FORM:

Michael S. LeBrun
District General Manager
& Secretary to the Board

Jon S. Seitz,
General Counsel

TO: BOARD OF DIRECTORS
 FROM: MICHAEL S. LEBRUN *MSL*
 GENERAL MANAGER
 DATE: NOVEMBER 10, 2011

AGENDA ITEM
F
NOVEMBER 16, 2011

GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is October 21, 2011 through November 10, 2011.*

DISTRICT BUSINESS

Administrative

- Operations recruitment;
 - Written offers have been made to two Utility Worker candidates.
 - Over 100 applications have been received for the Customer Service position. All candidates meeting application requirements will be invited to take a written examination. The exam will be administered by District staff and results used to develop a short list of candidates to interview.
- Supplemental Water Project cost summary update (Attached).
- LAFCO Alternate Special District Member Election Results (Attached).
- News of Interest (all items are attached to this report)
 - USGS: Have Floods Changed with Increasing CO2 Levels
 - Tunnel Costs rose by \$298M
 - Catastrophic Drought in Texas Causes Global Economic Ripples
- Service Connections

Nipomo Community Services District Water and Sewer Connections	End of Month Report 2011					
	JULY	AUG	SEPT	OCT	NOV	DEC
Water Connections (Total)	4158	4164	4168	4232		
Sewer Connections (Total)	2987	2991	2994	3022		
Meters turned off (Non-payment)			14	18		
Meters off (Vacant)	73	69	59	64		
Sewer Connections off (Vacant)	33	34	30	28		
New Water Connections	2	6	0	0		
New Sewer Connection	0	4	3	0		
Galaxy & PSHH Sewer Connections billed to the County	460	460	460	460		

Meetings

Meetings attended:

- *October 24, Southland Contractor Pre-Qualification Development*
- *October 25, County Board of Supervisors Supplemental Water*
- *October 26, Regular Board Meeting*
- *November 1, Finance Committee Audit Review*
- *Completed AB 1234 (Ethics) Training*
- *November 3, Coordination with Board Officers*
- *November 3, Coordination with District Counsel*
- *November 4, Utility Worker Interview Panel*
- *November 7, Operator Interview Panel*
- *November 7, Coordination with Director Eby*
- *November 7, Dave Congalton Radio*
- *November 8, Hiring Panel Discussion/Cabinet Coordination Meeting*
- *November 9, Supplemental Water Project Town Hall #2*
- *November 10, All Staff Quarterly Safety Training*
- *November 10, NMMA Technical Group*

Meetings Scheduled:

- *November 18, CSDA SLO County Chapter*
-

Safety Program

No accidents, incidents, or injuries to report. Quarterly safety training conducted with all staff on November 10, 2011.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board

ATTACHMENTS

- Supplemental Water Project Cost Summary
- LAFCO Election Results
- USGS Flood Change
- October 29, 2011, Tunnel Cost Rises
- October 30, 2011, Texas Drought

Michael LeBrun

From: Donna Bloyd [dbloyd@slolafco.com]
Sent: Friday, November 04, 2011 1:12 PM
To: 'Adelaida Cemetery District'; 'Arroyo Grande Cemetery District'; 'Atascadero Cemetery District'; 'Avila Beach CSD'; 'California Valley CSD'; 'Cambria Cemetery District'; 'Cambria CSD'; 'Cambria Healthcare District'; 'Cayucos Fire District'; 'Cayucos Sanitary District'; 'Cayucos-Morro Cemetery District'; 'Coastal San Luis RCD'; 'Creston Hills Ranch CSD'; 'Garden Farms County Water District'; 'GroundSquirrel Hollow/Squire Canyon CSD'; 'Heritage Ranch CSD'; 'Independence Ranch CSD'; 'Linne CSD'; 'Los Osos CSD'; Michael LeBrun; 'Oceano CSD'; 'Paso Robles Cemetery District'; 'Port San Luis Harbor District'; 'S. SLO County Sanitation District'; 'San Miguel Cemetery District'; 'San Miguel CSD'; 'San Simeon CSD'; 'Santa Margarita Fire District'; 'Shandon Cemetery District'; 'Templeton CSD/Templeton Cemetery District'; 'Upper Salinas-Las Tablas RCD'
Cc: 'David Church'
Subject: LAFCO Alternate Special District Member Run-off Election

TO: Each Independent Special District

FROM: Donna Bloyd, LAFCO Commission Clerk

RE: LAFCO Alternate Special District Member

DATE: November 4, 2011

Thank you for your participation in the election for the LAFCO Alternate Special District Member. Marshall Ochylski has been elected for the position. The term will end December 2013.

