



**MINUTES
JOINT REGULAR MEETING OF THE
ENGINEERING AND OPERATIONS COMMITTEE AND
SPECIAL MEETING OF THE BOARD OF DIRECTORS
THURSDAY, JULY 26, 2018
8:30 AM**

DIRECTORS PRESENT:

William Plummer	Committee Chairman
Carol Lee Brady	Committee Member
Bill Wilson	Committee Member
Lisa Herman	Committee Alternate
Bennett Drake	President
Angel Garcia	Board Member
Danny Martin	Board Member

STAFF PRESENT:

Assistant General Manager-Engineering and Operations Eva Plajzer, Assistant General Manager-CFO/Treasurer Rick Aragon, Chief Engineer Andrew Webster, Director of Administration Jason Martin, Engineering Manager-CIP & Development Jake Wiley, Water Resources Manager Jeff Kirshberg, Water Operations Manager Rich Ottolini, Water Reclamation Manager Mark Kaveney, Public Affairs Manager Meggan Valencia, Safety/Risk Officer Tom Marcoux, Water Systems Analyst Tony Fowler (arrived at 9:25 AM), Senior Administrative Assistant/Recording Secretary Leslie Mayer.

ADDITIONS TO AGENDA

There were no additions to the Agenda.

APPROVAL OF AGENDA

Chairman Plummer called for approval of the Agenda of the Regular Meeting of the Engineering and Operations Committee of the Rancho California Water District of July 26, 2018, as presented.

MOTION: Director Wilson moved to approve the Agenda of the Regular Meeting of the Engineering and Operations Committee of the Rancho California Water District of July 26, 2018, as presented. Director Brady seconded the motion, and it carried as follows:

Engineering Manager-CIP & Development Jake Wiley addressed the Engineering and Operations Committee (Committee) to provide information relative to an easement quitclaim request for improvements on Parcel No. 3 of Parcel Map No. 18690.

Utilizing an overview location map showing the subject parcel, Mr. Wiley explained the reasons for the requested easement quitclaim, as was provided in the Committee meeting packet.

MOTION: Director Brady moved that the Committee recommend the Board of Directors approve the request by James D. Glockner and Kristin T. Glockner to quitclaim an existing non-exclusive easement granted to Rancho California Water District on Parcel No. 3 of Parcel Map No. 18690. Director Wilson seconded the motion, and it carried as follows:

RESULT: **APPROVED [UNANIMOUS]**

MOVER: Carol Lee Brady, Committee Member

SECONDER: Bill Wilson, Committee Member

AYES: William Plummer, Carol Lee Brady, Bill Wilson

Item 3. Consider Approval to Reject the Bid Received for the Distribution System Water Quality Sample Stations (Project No. D1943)

Engineering Manager-CIP & Development Jake Wiley addressed the Engineering and Operations Committee (Committee) seeking the Committee's recommendation for the Board of Directors (Board) to reject the single bid received on July 12, 2018, for the Distribution System Water Quality Sample Stations (Project No. D1943).

Utilizing a PowerPoint presentation, Mr. Wiley displayed and explained a series of slides containing the subject project's 16 sample station locations and scope of work involved with each installation. Recalling the recent public bid environment and experience, Mr. Wiley suggested that, currently, there appears to be an excessive amount of work available, both privately and publicly, which has resulted in the lack of contractor bidding that Rancho California Water District (District) is now experiencing.

Continuing, Mr. Wiley announced that the subject project received only one bid, and the bid amount is not favorable to the District. After providing more detailed information relative to the need for the subject project, as was included in the Committee meeting packet, he displayed a slide contrasting bid results received for the subject project versus bid results received in 2017 for a very similar project, as follows:

2018	2017
8 Locations, 16 Stations	8 Locations, 16 Stations
One Bid Received	Seven Bids Received
Bid Amount - \$398,980	Low Bid Amount - \$197,500

Mr. Wiley stated that staff requests the Committee's recommendation that the Board reject the sole bid for the subject project. Further, he advised that staff will not re-bid this project at this time; instead, field construction services staff will install the 16 sample stations, as crew schedules permit.

