

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

Monday, April 3, 2023 – 2:00 P.M.

Place: Board Room

29300 Valley Center Road; Valley Center, CA 92082

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:00 PM, via teleconference and in-person. President Polito established for the record that all Directors were able to hear the proceedings, that all members of the Board were able to hear the Directors participating remotely clearly, and that all votes would be taken by a roll call vote pursuant to the provisions of the Brown Act. The meeting was also livestreamed.

ROLL CALL

Board Members Present: *President Polito, Vice President Ferro, Directors Holtz, Smith, and Ness.*

Staff Members Present: *General Manager Arant, Director of IT Pilve, District Engineer Grabbe, Director of Finance and Administration Pugh, Director of Operations and Facilities Lovelady, Manager of Accounting Velasquez, Senior Engineer Lyuber, Executive Assistant/Board Secretary Peraino, Project Manager Powers, and General Counsel Norvell (present in-person); with Federal Consultant Howells (HGR) teleconferencing.*

PUBLIC COMMENTS / QUESTIONS

President Polito established for the record the process by which public comments are received by the Board; this process was also described in the Agenda for the meeting.

CONSENT CALENDAR

1. **Minutes of the Regular Board Meeting Held Monday, March 20, 2023;**
2. **Audit Demands for Check Nos. 165668 – 165757 from March 10th thru 23rd, 2023;**
3. **Treasurer's Report for Month Ending February 28, 2023; and**
4. **Adoption of Resolution No. 2023-12, Affirming the District's Authorized Debt Limit per Ordinance No. 171, Effective January 1, 2023.**

Action: Upon motion by Holtz, seconded by Smith; and unanimously carried, the previously listed consent calendar items were approved.

ACTION AGENDA

5. **Consider Request from VCFPD for Support on Property Tax Reapportionment:**

The Board was asked to consider a request from the Valley Center Fire Protection District (VCFPD) for VCMWD to support a County Property Tax Transfer from the County General Fund to the VCFPD. General Manager Arant gave a brief introduction before passing the presentation off to VCFPD Chief Joe Napier.

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Currently, the VCFPD receives 2% of the 1% property taxes paid annually by each property owner to the County of San Diego. According to the VCFPD, this tax apportionment formula (set by the County of San Diego in 1982) prevents the District from adding new stations and apparatus, recruiting and retaining firefighters, paramedics, and EMTs, and maintaining its excellent Class 2 rating. Specifically, the VCFPD is requesting that the San Diego County Board of Supervisors increase the tax apportionment from 2% to 6%, which affords the Fire Protection District another \$1,200,000 in annual revenue. This will result in no additional tax burden on property owners or remove current tax revenues from other taxing agencies, such as VCMWD or the school district, stated Chief Napier.

VCFPD pointed out, that in the span of 10 years, their service area has grown from a population of just under 9,000 to over 23,000. With this population increase also has come an increased demand for emergency services. The demand for emergency services in Valley Center has consistently increased; with the increased call volume, VCFPD has remained committed to the citizens and visitors of Valley Center through continuous improvement.

Action: Upon motion by Smith, seconded by Ferro; motion to act in support of the updated apportionment was unanimously approved. *Staff will bring back resolution in support of, to the next regularly scheduled Board Meeting.*

6. **San Diego Local Agency Formation Commission (LAFCO) Special District Election:**

The Board was provided an opportunity to provide input to the Board President on casting a ballot for the positions of San Diego Local Agency Formation Commission (LAFCO) Special District Regular and Alternate Members. General Manager Arant reminded the Board that Special Districts within San Diego County have two regular seats and one alternate seat on the San Diego LAFCO Commission. Currently up for election are one of the Special District Regular Seats and the Special District Alternate Seat. The candidates are as follows:

- **Nominees for LAFCO Regular Member:**
 - James Pennock – Vallecitos Water District
 - Ross Pike – North County Fire Protection District
 - Barry Willis (Incumbent) – Alpine Fire Protection District
- **Nominees for LAFCO Alternate Member:**
 - Dave Drake (Incumbent) – Rincon del Diablo Municipal Water District
 - Jeff Griffith – Vallecitos Water District

Action: President Polito was guided by Board input to cast the District's vote for the LAFCO Special District Election. Upon motion by Smith, seconded by Holtz; motion to select Barry Willis for the Regular Member position and David Drake as the Alternate was unanimously approved.

7. **Adoption of Resolution No. 2023-13, Awarding the Construction Contract, Construction Management Contracts, and Construction Design Support Contract for the North County Emergency Storage Project–Valley Center Improvements & 14-inch Replacement and Relocation:**

Senior Engineer Lyuber gave a summary of the North County Emergency Storage Project Valley Center Improvements & 14-inch Replacement and Relocation ("Project"). Construction Phase Contracts and Professional Services Agreements ("PSA") for the Project were requested to be awarded to the following:

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- Orion Construction Corporation – *Construction Contract (\$8,796,000)*;
- Gannett Fleming, Inc. – *Construction Management PSA (\$1,307,199)*;
- Rockwell Construction Services – *Electrical, Instrumentation, & Controls Oversight PSA (\$162,400)*; and
- Michael Baker International, Inc. – *Construction Design Support PSA (\$175,000)*.