The votes tallied as follows:

Marshall Ochylski	10
Brian Kreowski	6

We appreciate your interest in LAFCO.

**NIPOMO COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL WATER COST SUMMARY**

A/C #	DESCRIPTION	7/1/2004 TO 6/30/2005	7/1/2005 TO 6/30/2006	7/1/2006 TO 6/30/2007	7/1/2007 TO 6/30/2008	7/1/2008 TO 6/30/2009	7/1/2009 TO 6/30/2010	7/1/2010 TO 6/30/2011	7/1/2011 TO 6/30/2012	GRAND TOTAL
1645	Reservation Fee-City of Santa Maria	37,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,500.00
1590-A1	Feasibility Study (Cannon)	25,887.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,887.29
1590-A2	EIR Preparation (Wood & Assoc)	29,037.48	87,100.23	16,053.83	45,407.70	76,544.11	500.00	0.00	505.00	255,148.35
1590-A3	Est/Preliminary Schedule (Cannon)	3,706.19	2,602.75	0.00	0.00	0.00	0.00	0.00	0.00	6,308.94
1590-A4	Proposed Routes/Facilities (Cannon)	5,050.07	520.00	0.00	0.00	0.00	0.00	0.00	0.00	5,570.07
1590-A5	Prop 50 Grant Application	2,757.00	6,210.00	0.00	1,857.60	0.00	0.00	0.00	0.00	10,824.60
1590-A6	Project Support (Cannon)	0.00	11,797.44	0.00	0.00	0.00	0.00	0.00	0.00	11,797.44
1590-A7	Groundwater Grant Assistance (SAIC)	0.00	0.00	0.00	15,000.00	0.00	0.00	0.00	0.00	15,000.00
1590-B1	Shipsey & Seitz	0.00	23,095.55	17,564.25	2,201.50	18,224.00	16,601.58	18,664.80	4,250.40	100,602.08
1590-B2	McDonough, Holland & Allen	0.00	34,177.28	15,871.65	0.00	0.00	0.00	0.00	0.00	50,048.93
1590-B3	Richard, Watson & Gershon	0.00	9,472.38	27,954.81	0.00	0.00	0.00	0.00	0.00	37,427.19
1590-C1	Appraisals (Tarvin & Reeder Gilman)	0.00	0.00	16,170.00	10,000.00	0.00	8,900.00	3,600.00	0.00	37,770.00
1590-C2	Property Negotiations (Hammer Jewell)	0.00	0.00	0.00	0.00	15,250.00	14,748.75	36,481.90	3,989.32	70,469.97
1590-C3	Property Acquisitions	0.00	0.00	0.00	0.00	673.00	2,772.00	600.00	2,800.00	6,845.00
1590-D1	Reed Group and Wallace Group	0.00	2,809.85	0.00	0.00	7,585.45	4,476.25	0.00	0.00	14,871.55
1590-D2	Lobbying	0.00	0.00	0.00	38,801.11	38,950.00	54,000.00	9,000.00	0.00	140,751.11
1590-E1	Preliminary Engineering Design (Boyle)	0.00	6,470.33	223,266.67	103,460.19	2,194.43	0.00	0.00	0.00	335,411.62
1590-E2	Water Modeling by Carollo (City of SM)	0.00	0.00	24,942.00	0.00	0.00	0.00	0.00	0.00	24,942.00
1590-E3	Alternative Water Supplies (Boyle)	0.00	0.00	164,230.48	70,772.01	0.00	0.00	0.00	0.00	235,002.49
1590-E4	Project Information (Boyle)	0.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	6,000.00
1590-E5	Project Design (AECOM)	0.00	0.00	0.00	0.00	752,319.66	228,952.01	172,785.69	0.00	1,154,057.36
1590-E6	Pressure Testing	0.00	0.00	0.00	0.00	8,682.92	0.00	0.00	0.00	8,682.92
1590-E7	Peer Review	0.00	0.00	0.00	0.00	7,571.05	37,349.25	12,134.80	0.00	57,055.10
1590-E8	Pot Hoing	0.00	0.00	0.00	0.00	0.00	29,053.05	0.00	0.00	29,053.05
1590-F1	Lab Testing (FGL Environmental)	0.00	0.00	5,047.00	0.00	0.00	0.00	0.00	0.00	5,047.00
1590-F2	Copy/Print	0.00	0.00	740.24	1,022.01	0.00	0.00	52.07	0.00	1,814.32
1590-G1	Permits	0.00	0.00	0.00	0.00	130.00	0.00	0.00	0.00	130.00
1590-H1	Assessment District	0.00	0.00	0.00	0.00	83,030.71	21,227.92	56,931.64	8,518.50	169,708.77
1590-H2	SLO County Reimb Agreement-JPA	0.00	0.00	0.00	0.00	0.00	36,603.80	6,799.89	0.00	43,403.69
1590-H3	Purveyor Partner Reimbursements to NCS	0.00	0.00	0.00	0.00	0.00	0.00	(10,492.04)	0.00	(10,492.04)
1590-H4	A/D Financial Advisor	0.00	0.00	0.00	0.00	0.00	0.00	8,835.63	0.00	8,835.63
1590-H5	A/D Outreach/Education	0.00	0.00	0.00	0.00	0.00	0.00	74,571.75	66,084.02	140,655.77
1590-I1	Construction Management (MNS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1590-I2	Arborist (A&T Arborist)	0.00	0.00	0.00	0.00	0.00	2,830.00	0.00	0.00	2,830.00
1590-Z1	Wages-Capitalized	0.00	29,076.92	35,884.51	28,197.08	31,926.57	50,005.29	46,698.55	12,564.47	234,373.39
1590-Z2	Payroll Taxes-Capitalized	0.00	587.22	587.42	455.96	504.53	2,058.44	1,918.13	182.46	6,294.16
1590-Z3	Retirement-Capitalized	0.00	8,418.08	10,344.53	8,110.84	8,690.47	9,443.17	6,729.62	3,036.55	54,773.26
1590-Z4	Medical-Capitalized	0.00	2,861.36	3,367.02	2,564.86	2,757.36	3,390.94	3,352.92	590.60	18,885.08
1590-Z5	Dental/Vision-Capitalized	0.00	0.00	247.90	328.23	348.15	459.62	239.83	79.08	1,702.81
1590-Z6	Workers Compensation-Capitalized	0.00	260.35	341.83	225.21	259.81	271.21	277.61	50.81	1,686.83
		103,938.03	225,459.74	562,634.14	334,404.32	1,055,642.22	522,743.28	449,182.78	102,671.21	3,356,675.73