Concluding his presentation, Mr. Wiley indicated that staff reached out to a few contractors to attempt to gain insight as to the reason that this project received only one bid, and found that most contractors have heavily-scheduled workloads ongoing at this time and the District's smaller projects are not a huge draw for them.

General discussion ensued between the Committee and staff regarding the fact that many contractors are both very busy and at bond capacity at this time, along with the knowledge that material and labor costs have recently increased fairly sharply.

Director Wilson opined that he is favorable to the in-house project construction approach, as the overall project can be completed with less funding. Assistant General Manager-Engineering and Operations Eva Plajzer clarified that the District's construction crews will fit this project work in between other scheduled jobs; further, considering the amount of the single bid being enough to fund most of the crew for a year, Ms. Plajzer suggested that it might make sense to bring on additional construction staff should this bidding trend continue.

More general discussion ensued regarding the prescribed process the District must follow when issuing publicly-bid construction contracts and the ability of the District to reject any/all bids, if necessary.

MOTION: Director Brady moved that the Committee recommend the Board of Directors reject the single bid received for the Distribution System Water Quality Sample Stations (Project No. D1943), due to the single bid amount received significantly exceeding the funds available for the project. Director Wilson seconded the motion, and it carried as follows:

RESULT: **APPROVED [UNANIMOUS]**

MOVER: Carol Lee Brady, Committee Member

SECONDER: Bill Wilson, Committee Member

AYES: William Plummer, Carol Lee Brady, Bill Wilson

Item 4. Consider Approval to Reject the Bid Received for the Pressure Reducing Station Modifications at Via Vista Grande (Project No. 20161), Avocado Mesa (Project No. 20162), and Carancho West (Project No. 20163)

Engineering Manager-CIP & Development Jake Wiley addressed the Engineering and Operations Committee (Committee) seeking the Committee's recommendation for the Board of Directors (Board) to reject the single bid received on July 10, 2018, for the Pressure Reducing Station Modifications at Via Vista Grande (Project No. 20161), Avocado Mesa (Project No. 20162), and Carancho West (Project No. 20163).

Utilizing a PowerPoint presentation, Mr. Wiley displayed and explained a couple of slides containing the subject projects' locations and scope of work involved, as was described in the Committee meeting packet. Similar to the explanation outlined in the previous Committee meeting item, Mr. Wiley reviewed the bid results and contrasted the results for the subject projects with bid results received for a similar project in 2013, as follows:

2018	2013
3 Stations	3 Stations
One Bid Received	13 Bids Received
Bid Amount - \$1,348,500	Low Bid Amount - \$690,777

Continuing, Mr. Wiley indicated that, even though the single bid received was much higher than the engineer's estimate of \$800,000, staff is confident that a re-bid of the project will be successful in receiving multiple bids, with potentially offering more flexibility for the contractor's completion schedule. To a question posed by Director Wilson, Mr. Wiley indicated that District staff would not be able to successfully provide the construction for this project due to its complexity and steady timeframe required for completion of the work.

MOTION: Director Wilson moved that the Committee recommend the Board of Directors reject the single bid received for the Pressure Reducing Station Modifications at Via Vista Grande (Project No. 20161), Avocado Mesa (Project No. 20162), and Carancho West (Project No. 20163), due to the single bid amount received significantly exceeding the funds available for the projects. Director Brady seconded the motion, and it carried as follows:

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Bill Wilson, Committee Member
SECONDER: Carol Lee Brady, Committee Member
AYES: William Plummer, Carol Lee Brady, Bill Wilson

Item 5. Water Resources Update for 2018

Assistant General Manager-Engineering and Operations Eva Plajzer addressed the Engineering and Operations Committee (Committee) to provide an update on Rancho California Water District's (District) water resources planning efforts, noting that the last update was provided by staff in 2016.

Utilizing a PowerPoint presentation, Ms. Plajzer stated that water resources planning is a key strategic priority for the District's mission to "Deliver reliable, high-quality water and reclamation services to its customers and communities in a prudent and sustainable manner." She then highlighted staff's current water resource management strategy to: 1) enhance water use efficiency to comply with state regulations; 2) use fiscal responsibility to minimize the costs of water supplies; 3) enhance water quality; and 4) enhance water reliability and sustainability for years to come.