Construction Contract:

In accordance with the formal bidding procedures set forth in Article 140.2(b) of the District's Administrative Code, the District received bids for the Project on January 26, 2023. Ten contractors attended the two mandatory pre-bid meetings, with four submitting bids. The bid was organized into Schedule A for the ESP-related items and Schedule B for the 14-inch Pipeline Relocation scope of work, with the award based on the lowest total bid price. The apparent low bidder was Orion Construction Corporation with a total bid of \$8,796,000, which was 3% higher than the Engineer's Estimate (\$8.5M at the time of the bid) and 2% lower than the second lowest bid.

Construction Management Professional Services Agreement:

In accordance with the formal procurement procedures set forth in Article 135.5(d) of the District's Administrative Code for project-specific professional and consulting services, staff administered the selection process for Construction Management Services. A Request for Proposals (RFP) was advertised in a regularly circulated newspaper publication and posted on the District website. Three qualified firms submitted proposals: Gannett Fleming, Ardurra, and Reilly Construction Management. An interview panel consisting of a representative from VCMWD, SDCWA, and YMWD, interviewed each firm and scored them based on their qualifications, experience, and demonstrated ability to perform the scope of work. Gannett Fleming was unanimously selected as the best-suited firm to perform the required construction management services. Staff negotiated a fee based on a comparison of costs submitted by other firms and fair market value, settling on a mutually agreed upon amount of \$1,307,199. Gannett Fleming's scope of services includes managing all aspects of the Project, except for the electrical, instrumentation, and control items. In February 2023 staff administered procurement of professional services to perform construction management, and selected Gannett Fleming and Rockwell Construction Services.

The Project entails complicated electrical, instrumentation, and controls strategies. Rockwell Construction Services (RCS) is a consulting firm that specializes in this field. The District has a successful track record utilizing RCS as a District representative on various prior projects (including the design phase of this Project), ensuring the successful execution of this particular focus. Staff feels it is prudent to retain RCS for the construction phase to ensure the best possible end product. RCS scope will entail inspection and coordination of all electrical, instrumentation, and control items (including SCADA integration). Staff negotiated a fee of \$162,400, which is fair and reasonable based on a comparison to other similar projects.

Construction Design Support:

It is necessary to retain the Engineer of Record (EOR), Michael Baker International, Inc. to support design-related items during construction. Scope includes reviewing certain submittals, participating in resolving any items requiring design input, and final commissioning ensuring the intended design concepts are observed. Given the unpredictable nature of these types of services, the effort cannot be fully defined. Therefore, it is customary to establish a Not to Exceed contract, used as needed when items requiring EOR involvement arise. The proposed contract amount of \$175,000 is based on 2% of the total construction contract, which is a convention typically used in the industry.

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Funding for the Project will come from two sources, the SDCWA, and the District. Costs related to the ESP portion will be funded by the SDCWA and costs related to the 14-inch Pipeline Replacement scope of work funded by the District. The current budget allocation for the 14-inch Pipeline Relocation and Preplacement Project is \$725,000. An additional \$100,000 authorization request for this portion of the Project is included in the proposed FY 2023-24 Budget.

The contract allows for 560 Calendar Days from Notice to Proceed:

- Notice of Award: April 3, 2023
- Process Contracts: April – May 2023
- Notice to Proceed: June 2023
- Project Completion: December 2024

Staff recommended the adoption of Resolution No. 2023-13, awarding the following contracts associated with the North County Emergency Storage Project–Valley Center Improvements & 14-inch Replacement and Relocation and authorizing the General Manager to enter into each contract on behalf of the District.

Action: Upon motion by Ferro, seconded by Smith; the following resolution was unanimously approved:

RESOLUTION NO. 2023-13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT AWARDING THE CONSTRUCTION CONTRACT AND MULTIPLE CONSTRUCTION MANAGEMENT PROFESSIONAL SERVICES AGREEMENTS FOR THE NORTH COUNTY EMERGENCY STORAGE PROJECT VALLEY CENTER IMPROVEMENTS AND 14-INCH REPLACEMENT AND RELOCATION [PROJECT NOS. 01-00-00-18045 & 01-06-78-51200]

was adopted by the following vote, to wit:

AYES: **Directors Polito, Ferro, Holtz, Smith, and Ness**
NOES: **None**
ABSENT: **None**

8. Adoption of Resolution No. 2023-14, Ratifying of Staff's Approval of Change Order #1 to the Construction Contract with AMP United, LLC. for the San Gabriel Reservoir Paint and Recoat Project:

A brief overview of the San Gabriel No. 1 Reservoir Paint and Recoat Project ("Project") was given by Project Manager Powers. The San Gabriel No. 1 Reservoir is a welded steel reservoir constructed in 1972 that serves the San Gabriel pressure zone in the Northern area of the District near Couser Canyon Road. During the inspection blasting (before starting the structural repairs on the reservoir), District staff identified deformations in the existing rafters and site conditions different than described in the contract documents. Resolution of the issues identified in the inspection blast resulted in change order requests totaling \$109,076 and an additional 66 days added to the contract time.