**NIPOMO COMMUNITY SERVICES DISTRICT
CERTIFICATES OF PARTICIPATION
DEBT SERVICE SCHEDULE**

	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL BALANCE
FY June 30, 2004	0.00	136,384.79	136,384.79	4,000,000.00
FY June 30, 2005	75,000.00	169,950.00	244,950.00	3,925,000.00
FY June 30, 2006	80,000.00	167,625.00	247,625.00	3,845,000.00
FY June 30, 2007	80,000.00	165,225.00	245,225.00	3,765,000.00
FY June 30, 2008	85,000.00	163,132.50	248,132.50	3,680,000.00
FY June 30, 2009	85,000.00	161,198.75	246,198.75	3,595,000.00
FY June 30, 2010	85,000.00	158,988.75	243,988.75	3,510,000.00
FY June 30, 2011	90,000.00	156,425.00	246,425.00	3,420,000.00
FY June 30, 2012	90,000.00	153,545.00	243,545.00	3,330,000.00
FY June 30, 2013	95,000.00	150,397.50	245,397.50	3,235,000.00
FY June 30, 2014	100,000.00	146,885.00	246,885.00	3,135,000.00
FY June 30, 2015	100,000.00	143,110.00	243,110.00	3,035,000.00
FY June 30, 2016	105,000.00	139,137.50	244,137.50	2,930,000.00

T:\DOC\FINANCE\SUPP WATERCOST SUMMARY.XLS

**NIPOMO COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL WATER PROJECT
MONTHLY REPORT TO THE BOARD OF DIRECTORS
(FY JUNE 30, 2012)**

