MINUTES OF THE JOINT REGULAR MEETING OF THE
ENGINEERING AND OPERATIONS COMMITTEE
AND SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE RANCHO CALIFORNIA WATER DISTRICT

Thursday, March 27, 2014
8:30 a.m.

DIRECTORS PRESENT:
Jack Hoagland, Chairman
Ben Drake
Bill Plummer

STAFF PRESENT:
Matt Stone, General Manager
Richard Williamson, Assistant General Manager (left at 10:00 a.m.)
Craig Elitharp, Director of Operations and Maintenance
Andrew Webster, Chief Engineer
Warren Back, Engineering Manager-Planning
Bill Barnes, Field Services Manager-Facilities
Tim Carlisle, Field Services Manager-Construction
Fred Edgecomb, Water Reclamation Manager
Rich Ottolini, Water Operations Manager
Corey Wallace, Engineering Manager-Design
Randy Neff, Principal Engineer (left at 10:00 a.m.)
Meggan Valencia, Public Information Officer
Jake Wiley, Principal Engineer
Vicki Browder, Budget/Debt Administrator
Mike McGrath, Water System Supervisor
Leslie Mayer, Sr. Administrative Assistant/Recording Secretary

OTHERS PRESENT:
Lisa Herman, Alternate, RCWD Engineering and Operations Committee
Steve Corona, RCWD Board of Directors
James Stewart, RCWD Board of Directors
Roger Ziemer, RCWD Board of Directors
Ingrid Fleischer/EMA Inc. (left at 10:00 a.m.)

This Committee meeting is also noticed as a special meeting of the Board of Directors because a quorum of the Board may be present. Members of the Board who are not members of the Committee may attend and participate in the meeting, but only members of the Committee may make, second, or vote on any motion or other action of the Committee. Any actions taken pursuant to this agenda will be actions within the purview of the Committee and shall be approved by an affirmative vote of a majority of the quorum of the Committee. The Committee is not empowered to act for or on behalf of the Board or the District unless exercising delegated authority from the Board. Any actions taken by the Committee shall be deemed recommendations of the Committee for future consideration by the Board at a separately noticed regular or special meeting of the Board of Directors. The Board of Directors retains all powers, privileges, and duties to exercise and perform the business of the District.
Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the District Secretary at (951) 296-6900 at least 48 hours before the meeting, if possible.

The meeting was called to order at 8:30 a.m. by Chairman Hoagland.

**ADDITIONS TO AGENDA**

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the District after the Agenda was posted.

There were no additions to the Agenda.

**APPROVAL OF AGENDA**

Chairman Hoagland called for approval of the Agenda of the Regular Meeting of the Engineering and Operations Committee of the Rancho California Water District of March 27, 2014, as presented.

**MOTION:** Director Drake moved to approve the Agenda of the Regular Meeting of the Engineering and Operations Committee of the Rancho California Water District of March 27, 2014, as presented. Director Plummer seconded the motion, and it carried unanimously.

**PUBLIC COMMENT**

An opportunity was given for any person to address the Engineering and Operations Committee (Committee) upon any subject not identified on the Agenda, but within the jurisdiction of the Rancho California Water District. For items not listed on the Agenda, the Brown Act imposes limitations on what the Committee may do during public comment. As to matters on the Agenda, persons will be given an opportunity to address the Committee when the matter is considered.

There was no public comment.


Engineering Manager-Planning Warren Back addressed the Engineering and Operations Committee (Committee) to present information relative to a revised proposed Fiscal Year (FY) 2014-2015 Minor Capital Project list, including specific locations for all minor capital projects, as requested by Director Drake at the February 27, 2014 regular Committee meeting.

Reminding that the FY 2014-2015 Minor Capital Project list was previously reviewed at the February 27, 2014 regular Committee meeting, Mr. Back advised that staff has since modified the budget amount of this list, as a result of staff’s ongoing review process for the operating budget; specifically, the costs associated with the
actual programming of all Programmable Logic Controllers (PLC) is now included within the subject budget, increasing the previously-reviewed budget amount by $100,000, or from $3,386,000 to $3,486,000. Further, Mr. Back instructed that the requested locations for all minor capital projects are included in the Committee meeting packet, represented by Location Maps “A” through “F.”

Continuing, Mr. Back displayed several slides representing all Minor Capital Projects listed in staff’s report, and provided a brief explanation of each project category throughout discussion of this item.