A task order with Richard Brady and Associates was initiated to complete a structural analysis of the reservoir to ensure that the planned rafter replacements would be sufficient for the long-term structural integrity of the reservoir. Construction was paused to allow the analysis to be completed so structural repair recommendations could be implemented through the construction

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of the project. The structural analysis resulted in the following recommendations: installation of an additional 65 earthquake rods, welding of the connections between rafters and girders, and replacement of all existing rafters with new rafters of the same size.

While developing the contract documents for the project, the available records from the construction of the reservoir in 1972 as well as records related to the recoating project in 1994 were thoroughly examined but did not contain sufficient data to accurately specify the size of the existing rafters or the methods of connection of the rafters to the girders. The information required for the bid documents, which was not available in the records, was determined through cursory inspections of the reservoir while it was in service and through engineering judgment. Once the tank was taken out of service for the construction project to begin, a more detailed inspection was possible which allowed for the rafters to be measured and more closely examined which resulted in the following changes due to differing site conditions: the existing outer rafters were larger than described in the contract documents (actual 12-inch vs. plans had 10-inch channel); the existing rafters should have shown both bolted and welded at the connection to the girders (plans only showed bolted); and the existing inner rafters were smaller than described in the contract documents (actual 8-inch vs. plans had 10-inch channel).

Since the total amount of Change Order No. 1 exceeded \$35,000 (per District Administrative Code for cumulative change order amounts), Board approval is required. The amount of the change order is less than the contingency within the project budget and due to the time-sensitive nature of the proposed changes, staff authorized the work out of concern for further delaying the contractor and maintaining the project schedule. Board ratification of this action was requested through the adoption of Resolution No. 2023-14, officially ratifying the action taken by staff to approve Change Order No. 1 for the San Gabriel No. 1 Reservoir Painting and Recoating Project. Upon the conclusion of the initial inspections and structural analysis, the following items were determined to be required for the successful rehabilitation of the San Gabriel No. 1 Reservoir, as recommended by the structural analysis completed:

- Added 65 earthquake rods to increase the stability of the structure (added 10 days and \$22,425 to the contract);
- Welded connections between rafters and girders (added 12 days and \$17,825 to the contract).
- Replacement of the outer rafters at the size of the existing rafters, larger than described in the contract documents (no change to the schedule and added \$22,425 to the contract);
- Removal of the existing welded rafter connections, in addition to the removal of existing bolted connections which were identified in the contract documents (no change to the project schedule and added \$14,950 to the contract);
- Repairs to the overflow pipe and associated supports, due to corrosion observed during the initial inspection (added 2 days and \$2,875 to the contract).
- Replacement of the inner rafters at the size of the existing rafters, smaller than was described in the contract documents (no change to project schedule and deducted \$3,750 from the contract).

In addition, the District paused construction for 42 calendar days on Dec. 16, 2022, and resumed construction on Jan. 26, 2023, to allow for the structural analysis to be completed and for recommendations from the structural analysis to be implemented in the construction of this project. This pause in construction resulted in an additional \$32,326 to the contract amount to cover additional equipment rental and extended labor costs for the contractor. Mr. Powers noted that the project is 47% complete and the total cost of the change order requested to date is 6.7% of the original contract amount.

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The FY 2022-23 Budget established the total project budget for the San Gabriel Project at \$2,040,000. Funding for the change order is available from project contingencies as indicated in the following project budget summary. Staff recommended that the Board of Directors adopt Resolution No. 2023-14 ratifying the approval of Change Order No. 1 for \$109,076 to the contract with Amp United LLC resulting in a revised total contract amount of \$1,731,441.

Action: Upon motion by Smith, seconded by Ness; the following resolution was unanimously approved:

RESOLUTION NO. 2023-14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING CHANGE ORDER NO. 1 TO THE CONTRACT WITH AMP UNITED, LLC FOR THE SAN GABRIEL NO. 1 PAINTING AND RECOATING PROJECT [PROJECT NO. 01-06-78-51403]

was adopted by the following vote, to wit:

AYES: **Directors Polito, Ferro, Holtz, Smith, and Ness**
NOES: **None**
ABSENT: **None**

GENERAL MANAGER'S AGENDA

9. San Diego County Water Authority's Board Meeting Summary:

A report on the San Diego County Water Authority's Board of Directors' Meeting of March 23, 2023 was provided.

Action: Informational item only, no action required.

10. General Information:

General informational items were reported on by General Manager Arant.

Action: Informational item only, no action required.

DISTRICT GENERAL COUNSEL'S AGENDA

General Counsel Norvell gave a brief update on pending legislation.

CLOSED SESSIONS

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session. *Authority: Government Code §54956.9.*

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ADJOURNMENT

Action: Upon motion by Smith, seconded by Ness; motion passes unanimously, the regular meeting of the Board of Directors was adjourned at 3:54 PM.

ATTEST:

ATTEST:

Robert A. Polito, *President*

Kirsten N. Peraino, *Secretary*

Approved at a regularly scheduled Board Meeting on Monday, May 1, 2023