REVENUES FY 2011-2012 (1)	<u>MONTH OF</u> <u>SEPTEMBER</u>	<u>FISCAL YEAR</u> <u>7/1/2011 TO</u> <u>6/30/2012</u>
Supplemental Water Capacity Fees Collected	0.00	14,605.00
Interest Income (monthly & quarterly posting)	539.91	1,630.05
Revenue Subtotal	539.91	16,235.05
EXPENDITURES FY 2011-2012 (2)		
<u>CONSULTANTS</u>		
1590-A1 Feasibility Study (Cannon)	0.00	0.00
1590-A2 EIR Preparation (Wood & Assoc)	505.00	505.00
1590-A3 Estimate/Preliminary Schedule (Cannon)	0.00	0.00
1590-A4 Proposed Routes/Facilities (Cannon)	0.00	0.00
1590-A5 Prop 50 Grant Applicatin	0.00	0.00
1590-A6 Project Support (Cannon)	0.00	0.00
1590-A7 Groundwater Grant Assistance (SAIC)	0.00	0.00
<u>LEGAL</u>		
1590-B1 Shipsey & Seitz	0.00	4,250.40
1590-B2 McDonough, Holland & Allen	0.00	0.00
1590-B3 Richards, Watson & Gershon	0.00	0.00
<u>LAND ACQUISITION</u>		
1590-C1 Appraisals (Tarvin & Reeder Gilman)	0.00	0.00
1590-C2 Property Negotiations (Hamner Jewell)	0.00	3,989.32
1590-C3 Property Acquisitions	0.00	2,800.00
<u>FINANCIAL</u>		
1590-D1 Reed Group and Wallace Group	0.00	0.00
1590-D2 Lobbying	0.00	0.00
<u>ENGINEERING</u>		
1590-E1 Preliminary Engineering Design (AECOM)	0.00	0.00
1590-E2 Water Modeling by Carollo (City of Santa Maria)	0.00	0.00
1590-E3 Alternative Water Supplies (AECOM)	0.00	0.00
1590-E4 Project Information (AECOM)	0.00	0.00
1590-E5 Project Design (AECOM)	0.00	0.00
1590-E6 Pressure Testing	0.00	0.00
1590-E7 Peer Review	0.00	0.00
1590-E8 Pot Holing	0.00	0.00
<u>OTHER</u>		
1590-F1 FGL Environmental	0.00	0.00
1590-F2 Copy/Print	0.00	0.00
<u>PERMITS</u>		
1590-G1 Santa Maria Valley Water Conservation District	0.00	0.00
<u>ASSESSMENT DISTRICT</u>		
1590-H1 Wallace Group	3,952.50	8,518.50
1590-H2 SLO County Reimbursement Agreement for JPA	0.00	0.00
1590-H3 Purveyor Partner Reimbursements to NCSD	0.00	0.00
1590-H4 A/D Financial Advisor	0.00	0.00
1590-H5 A/D Outreach/Education	5,230.18	66,084.02
<u>CONSTRUCTION</u>		
1590-I1 Construction Management (MNS)	0.00	0.00
1590-I2 Arborist (A&T Arborists)	0.00	0.00
<u>SALARY AND BENEFITS (3)</u>		
1590-Z1 Wages-Capitalized	5,342.46	12,584.47
1590-Z2 Payroll Taxes-Capitalized	77.46	182.46
1590-Z3 Retirement-Capitalized	1,359.79	3,036.55
1590-Z4 Medical-Capitalized	295.30	590.60
1590-Z5 Dental/Vision-Capitalized	39.54	79.08
1590-Z6 Workers Compensation-Capitalized	21.57	50.81
Expenditure Subtotal	16,823.80	102,671.21
Net Revenues less Expenditures	(16,283.89)	(86,436.16)
Beginning Fund Balance as of July 1, 2011		2,070,224.10
Ending Fund Balance as of September 30, 2011		1,983,787.94

(1) See attached "Supplemental Water Fees Collected" Schedule for more detail.

(2) See attached "Supplemental Water Cost Summary" for more detail.

(3) Salary and Benefits of GM and District Engineer are allocated among NCSD projects and capitalized as part of the cost of the project.

Have Floods Changed with Increasing CO₂ Levels?