Continuing, Ms. Plajzer indicated that specific drivers for planning efforts are in a continually changing environment due to: regulations, climate, population, land use, economic conditions, and changing policies. To provide an example of changing conditions, Ms. Plajzer displayed a bar chart containing data for water sales and population by fiscal year, which showed various levels of water sales categories such as: agriculture, residential, and other water users, and recycled water use and population numbers, taking into consideration factors such as drought periods,

economic recession, implementation of budget based rates, and state Executive Order B-29-15. Ms. Plajzer identified certain older water resources planning documents that called for specific estimated amounts of water production, only to be revised at later dates with updated amounts due to constantly changing conditions; however, she instructed that, in more recent years, the estimated numbers are more in line due to more development infill within the District's service boundaries.

Next, Ms. Plajzer displayed another bar chart that identified fiscal year water production by water source (groundwater-native, groundwater-artificial recharge, imported treated water, and recycled water), highlighting that, in the year 1999, with the knowledge that native groundwater levels were decreasing, artificial groundwater recharge efforts allowed the District to maintain the use of groundwater, which lessened the amount of purchased treated import water required to provide adequate water supplies to District customers and lowered the overall import water purchase cost to the District.

Reviewing the District's early planning documents, which include: Water Facilities Master Plans in 1966 and 1978; Water Resources Master Plan in 1984; and Water Resources Master Plan Update in 1989, Ms. Plajzer stated that these planning documents resulted in the District installing 46 wells by 1990, Vail Lake acquisition in 1978, and three imported water turnouts.

Ms. Plajzer then reviewed the District's last large-scale planning effort in the 2005 Regional Integrated Resources Plan, displaying a slide with detailed related information associated with the plan. She then displayed an additional slide containing the plan's key recommendations, noting that costs were updated in the 2015 Water Facilities Master Plan:

- Water conservation;
- New wells;
- Recharge increase;
- Raw imported water to agriculture;
- Raw imported water to Vail Lake;
- New Metropolitan Water District of Southern California (MWD) connection-EM21;
- Reverse osmosis for recycled water; and
- Water transfers.

Concluding her presentation, Ms. Plajzer reviewed both recent and upcoming activities:

Recent Activities	Upcoming Activities
2016 Cost Sensitivity Analysis for the Upper Valle De Los Caballos Conjunctive Use Project	Water Resources Options Study
Recycled Water Resources Plan - closing on recommendation	2020 Urban Water Management Plan - state mandated plan to be completed in-house

Expanding on the drivers for the planned Water Resources Options Study (Options Study), Mr. Plajzer first reported that, due to changing climatic conditions, the Cyclic Water Storage Program with MWD, which recently resulted in an additional 1,600 acre-feet of raw water for the District's groundwater basin at a savings to the District of approximately \$200,000, has been suspended. Thus, in an effort to discover additional water resource opportunities, the Options Study, over the next four to six months, will identify potential negotiations with other water resource agencies for gaining additional future water supply, and staff plans to engage the services of Ed Means, Means Consulting, under the General Manager's authority, to build relationships with other agencies for these potential water resources opportunities.

To a question posed by Director Drake, Ms. Plajzer indicated that the water resources planning documents are prepared for proper planning by the District, which are ultimately considered for approval by the Board of Directors, and also for purposes of supporting the Urban Water Management Plan in providing detail as to how decisions were determined by the District relative to this plan. To another question submitted by Director Drake, Ms. Plajzer advised that staff always strives to identify grant funding availability for certain planning efforts; however, interjecting, Assistant General Manager-CFO/Treasurer Rick Aragon suggested that grant funding is typically not available for this type of planning documentation. Further, Mr. Aragon commented that this type of planning effort produces a practical level document used for future decisions and vision for the District.

After more general discussion regarding the focus of the Options Study, Ms. Plajzer advised that staff will proceed with the Options Study and keep the Committee updated on its progress.

Item 6. Project Status Reports - June/July 2018

Presented for Engineering and Operations Committee (Committee) review and acceptance were the Rancho California Water District (District) Construction Project Status Report, Outside Contracts Summary Report, and Capital Job Status Report for the months of June/July 2018.