To a few questions submitted by Chairman Hoagland, Mr. Back advised that the proposed kilowatt hour meters will allow tracking for facility production efficiency, or “wire to water” efficiency, and Water Operations Manager Rich Ottolini advised that the District’s Supervisory Control and Data Acquisition (SCADA) system will monitor and track the most efficient pump station electrical components; however, water operations staff will use a database to track well production efficiencies. Finally, Mr. Back added that staff will utilize this information, as well as other performance measures, as part of an asset management plan to properly determine equipment renewal or replacement.

In response to staff’s proposed use of LED lighting for District sites, Director Drake and Chairman Hoagland queried staff as to whether or not motion sensors should be included with the installation of the proposed lighting systems, rather than allowing the lighting systems to run for straight 12-hour periods. Director Drake suggested that it is up to staff as to whether or not a consultant is contracted to provide specific suggestions for lighting at the District’s facilities, both for security and other purposes. For those sites that don’t require fixed 12-hour lighting cycles, staff should consider the use of motion sensors in order to conserve energy and curb costs. Director Ziemer added that, where lighting of District facilities occurs within residential areas, consideration should be taken into account for any potential nuisance lighting as a result of motion sensor use (lighting turning on and off) and to “block” the lighting in general from any nearby residents.

To a comment submitted by Director Plummer, Engineering Manager-Design Corey Wallace agreed that gate valves will be used instead of butterfly valves wherever possible.

Brief general discussion ensued regarding the use of water quality sampling stations versus fire hydrants for the purpose of water quality sampling, in order to follow proper sampling protocol.

With regards to staff’s proposed manhole and pipeline improvements, Chairman Hoagland asked why this proposed project is included with the Minor Capital Project list and noted that he is not comfortable with the proposed budget cost for the improvements, based on staff’s explanation of the work to be done.
MOTION: Director Plummer moved to recommend the Board of Directors approve the revised proposed Minor Capital Projects for FY 2014-2015, as delineated in Appendix “A” for the total cost of $3,486,000, the total cost of which to be included in the FY 2014-2015 Budget, with possible reimbursement with long-term financing. It was further moved that specific comments by the Committee regarding various minor capital projects be addressed by staff prior to Board of Directors’ consideration and approval. Director Drake seconded the motion, and it carried unanimously.

Item 2. Review and Consider Approval of an Emergency Interconnection Agreement Between Rancho California Water District and Eastern Municipal Water District

Engineering Manager-Planning Warren Back addressed the Engineering and Operations Committee (Committee) to provide information relative to a proposed emergency interconnection agreement between Rancho California Water District (RCWD/District) and Eastern Municipal Water District (EMWD).

Utilizing a PowerPoint presentation and providing background information, Mr. Back advised that a current intertie agreement exists between the District and EMWD, dating back to July 1974, which provided an interim water supply solution for EMWD to service the Murrieta Hot Springs area, as well as a two-way supply between the Districts, with a peak flow of 500 gallons per minute (gpm).

Displaying a few slides depicting drawings and photographs of the existing intertie at Del Haven Street and Murrieta Hot Springs Road, Mr. Back reported that EMWD is currently reviewing the need for this intertie and whether or not they may consider terminating the agreement and abandoning the facility.

Next, Mr. Back discussed an existing interconnection location at Butterfield Stage Road, which was completed by EMWD at its expense, as part of the Roripaugh Ranch project; however, an executed emergency interconnection agreement is not yet established between EMWD and RCWD. He also discussed another proposed interconnection location at Jackson Avenue, as part of pipeline improvements coordinated with the City of Murrieta, which would be funded by the District.

Concluding his presentation, Mr. Back discussed key points of the proposed emergency interconnection agreement, as follows:

- Allow two-way flow, up to 2,500 gpm;
- Coordinated operations during emergency deliveries;
- EMWD shall own, operate, and maintain the Butterfield Stage Road intertie; RCWD shall own, operate, and maintain the Jackson Avenue intertie; and
- Billing of deliveries will be credited or added to the RCWD monthly billing from EMWD.

With regards to funding of the Jackson Avenue intertie, Mr. Back indicated that the funding required, in the approximate amount of $40,000, will be placed on an upcoming Capital Improvement Plan fiscal year budget.
General discussion ensued regarding the use of both the Butterfield Stage Road and Jackson Avenue interties and the draft emergency interconnection agreement provided in the Committee meeting packet. Mr. Back noted that Best Best & Krieger is reviewing the draft agreement once again and he will advise if any significant modifications were suggested at the time that this item is presented to the Board of Directors at the April 10, 2014 regular meeting.