Only one of four large regions of the United States showed a significant relationship between carbon dioxide (CO₂) in the atmosphere and the size of floods over the last 100 years. This was in the southwestern region, where floods have become smaller as CO₂ has increased.

This does not mean that no strong relationship between flooding and greenhouse gases will emerge in the future.

An increase in flood magnitudes remains one of the most anticipated impacts of climate change, and land and water resource managers are asking questions about how to estimate future flood risks and develop effective flood mitigation strategies for the future.

A new report published by U.S. Geological Survey scientists in the *Hydrologic Sciences Journal* looks at this potential linkage using historical records of floods throughout the nation. Scientists studied flood conditions at 200 locations across the United States looking back 127 years through 2008.

"Currently we do not see a clear pattern that enables us to understand how climate change will alter flood conditions in the future, but the USGS will continue to collect new data over time and conduct new analyses as conditions change," said USGS scientist and lead author Robert Hirsch. "Changes in snow packs, frozen ground, soil moisture and storm tracks are all mechanisms that could be altered by greenhouse gas concentrations and possibly change flood behavior. As we continue research, we will consider these and other factors in our analyses."

The decrease of floods in the southwestern region is consistent with other research findings that this region has been getting drier and experienced less precipitation as a likely result of climate change.

"The relationship between greenhouse gas concentrations and floods is complex, demonstrating the need for long-term streamflow data to help guide future flood hazard mitigation and water resources planning," said Matthew Larsen, USGS Associate Director for Climate and Land Use Change. "USGS streamgages provide real-world data to help scientists understand this relationship. Planning for water supplies and flood hazards should be informed by a combination of predictive modeling approaches as well as statistical approaches such as this study."

The USGS operates over 7600 streamgages across the United States, collecting data on the amount of water flowing in streams and rivers. This study used data from 200 of these USGS streamgages, each of which had between 85 and 127 years of data through 2008.

Climate changes that could influence flood magnitudes include shifts in the intensity and tracks of various types of storms and changes in the type of precipitation (rain versus snow). The conditions on the landscape when large storms arrive can also change (for example, smaller snowpacks, less soil moisture and less frozen soil). All of these can influence the size of floods. Of course, human activities within the watershed can also have a major influence in the size of floods. These include urbanization, building of dams and levees, and shifts in vegetation types and drainage of soils and wetlands. At the present time, we see much larger changes in flooding from these causes than we can see from greenhouse forcing.

In this study, the United States was divided into four large regions, and research showed some regional differences in the way that flood magnitudes have varied with CO₂ concentrations over the past century. In the northwestern and southeastern regions of the United States, there is virtually no evidence of increases or decreases in flood magnitudes over the study period. The northeastern region (which stretches from the middle of the Dakotas and Nebraska all the way east to the New York and New England area) shows a tendency towards increases in flooding over this period.

The article, "Has the magnitude of floods across the USA changed with global CO₂ levels," is available [online](#). The article contains a map of the results and extensive tables, which identify the streamgages used in the study and the site-specific findings for each of them.

To learn more about USGS streamgages, visit the [USGS National Streamflow Information Program](#).

Tunnel costs rose by \$298 million over time Initial engineer's estimate was \$161 million for water authority project

Written by
Jeff McDonald
Oct. 29, 2011

Tunnel costs rose by \$298 million over time

Cost timeline

- \$161 million: April 2005 construction estimate from the San Diego County Water Authority engineer.
- \$198 million: Lowest of three bids received by the Water Authority. "Construction bids for San Vicente Pipeline were opened on April 20, 2005, and were significantly higher than the final estimate," a June 15, 2005, staff report states.
- \$218 million: After 89 change orders added almost \$20 million to the contract, the pipeline is signed off as completed. "The San Vicente Pipeline construction is now complete and we can record the Notice of Completion," a January 2011 staff report states.
- \$342 million: Amount listed on a Jan. 19, 2011, news release from the water authority. "The \$342 million San Vicente Pipeline will improve emergency water distribution to water agencies in the southern half of the county," the release states.
- \$459 million: In a presentation Jan. 24, 2011, Water Authority General Manager Maureen Stapleton told the San Diego City Council the "San Vicente Tunnel & Pipeline System" cost \$459 million. In response to questions from The Watchdog, her staff said she included related projects in the amount.

