

LEUCADIA WASTEWATER DISTRICT
Minutes of an Engineering Committee Meeting
July 6, 2022

A meeting of the Engineering Committee (EC) of Leucadia Wastewater District (LWD) was held on Wednesday, July 6, 2022 at 10:30 a.m. via video conference.

1. Call to Order

Chairperson Roesink called the meeting to order at 10:30 a.m.

2. Roll Call

DIRECTORS PRESENT: Roesink, Brown

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee; Director of Technical Services Robin Morishita; Director of Finance and Administration Ryan Green; Field Services Superintendent Jeffery Stecker; and District Engineer Dexter Wilson

3. Public Comment

None.

4. New Business

- A. Authorize the General Manager to execute a sole source three-year base professional services agreement with Dexter Wilson Engineering, Incorporated for District Engineer Consulting Services in an amount not to exceed \$360,000 with an option for two additional years.

DTS Morishita presented this item to the EC. He explained that Dexter Wilson has been the District Engineer for five years and his staff at Dexter Wilson Engineering, Incorporated (DWEI) provides support to DE Wilson and District staff. He stated that to maintain continuity, staff requests authorization to execute a sole source professional services agreement with DWEI for a three year base period, from July 1, 2022 to June 30, 2025, at \$120K per year with an option to extend the agreement for two additional years.

DTS Morishita said that over the past five years DWEI has provided services such as developing, updating and annually auditing the Sewer System Management Plan (SSMP); developing and updating the Asset Management Plan; evaluating Capital Improvement Projects plans and specifications; supporting collection system operations and maintenance; and Development services. He continued that through their experience, DWEI has gained a unique working knowledge and technical expertise regarding District infrastructure and the operation and maintenance of the collection system. He stated that DWEI has provided these services in an excellent manner.

DTS Morishita said that staff believes it is in the best interest of the District that DWEI continues as District Engineer. He stated that due to DWEI's unique and in depth knowledge and for continuity of service, the procurement of the District Engineer services satisfies the criteria for sole sourcing allowed under Section 11.1, Sole Source Procurement, of the District's Procurement Policy.

Director Brown asked who pays for the Development Services and is that cost included in the annual cost. GM Bushee answered that the Developer pays for development services by providing the District with a deposit to cover the estimated cost of the development service to be provided, such as plan check and construction inspection. The District then allocates the money from the deposit to DWEL to cover DWEL's cost.

Director Brown asked if the DWEL team members are the same as in the past. Both GM Bushee and DE Wilson confirmed that it is the same team members.

Director Brown asked for clarification of the renewal period after the first three years. DTS Morishita answered that it would be a single extension for two years, not two extensions of one year each.

Following discussion, the EC concurred with staff to recommend that the Board of Directors to authorize the General Manager to execute a sole source three-year base professional services agreement with Dexter Wilson Engineering, Incorporated for District Engineer Consulting Services.

- B. Asset Management Plan Update: Authorize the General Manager to execute a sole source Engineering Services contract to update the District's Asset Management Plan with Dexter Wilson Engineering, Incorporated in an amount not to exceed \$127,146.

DTS Morishita presented this item to the EC. He provided background on the Asset Management Plan (AMP). He listed the nine Capital Improvement Projects that were completed as a result of the current AMP. DTS Morishita stated that staff believes it is prudent to update the District's AMP to document the general condition of District assets, recommend capital improvements and provide an estimated cost for the recommended future projects. He continued that, typically, the AMP is updated on a 5 year cycle and that the cost data is used in the update of the District's Financial Plan.

DTS Morishita said DWEL was asked to submit a proposal because 1) DWEL worked closely with staff to develop the initial AMP and all updates; 2) DWEL developed the predictive failure model used for assessing gravity lines and manholes; 3) DWEL has in depth knowledge of the District's operations from their work on developing and auditing the District's Sewer System Management Plan (SSMP); 4) it provides continuity in the AMP process; and 5) it is the most efficient way to update the AMP. He continued that those same reasons satisfy the criteria for sole sourcing the services to DWEL.

Director Brown asked about the Predictive Failure Model. GM Bushee and DE Wilson described the parameters the model uses and that the model is used to forecast future expenditures. The predicted expenditures are then used in the Financial Plan. The actual project scope is defined by Closed Circuit Television (CCTV) inspections by Field Service Staff and prioritized for repair / rehabilitation on the Repair Priority List.