Chairman Hoagland commented that, while he does not have a problem with the interconnection agreement concept, he does not agree with the expenditure of $40,000 associated with the proposed Jackson Avenue interconnection, as the interconnection facility would exist for a “temporary need.”

**MOTION:** Director Plummer moved that the Engineering and Operations Committee recommend the Board of Directors approve an Emergency Interconnection Agreement with Eastern Municipal Water District, in order to provide two emergency water supply connections between each agency. Director Drake seconded the motion, and it carried unanimously.

**Item 3. Consider Request for Approval of Additional Funding for the Bear Creek, Camaron Road, and Vista Del Mar Pressure Reducing Station Modifications (Project No. D1692)**

Engineering Manager-Design Corey Wallace addressed the Engineering and Operations Committee (Committee) to provide information regarding staff’s request for approval of additional funding for the Bear Creek, Camaron Road, and Vista Del Mar Pressure Reducing (PR) Station Modifications (Project No. D1692).

Beginning with a PowerPoint presentation, Mr. Wallace first displayed a few photographs of Rancho California Water District’s (District) Vista Del Mar PR Station during construction and after construction completion, noting that it is a significant District facility that handles a wide range of flows and is the only source of water supply for specific regulated zones.

Continuing with a summary of budgeted and expended project costs, Mr. Wallace explained that, while the total budgeted project cost for the subject PR station modifications was $1,125,000, the expended project costs have totaled $1,223,000, requiring an additional $98,000 in funding in order to close out the project.

Next, Mr. Wallace expanded on the project cost summary (PCS) that was included in the Committee meeting packet, instructing that he added a column to the right of the PCS that illustrated customary percentages of the total project costs expended in certain categories, and pointed to a highlighted line item pertaining to construction phase District staff labor for those departments involved in the project as the main cause of the over-budget condition. Further, he reviewed a table that was also included in the Committee meeting packet, which showed specific labor hours charged among the engineering, inspection/contracts, water operations, and electrical services departments of the District, and included comments that addressed the various reasons why the expended amounts exceeded the original budget amounts, as follows:
<table>
<thead>
<tr>
<th>Labor</th>
<th>Budget $</th>
<th>Expended $</th>
<th>Expended Labor Hours (% of Total)</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Engineering           | $20,000  | $34,800    | 199 hours (16%)                  | - Review and response to material submittals and contractor clarification requests.  
|                       |          |            |                                  | - Coordinating permit extensions.                                         |
| Inspection/Contracts  | $44,700  | $150,100   | 861 hours (70%)                  | - Long contract duration compared with value of construction contract amount.  
|                       |          |            |                                  | - Significant travel time to job site(s).                                 |
|                       |          |            |                                  | - Average inspector charges were approximately 12 hours/week.             |
|                       |          |            |                                  | - Expended amount includes additional $3,000 for close-out activities.    |
| Water Operations      | $5,000   | $24,800    | 142 hours (12%)                  | - Two water system shutdowns were required for each of the three PR stations (six total).  
|                       |          |            |                                  | - Setup and adjustment of individual PR valves (eight total) and relief valves (three total). |
| Electrical Services   | $3,000   | $4,900     | 28 hours (2%)                    | - Setup and installation of Programmable Logic Controllers and telemetry equipment at two PR station sites (first-of-a-kind).  
|                       |          |            |                                  | - Expended amount includes additional $5,000 for final installation activities. |
| TOTAL                 | $72,700  | $214,600   | 1,230 hours (100%)               |                                                                          |

Mr. Wallace indicated that, while staff determined the original budgeted amounts for labor hours should have been budgeted higher, all expenditures for the subject project, as reported, were necessary due to the project’s specific needs. Going forward, staff will take a closer look at unique projects such as this one, to include providing any necessary budget updates, as needed. Mr. Wallace stated that staff will discuss any possible finance control mechanisms specifically for internal labor charges, to include any potential “flags” that could be issued to the project manager in advance of project closure.

To a question submitted by Director Plummer, Mr. Wallace indicated that the District’s current financial reporting system involves monthly reports submitted to the project managers that show project budget status of charges submitted during the previous month for a specific project.