Source: San Diego County Water Authority; San Diego City Council

Before the San Diego County Water Authority approved building an 11-mile tunnel from Rancho Peñasquitos to the San Vicente Reservoir in 2005, the engineering firm estimated the project would cost \$161 million. The low bid for the San Vicente Pipeline came back at \$198 million, so the board went with that. By the time water officials gathered for the ribbon-cutting six years later, the cost was pegged at \$342 million.

Five days after that, when General Manager Maureen Stapleton spoke before the San Diego City Council to explain a rate increase in late January, she placed the project cost at \$459 million. Stapleton declined to discuss the growing price tag for the project, which was completed in January and is now in litigation. Board Chairman Michael Hogan said his colleagues knew the project would cost more than \$198 million approved in 2005, even though their four-page staff report that day made no mention of additional costs.

"This project was thoroughly discussed by the board, and I certainly believe all of the board members have a comprehensive understanding of the project," he wrote in a prepared response.

The pipeline is part of an ambitious emergency-storage plan adopted by the water board in 2000. The tunnel, which runs from west of Interstate 15 to the San Vicente Portal south of the dam, is a 103-inch pipeline that supplies central and south San Diego County with water when imports are unavailable.

The tunnel is the subject of a lawsuit between the water agency and its general contractor, Traylor Shea Joint Venture, which is seeking up to \$140 million for breach-of-contract and other complaints. A Massachusetts subcontractor claims the authority inflated cost projections in anticipation of a settlement of that lawsuit. He also says he was forced out of business by infighting between the agency and Traylor Shea.

“They are trying to show as high a cost as possible, so when the lawsuit is complete they can say ‘See, we came in below budget,’” said Bill Walsh of W. Walsh & Co. “But the job did double in cost, and they put me out of business.”

Deputy general manager Frank Belock said the project is a worthwhile investment that will serve the region for decades to come. He said there was no effort to hide the overall price; some staff reports included a full accounting of project costs and others included subsets. The San Vicente Pipeline report presented to the board in 2005 was focused on construction, he said, excluding other supporting costs.

According to Belock, the construction cost \$214 million; planning and design cost \$27 million; construction management was \$60 million; and \$41 million was set aside as reserves. That comes to \$342 million, the amount cited in the news release issued at the January ribbon-cutting, he said.

Public-policy and construction experts said it is unusual to ask a governing board to approve a capital project without detailing the total cost in advance of any vote. “It may be totally innocent but my first reaction is that something is wrong,” said Catherine Burke, a professor of public administration in the School of Policy, Planning and Development at the University of Southern California. “The point is, all of it is supposed to be included in the total cost of the project.”

Donald McIntyre is a retired city manager of Pasadena and former executive of the Orange County Sanitation District. He said he has written hundreds of reports to board members and always includes the total project cost in those reports.

“I wouldn’t say it’s odd” to exclude budgetary information, he said. “But it is one of the contradictions of bureaucracies. The best practice would be to always have the total costs.”

Professor Hank Hoffman at the USC School of Engineering said construction management usually accounts for 5 percent to 10 percent of a contract — not the 28 percent the water authority reported.

“There might be some circumstances that would drive it higher or lower,” he said. “But I don’t know what they did to warrant \$60 million.”

When asked about the construction-management expenses, Belock wrote, “The construction phase costs include litigation support to defend the contractor’s claims, design team support during construction, insurance, and Water Authority staff oversight.”

The \$41 million set aside as reserves may not be enough to pay damages to Traylor Shea. In June, the contractor sued the water authority for up to \$140 million, claiming that it misled the company about the difficulty of tunneling through rocky terrain. “The harder-than-represented ground caused thousands of hours in downtime to reconfigure, repair or replace components of the digger shield during which production was essentially at a standstill and labor was idle,” the complaint says.

Lawyers for Traylor Shea did not return calls seeking comment.

Agency profile
San Diego County Water Authority

- Organized in 1944 to provide a safe and reliable supply of imported water to member agencies.
- Serves western one-third of county, or approximately 1,474 square miles.
- Governed by a 36-member board representing 24 separate agencies.
- 2010 revenue: \$436.5 million
- Oversees \$3.8 billion capital-improvement budget to build and expand water treatment and storage network for member agencies.

