ENGINEERING AND OPERATIONS COMMITTEE

AGENDA FOR

OCTOBER 23, 2008

Betty Ferguson – Chair    Daniel Lizzul
Jim Bowersox – Vice Chair Ron Morrison
John Johnson – Vice Chair Rua Petty
Jim Barrett Bud Pocklington
Tom Brammell Richard Smith
Michael Hogan Fred Thompson
Bill Knutson Yen Tu


2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
   4-A Directors’ comments.

I. CONSENT CALENDAR

1. Construction contract for Otay 14 Flow Control Facility expansion project.
   Staff recommendation: Award a construction contract to TC Construction, Inc., in the amount of $559,660 for the Otay 14 Flow Control Facility expansion project. (Action)
   Bill Kennedy

2. Professional Services Contract with American Innovations Ltd. for remote monitoring of cathodic protection facilities.
   Staff recommendation: Award a professional services contract to American Innovations Ltd. for a period of two years in an amount not to exceed $400,000 to provide remote monitoring equipment and services for cathodic protection facilities. (Action)
   John Galleher
III. ACTION/DISCUSSION

   Staff recommendation: Ratify the emergency construction contract with L.H. Woods and Sons, Inc., for a not-to-exceed amount of $800,000 for the October 2008 Pipeline 4 Emergency Shutdown and repair.
   Authorize the General Manager to accept work as complete, record the notice of completion, and release all funds held in retention to L.H. Woods and Sons, Inc., following the expiration of the notice of completion period.
   (Action)

2. Presentation on San Vicente Dam Raise Advertisement for Construction Package 2 – Foundation Excavation, Access Roads and Dam Penetration.

III. INFORMATION

1. Advertisement for bids for projects relating to Emergency Storage Projects – Diversion Structure Modifications.

IV. CLOSED SESSION

1. CLOSED SESSION:
   Conference with Legal Counsel – Potential Litigation
   Government Code §54956.9(b) - significant exposure to litigation
   OMWD – Lake Hodges Water Quality Allegations
2. CLOSED SESSION:  
Conference with Legal Counsel – Existing Litigation  
Government Code §54956.9(a)  
Name of Case: CH2M Hill Constructors, Inc. v San Diego County Water Authority,  
San Diego Superior Court – Case No. 37-2008-00089483-CU-BC-CTL  

V. ADJOURNMENT  

Doria F. Lore  
Clerk of the Board  

NOTE: This meeting is called as an Engineering & Operations Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
October 15, 2008

Attention: Engineering and Operations Committee

Construction contract for Otay 14 Flow Control Facility expansion project. (Action)

Staff Recommendation
Award a construction contract to TC Construction, Inc., in the amount of $559,660 for the Otay 14 Flow Control Facility expansion project.

Alternatives
Reject all bids and re-bid the project. This would result in approximately six months delay to the project, and a possible higher bid price.

Fiscal Impact
There are sufficient funds in the project budget and the fiscal years 2008 and 2009 Capital Improvement Program appropriation to support this project. The rate category for this project is transportation.

Background
The Otay 14 Flow Control Facility Expansion project is part of a number of improvements to implement the goals of the East County Regional Treated Water Improvements Program. This project will double the capacity of the existing flow control facility and will allow decommissioning of Otay 8 Flow Control Facility once Otay Water District completes their new pipeline which will connect to the expanded Otay 14 Flow Control Facility during the first quarter of 2010.

Prior to advertising, the Water Authority conducted extensive outreach efforts including sending a project flyer to the Associated General Contractors of America and the Engineering and General Contractors Association for distribution to their members.

Otay Water District is paying for 50 percent of this project’s costs. Consequently, the results of the bid opening were communicated with Otay and their approval to proceed with construction award was acquired.

This project is being managed by Jacobs Engineering, the Capital Improvements Program Project Management and Peak Support Services Consultant. Water Authority staff will have responsibility to oversee the construction contractor’s activities.