Director Drake reported that, during the course of the project work on Vista Del Mar, he had been advised on six occasions by telephone by a person who lives on Vista Del Mar that at least four District vehicles were onsite, with staff “standing around.” Now that staff has brought this over-budget scenario to the Committee’s attention, he opined that he agrees with Director Plummer in wanting to know who is watching the labor expenditures and who is ultimately responsible and accountable for the oversight of projects such as this one. He also repeated his concern, as he has expressed in the past, regarding project contingency amounts. Further, Director Drake suggested that staff should provide this type of budget overrun information earlier, not after the project is already complete and ready to close out.
MOTION: Director Plummer moved that the Engineering and Operations Committee recommend the Board of Directors approve additional funds in the amount of $98,000, increasing the approved project budget amount from $1,125,000 to $1,223,000, related to the construction of the Bear Creek, Camaron Road, and Vista Del Mar Pressure Reducing Station Modifications (Project No. D1692); the proposed source of funds being the Santa Rosa Division Debt Service/Capital Improvement Fund, with possible reimbursement from future permanent financing or the reallocation of an existing bond funding program.

The motion failed due to lack of a second and no other motion was offered by the Committee. Chairman Hoagland then proceeded to Item 4.

Item 4. Consider Approval of the Fifth Reallocation of the 2010 Bond Financing Program

Chief Engineer Andrew Webster addressed the Engineering and Operations Committee (Committee) to provide information relative to staff’s request for approval of the fifth reallocation of the 2010 Bond Financing Program.

Providing the Committee with a few PowerPoint slides, Mr. Webster reviewed the current status of the 2010 Revenue Bond Program, noting that approximately 94 percent of the approximate $100,000,000 has been spent to date, leaving approximately $6 million to be spent.

Mr. Webster announced that two spreadsheets are included within the Committee meeting packet, as follows:

- Exhibit “A” – Project Budget Status (green highlights indicate 21 active projects; 14 projects are anticipated to be closed out within the next couple of months; 7 projects will extend past June 2014); and
- Exhibit “B” – Revised Project Funding Amounts (yellow highlights indicate proposed project funding modifications).

Expanding on the information contained in Exhibit “B,” Mr. Webster indicated that staff’s objectives for funding modifications are:

- To reflect actual project costs for completed projects;
- To modify (reduce) the project funding due to anticipated project savings;
- To modify (increase) the project funding due to anticipated project expenditures; specifically, $200,000 for Project No. 10101/Year Nos. 4 and 5 revegetation work;
- To remove canceled or deferred projects from the bond program (7 projects totaling $1,547,325); and
- To provide bond-funded reimbursement for previously-approved cash-funded projects; specifically, $2,179,155 for Project No. D1784 (Well No. 110 Replacement), and $120,000 for Project No. PG181 (Waste Activated Sludge Pump Replacements).
Next, Mr. Webster reviewed the revised project funding amounts, noting the following over-allocation amounts by division, the purpose of which is to spend accrued interest and potential future project savings when projects are completed:

- Rancho Division over-allocated by $22,496
- Santa Rosa Division over-allocated by $17,274
- Wastewater Division over-allocated by $56,965
- Total over-allocation is $96,735

Concluding his presentation, Mr. Webster indicated that staff anticipates presenting a request for a sixth reallocation of the 2010 Bond Financing Program at a future Committee meeting due to expected further project savings. He thanked Budget/Debt Administrator Vicki Browder for all her work thus far in assisting with this item.

Responding to a question submitted by Chairman Hoagland, Mr. Webster indicated that the “key target” percentage for spending the 2010 Bond Financing Program was 85 percent within three years, or by October 2013; staff has met that target and will now continue working towards spending the remaining funds appropriately.

**MOTION:** Director Drake moved to recommend the Board of Directors approve the fifth reallocation of available funding within the 2010 Bond Financing Program, as shown by Exhibit “B,” 2010 Bond Financing Program – Proposed Project Budget Reallocation, and as presented by staff. Director Plummer seconded the motion, and it carried unanimously.

At this time Chairman Hoagland called for a five-minute break. Following the break, the Committee proceeded with Item 5.

**Item 5. Consider Approval to Award a Professional Services Agreement to Enterprise Automation for the Santa Rosa Water Reclamation Facility Improvements (Project No. PG161)**

Chief Engineer Andrew Webster addressed the Engineering and Operations Committee (Committee) to provide staff’s request for consideration of approval to award a professional services agreement to Enterprise Automation for Rancho California Water District’s (District) Santa Rosa Water Reclamation Facility (SRWRF) Improvements (Project No. PG161).