Source: 2010 Comprehensive Financial Annual Report

Daniel Hentschke, the water agency's general counsel, conceded there were problems with the engineer's estimate for digging, but those were not responsible for all of the cost-overruns and project delays. The Traylor Shea complaint "is basically blaming everything that went wrong on the project on the different site conditions," he said. "We just don't buy it."

Walsh, the Massachusetts subcontractor hired by Traylor Shea to install a cement lining inside the 11-mile pipeline, said disputes between the water agency and contractor cost him his company. He agreed to line the tunnel for \$4.5 million, but \$1.9 million was withheld after agency officials questioned the workmanship. Walsh said Traylor Shea was paid for work his employees performed but the contractor didn't pay him.

He settled his suit against Traylor Shea for \$400,000 last month, saying he couldn't afford to press the case any further. The loss of his 50-year-old business cost 45 workers their jobs, Walsh said. "We were chum in the water between two fighting sharks," he said.

The cost of new pipelines and other improvements is paid by the sale of water to members of the water authority. The regional board has raised the price of wholesale water over the past four years, triggering rate hikes by cities and water districts across the county.

When Stapleton appeared at the San Diego City Council in January to explain the latest price increase, she presented a slide show indicating that the San Vicente Pipeline cost \$459 million. Belock and Hogan said Stapleton appears to have included related projects in the overall cost. "I don't believe she was being disingenuous at all," Belock said. "That's just how (the cost) was characterized in the power point."

Catastrophic Drought in Texas Causes Global Economic Ripples

By KATE GALBRAITH
Published: October 30, 2011

AUSTIN — The drought map created by University College London shows a number of worryingly dry areas around the globe, in places including East Africa, Canada, France and Britain. But the largest area of catastrophic drought centers on Texas. It is an angry red swath on the map, signifying what has been the driest year in the state's history. It has brought immense hardship to farmers and ranchers, and fed incessant wildfires, as well as an enormous dust storm that blew through the western Texas city of Lubbock in the past month.

"It's horrible," said Don Casey, a rancher in central Texas who sold off half his cattle after getting only about two inches of rain over a one-year stretch and may sell more. "Even if it starts raining, it's going to take so long for the land to recover".

At the moment, 70 percent of Texas is experiencing "exceptional drought" — the worst classification — along with 55 percent of Oklahoma and significant chunks of Louisiana, New Mexico and Kansas. Northern Mexico is also affected. Because it covers a huge and economically significant area, the Southwestern drought is having effects across the United States and even internationally, particularly in the food and agriculture sectors.

Some of the farthest-reaching effects may be on world cotton markets. Texas produces about 50 percent of U.S. cotton, and the United States in turn grows between 18 and 25 percent of the world's cotton, according to Darren Hudson, director of the Cotton Economics Research Institute at Texas Tech University. This year, however, yields even from irrigated crops have fallen about 60 percent on the high plains where the bulk of Texas's cotton crop grows, Mr. Hudson said. Farmers have given up on their "dry-land," or unirrigated, cotton crops.

World cotton prices, which had been at historic highs, have fallen recently, Mr. Hudson said, but that is mainly because the sluggish economy and other factors have outweighed the loss of supply. "Although prices have come down, they probably would have come down more, had we had a normal crop year," he said.

Because production has fallen off, he said, "buyers that would normally have come to Texas for this year to buy cotton for Asian markets are starting to look elsewhere" — to other cotton-producing countries like Brazil and Australia. As those buyers form new relationships, it is possible some will not return to Texas, even when the rains resume.

Other Texas crops hurt by drought include peanuts, corn and wheat. Also, pumpkins were in short supply with the approach of Halloween, the Oct. 31 holiday of which they are a feature in the United States. Rice crops will take a hit if the drought continues next year. The cattle industry is also reeling. Many Texas ranchers are selling off large parts of their herds as the grass dries out and water becomes scarce. Some are buying hay from farms a thousand miles away, despite the high cost of shipping.

The sell-off of cattle because of the Southwestern drought could push already-high beef prices higher during the coming years, according to Kevin Good, a senior market analyst at CattleFax, a company that does market analysis for the cattle industry. That is because many cattle are headed to the slaughterhouses now, reducing future supply.