Following discussion, the EC concurred with staff to recommend that the Board of Directors authorize the General Manager to execute a sole source Engineering Services contract to update the District's Asset Management Plan with Dexter Wilson Engineering, Incorporated.

C. Village Park No. 7 Replacement Project Award:

Recommendation 1: Authorize the General Manager to execute a change order to the Contract to construct the Encinitas Estates Pump Station Replacement Project with Pacific Hydrotech Corporation for the construction of the Village Park No. 7 Pump Station Replacement Project in an amount not to exceed \$795,500.

Recommendation 2: Waive the requirements of Section 8, Formal Procurements for Goods, Construction Services and Other Services (\$60,000.10 and over), of the Procurement Policy as allowed under Section 3.9.

Recommendation 3: Authorize an additional appropriation of \$275K for project construction to cover construction costs and a 10% contingency.

DTS Morishita presented this item to the EC. He provided background on the Village Park No. 7 (VP7) Pump Station and the recommendation to replace the pump station. He stated that as a result of the Preliminary Design Report the estimated cost to replace the pump station with a submersible pump station was \$2.11M. DTS Morishita continued that VP7 services 91 residences which equates to an expenditure of over \$23K per resident. He stated that due to this high cost staff researched alternative systems and selected the E/One Grinder Pump Station (E/One).

DTS Morishita said that project design was completed in May with an estimated construction cost of \$810K. He stated that this presented a significant cost savings, however, it also increases the risk to construct the project due to simplified construction, reduced insurance / bonding costs and lower up front capital requirements. He said that the current rate of inflation and general economic environment increase risk when bidding for construction services and typically result in higher bid prices.

DTS Morishita said that Pacific Hydrotech Corporation (PHC) is completing construction of the Encinitas Estates Pump Station (EEPS) Replacement Project. He continued that during EEPS, PHC demonstrated exceptional skill and expertise constructing the complex submersible pump station in a confined area. He stated that the skill set to replace VP7 with E/One (civil, mechanical and electrical) is the same as demonstrated by PHC during construction of EEPS.

DTS Morishita explained why a Change Order was recommended as opposed to a new contract. He continued that the coincidental timing of the two pump station replacement projects, project similarities and a unique opportunity to reduce project costs without sacrificing quality of construction are contributing factors. He stated that this unconventional approach benefits both the District and PHC by reducing administrative / overhead burden and risk. DTS Morishita explained that due to the current construction market, continued supply chain issues and rate of inflation, staff believes this approach is in the best interest of the District.

DTS Morishita stated that PHC was asked to provide a quote for the Change Order. He said that PHC submitted a quote of \$795.5K and that staff determined this quote to be fair and reasonable. He continued that issuing the change order will require a waiver of the Formal Procurement requirement in the Procurement Policy. DTS Morishita explained that the Board has the authority, at its sole discretion, to waive any part of the Procurement Policy.

Chairperson Roesink commented that he believed that this was a smart project approach and asked if there was any concern with legal liability for waiving the Procurement Policy requirements. GM Bushee stated that General Counsel Brechtel had reviewed this approach and indicated that the District is not subject to the low bid requirements of the California Public Contracts Code. GM Bushee added that the Board has the flexibility in the Procurement Policy to waive the construction bidding requirements.

Following discussion, the EC concurred with staff to recommend that the Board of Directors authorize the General Manager to execute a Change Order to the EEPS Contract with PHC for the construction of the VP7 Replacement Project, waive the Formal Procurement requirement and authorized the additional \$275K appropriation.

5. Information Items

A. Development Projects Summary

DTS Morishita presented this item to the EC.

6. Directors' Comments

Director Brown said he appreciated the inclusion of the Development Projects map. However, he commented that adding labels to the map would be helpful.

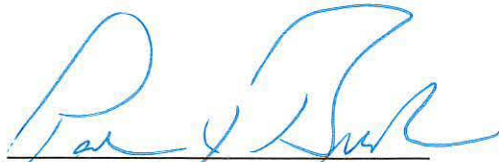
Chairperson Roesink said that he appreciated the clear explanations in layman's terms that are provided when responding to questions.

7. General Manager's Comments

None.

8. Adjournment

Chairperson Roesink adjourned the meeting at approximately 11:50 a.m.



Paul J. Bushee,
Secretary/Manager
(Seal)