Beginning his presentation, Mr. Webster advised that the current Supervisory Control and Data Acquisition (SCADA) system at the SRWRF is in need of replacement, as the existing operating system (Windows XP) and SCADA software (Intouch Wonderware) are obsolete and will no longer be supported as of August 2014. Further, staff is requesting the Committee recommend the Board of Directors approve the award of a professional services agreement with Enterprise Automation (EA) for engineering services associated with the SCADA system for the SRWRF, in the amount of $572,374, as EA is the firm that is currently involved with SCADA upgrades to the District’s water operations system, which includes the same proposed software and operating system.
Responding to a question posed by Director Herman, Mr. Webster indicated that the proposed subject upgrades do not require approval from the District’s partnering agencies; however, staff will keep them informed.

**MOTION:** Director Drake moved to recommend the Board of Directors approve the award of a professional services agreement with Enterprise Automation for engineering services (Supervisory Control and Data Acquisition integration), in the amount of $572,374, for the Santa Rosa Water Reclamation Facility Improvements (Project No. PG161). Director Plummer seconded the motion, and it carried unanimously.

**Item 6. Project Status Reports – February/March 2014**

Presented for Engineering and Operations Committee (Committee) review and acceptance were the Rancho California Water District (RCWD/District) Construction Project Status Report, Outside Contracts Summary Report, and Capital Job Status Report for the months of February/March 2014.

In Construction Contracts Manager Heath McMahon’s absence, Chief Engineer Andrew Webster pointed out that the Construction Project Status Report contains a new section titled, “Construction Program Benchmarks,” which provides a summary table of the current construction projects listed within the status report including: 1) Total Initial Contract Amount, 2) Total Change Order Cost, 3) Change Order Percentage, and 4) Target Range. Mr. Webster indicated that staff is working on providing a future modification to this report, which will provide a further breakdown of change orders to identify those that were initiated due to unexpected or changed conditions in the field versus those that were initiated due to the change being considered a beneficial improvement.

Next, Associate Engineer Jake Wiley provided information specific to the Valle de Los Caballos (VDC) Ammonia Facility Retrofits project (Project No. D1718), which is scheduled for public bidding on April 10, 2014. Noting that this project was discussed by the Committee at its May 30, 2013 regular meeting, with subsequent Board of Directors’ project approval at its June 13, 2013 regular meeting, staff has since incorporated specific suggestions made by certain Committee members for the use of stainless steel within the facility and to engage the original design engineer, Kennedy/Jenks Consultants (K/J), to assist with the remedy for specific design upgrades at their cost. Further, Mr. Wiley advised that, with final design complete, staff placed the project out to bid with the bid documents calling for stainless steel tanks and piping as the basis of award; however, staff also provided alternate bid items within these bid documents to include the use of fiberglass reinforced plastic tanks and PVC piping such that, once the bids are received, staff will be able to determine if cost/benefit value exists for use of the stainless steel. Staff will then present the bid results at the April 24, 2014 Committee meeting for further recommendation to approve additional funding necessary with the inclusion of the stainless steel bid items. To a question submitted by Chairman Hoagland, Mr. Wiley reported that eight contractors attended the mandatory pre-bid meeting that was scheduled for the project.

Engineering Manager-Design Corey Wallace clarified that staff may need to consider rejecting all bids and rebidding the project should both the stainless steel (base bid) prices and alternate bid item prices come in unexpectedly high.
To a question posed by Director Ziemer, Mr. Wiley instructed that the use of stainless steel tanks provides better strength and structural rigidity.

The Committee accepted the Project Status Reports for the months of February/March 2014, as presented.

**Item 7. Operations Reports – February 2014**

Presented for Engineering and Operations Committee (Committee) review and acceptance were the Rancho California Water District (RCWD/District) Operations Reports, Regulatory Compliance Report, production charts, status reports, and water sales and production statistics for the month of February 2014.

Water Operations Manager Rich Ottolini provided a brief PowerPoint presentation containing several slides depicting the recently completed work performed at the Upper Valle de Los Caballos area, including turnouts and one rehabilitated well (Well No. 154), and noted that the project was a cooperative effort among the engineering, field services-facilities, field services-construction, and water operations departments.

Concluding his presentation, Mr. Ottolini provided several photographs of security measures added to Vail Dam, including signage and the use of razor wire on both sides of a man way and along the length of the slide gate to keep people from climbing up.

Brief general discussion ensued regarding the initial running of Well No. 154 and specific pump bowl depths.

The Committee accepted the Operations Reports for the month of February 2014, as presented.

**Item 8. Adjournment**

There being no further business to come before the Committee, the meeting adjourned at 10:29 a.m.

/s/Leslie Mayer

Leslie Mayer, Recording Secretary