Mr. Casey, the central Texas rancher, has devised new ways of feeding his remaining herd. Because the grass they would normally graze on has dried up, he is using a byproduct of cotton gins that has the seeds and fibers removed. But he is about to run out of this product, which is often called “cotton trash” — and with Texas cotton crops reduced, it is hard to find more. So he plans to spend a few hours a day burning thorns off prickly pear cacti that grow on his land, to make them edible for cattle. “I’m sort of waiting for it to get cold before I’m out there with that flamethrower,” said Mr. Casey, adding that ranchers doing this should be able to get exemptions from local burn bans.

Economists at the Texas Agrilife Extension Service calculated in August that the drought’s cost to Texas agriculture had reached \$5.2 billion . The losses have only increased since then. Scientists expect climate change to worsen the effect of droughts. **“While drought will always be a part of the natural climate variability of the Southern Plains, the impacts of drought in a warming world are likely to become even more pronounced,”** David P. Brown, an official in the National Oceanic and Atmospheric Administration who is based in Fort Worth, Texas, said in an e-mail.

That is the case elsewhere, too, scientists say. Research by Eleanor Burke, a specialist in climate extremes at the Hadley Center of the Met Office in Britain, projects that if global temperatures rise by 4 degrees Celsius (7.2 degrees Fahrenheit) — a fairly high amount — then southern Africa, Southeast Asia, the Amazon and the Mediterranean region would be considerably more prone to drought .

Analysis released last week by the National Oceanic and Atmospheric Administration found that in the Mediterranean, droughts are already increasingly common during winter, when the region typically gets more rainfall, with part of the cause being climate change caused by humans . In the U.S. Southwest, the current drought is generally attributed to La Niña, an intermittent Pacific Ocean phenomenon that generally causes dry and warm winters in the region.

But Texas’s state climatologist, John Nielsen-Gammon, also said that record-high temperatures over the summer — Austin, for example, experienced 90 days this year that reached 100 degrees Fahrenheit (38 degrees Celsius) — dried out the soil and worsened the drought’s effect.

La Niña has returned, and U.S. government scientists now expect the Southwestern drought to last through February at least. That is terrible news for farmers and ranchers and will affect a number of other economic sectors too, like tourism and electric power production.

For many, the worst part about drought is not knowing when it will end. “Uncertainty is what makes it so difficult,” said Mr. Casey, the rancher. “If we knew what was going to happen, we could make adjustments.”

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN
GENERAL MANAGER

DATE: NOVEMBER 10, 2011

AGENDA ITEM

G

NOVEMBER 16, 2011

COMMITTEE REPORTS

ITEM

Receive Committee meeting minutes.

BACKGROUND

The following meetings were held for which meeting minutes are being provided:

- November 1, 2011, Finance and Audit Committee Meeting Minutes

RECOMMENDATION

It is recommended that your Honorable Board discuss the meeting minutes as appropriate.

ATTACHMENTS

- Finance and Audit Committee Meeting Minutes

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NIPOMO COMMUNITY SERVICES DISTRICT

NOVEMBER 1, 2011

MINUTES

FINANCE AND AUDIT COMMITTEE

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

Chairman Vierheilig called the meeting to order at 9:00 a.m. Both Chairman Vierheilig and Director Eby were in attendance along with staff members Michael LeBrun and Lisa Bognuda. No members of the public were present.

2. REVIEW AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2011

Bob Crosby, CPA, reviewed the draft audit report for Fiscal Year ending June 30, 2011. The Committee asked questions of Mr. Crosby and staff. The final audit report for June 30, 2011, will be presented to the Board of Directors on November 16, 2011.

3. REVIEW PROPOSED AMENDMENT TO THE CALIFORNIA EMPLOYER'S RETIREE BENEFIT TRUST PROGRAM ("CERBT") AGREEMENT TO ALLOW THE USE OF THE ALTERNATIVE MEASUREMENT METHOD (AMM) TO PERFORM THE OPEB VALUATION

The proposed amended contract that would allow the District to use the AMM were discussed. The Committee unanimously agreed to recommend the Board of Directors approve the amended contract and direct Staff to use the Alternative Measurement Method for reporting to CERBT.

4. REVIEW CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICE (CDARS) ACCOUNT BALANCE

The Committee reviewed the CDARS account balance and maturity dates. The Committee unanimously agreed to direct the General Manager to include this information in the Manager's Report.

5. ADJOURN

The meeting was adjourned at 9:45 a.m.