Chief Engineer Andrew Webster briefed the Committee on the status of a few projects included in the Committee meeting packet, for which he advised will be completed very soon: Senga Doherty Pump Station Disinfection System Improvements (Project No. 20164); Equipping of Well No. 240, Well No. 205 Replacement (Project No. D1853); and Well No. 102 Wellhead Treatment Facilities (Project No. 20166). In addition, construction will begin very soon for two well drilling projects: Drilling New Well No. 177, Well No. 125 Replacement (Project No. D1897) and Drilling New Well No. 176, Well No. 124 Replacement (Project No. D1896), for which will be completed by the same contractor, South West Pump & Drilling, Inc.

To a question submitted by Director Brady, Mr. Webster suggested that the overall percentage of change order costs depend on the type of projects being constructed, as well as the contractor performing the work; however, staff have historically been able to

keep change order costs down, and he credits much of the effort to former Construction Contracts Manager Heath McMahon and the construction inspection staff. Further, he anticipates that staff will continue to keep change order costs within the target range.

The Committee accepted the Project Status Reports for the months of June/July 2018, as presented.

Item 7. Operations Reports - June 2018

Presented for Engineering and Operations Committee (Committee) review and acceptance were the Rancho California Water District (District) Operations Reports, Regulatory Compliance Report, production charts, Vail Lake storage and elevation charts, status reports, and water sales and production statistics for the month of June 2018.

Water Operations Manager Rich Ottolini announced that state-mandated copper sampling within area schools, with a deadline completion date of July 2019, is nearly complete thanks to the very efficient and capable water quality staff. With only a few charter schools left to sample, Mr. Ottolini advised that staff's sampling effort should be complete by September of this year, and no negative testing results have been discovered. In addition, Mr. Ottolini reported that interviews will be held soon for two positions in water quality and one position in pumps/wells.

The Committee accepted the Operations Reports for the month of June 2018, as presented.

Item 8. Assistant General Manager's Report

Assistant General Manager-Engineering and Operations Eva Plajzer addressed the Engineering and Operations Committee (Committee) and provided a PowerPoint presentation containing several photographs of field services activities over the past month: meter installations, fire hydrant installations, leak repairs, and work performed for corrective work orders.

To a query posed by Director Herman, Ms. Plajzer advised that repair work instances/locations are fairly equal between the Rancho Division and the Santa Rosa Division, and mentioned Rancho California Water District's (District) key performance indicators and asset management programs are used for specific project analytics.

Concluding her presentation, Ms. Plajzer discussed information, as was included in the Committee meeting packet, and reminded that staff will be discussing in Closed Session today an update on the Southern California Edison/California Public Utilities Commission rate case, Phase 2.

Director Drake expressed his concern regarding whether or not District field services staff practice proper installation techniques for copper pipe, noting that improper installation of copper pipe can eventually result in additional repair costs to the District.

Responding, Ms. Plajzer indicated that field services staff provides proper installation protocol for copper pipe installation and invited Board members to schedule a field tour with her, if interested in observing the District's crews in action.

To a query submitted by Director Brady, Ms. Plajzer advised that she will inquire with Urban Park Concessionaires on several containers that are located within the Vail Lake property, as their purpose is unknown at this time.

Item 9. Vail Lake Property Update

Assistant General Manager-Engineering and Operations Eva Plajzer addressed the Engineering and Operations Committee, noting that, at the direction of the Board of Directors (Board) at its regular meeting held on Thursday, July 12, 2018, letters were mailed on Monday, July 23, 2018 to all three respondents of the current Request for Proposals for the lease of Vail Lake RV Resort inquiring as to their interest in continuing negotiations, for which they must respond by July 27, 2018. Further, as part of this letter, all respondents have been advised to submit a response to Rancho California Water District's basic terms on or before 5:00 p.m., Friday, August 24, 2018. In addition, Ms. Plajzer noted that staff are finalizing the third amendment to Urban Park Concessionaires' agreement relative to the Board-approved Halloween event to be held at Vail Lake.

Item 10. Adjournment

There being no further business to come before the Committee, the meeting adjourned at 9:35 AM.