Previous Board Actions: Agreements between the Water Authority, Otay Water District, and Helix Water District to implement the goals of the ECRTWIP Program were approved by the Board in February 2006. Agreement between the Water Authority and Otay Water District for...
design, construction, operation, and maintenance of the expanded Otay 14 Flow Control Facility was approved by the Board in November 2006.

Discussion
The project was advertised for construction on August 13, 2008. Two pre-bid meetings and one site tour were conducted, and 60 contractors, subcontractors, and vendors obtained the contract documents.

Six bids were received at the public bid opening on September 17, 2008. The bids ranged from $559,660 to $712,427 with the low bid being approximately $80,000 more than the estimated construction cost of $480,000. This was the first estimate prepared by Jacobs for the Water Authority; they used their own procedures and not those typically utilized by staff. Staff has since met with Jacobs to bring their estimating procedures in alignment with ours. Complete bid results are shown on the attached bid summary sheet. TC Construction, Inc., submitted the apparent low bid in the amount of $559,660.

Staff reviewed TC Construction, Inc. bid documents. Based on a review of this documentation, in accordance with the contract documents, TC Construction, Inc. is the lowest responsive and responsible bidder.

Due to the limited subcontracting opportunities for this project, SCOOP outreach was not required.

The Notice to Proceed will be issued in November 2008. The contractor’s construction activities are scheduled to begin in February 2009, and will be complete in August 2009.

Prepared by: Assem Salam, Design Manager
Reviewed by: Bill Kennedy, Peak Services Manager
Approved by: Frank Belock, Jr., Deputy General Manager

Attachments:
- Figure 1 – Vicinity Map
- Figure 2 – Location Map
- Bid Summary
# RESULTS OF BID OPENING

## OTAY 14 FLOW CONTROL FACILITY EXPANSION PROJECT

**SPECIFICATION 597**

<table>
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<td>1.</td>
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<td>6.</td>
<td>Arrieta Construction, Inc.</td>
<td>$712,427</td>
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**Bid Opening Date:** September 17, 2008

**Time:** 10:00 a.m.

**Place:** San Diego County Water Authority
           4677 Overland Avenue, San Diego, CA 92123
October 15, 2008

Attention: Engineering and Operations Committee

Professional Services Contract with American Innovations Ltd. for remote monitoring of cathodic protection facilities. (Action)

**Staff Recommendation**
Award a professional services contract to American Innovations Ltd., for a period of two years in an amount not to exceed $400,000 to provide remote monitoring equipment and services for cathodic protection facilities.

**Alternative**
1. Do not award the contract and direct staff to negotiate with other consultants or solicit new proposals. This would result in a minimum four month delay in awarding a contract.
2. Do not award the contract and direct staff to continue operating under current conditions of obtaining monthly and yearly readings to assess effectiveness of the cathodic protection systems.

**Fiscal Impacts**
Funds in the amount of $400,000 are available in the fiscal year 2009 approved Aqueduct Protection Program’s Capital Improvement Program budget. This item relates to the Transportation Rate category.

**Background**
The Water Authority’s steel pipelines are installed in soils that are very corrosive. Cathodic protection systems are designed to protect the pipelines from the potential damaging affects of corrosion, and thus mitigate failure.

There are two basic types of cathodic protection systems: Galvanic Anode Cathodic Protection (GACP) systems and Impressed Current Cathodic Protection (ICCP) systems. In order to prevent corrosion damage to the pipelines, both types of cathodic protection systems must be kept operating at their optimum output level 24 hours a day, 365 days a year and must be effective along the entire length of each pipeline. Presently these systems are monitored monthly by staff driving out to each of the 57 cathodic protection systems to verify that they are operating correctly.

Cathodic protection systems on a pipeline need to be simultaneously cycled on and off while measurements are taken in order to properly evaluate the effectiveness of the system and to resolve problems with stray current interference on other utility company pipelines. This creates a huge impact on staff when problems have to be investigated or when a utility requests that the systems be interrupted for stray current interference work.
Discussion
The proposed remote monitoring system for the Water Authority’s cathodic protection systems will allow a single person to monitor the cathodic protection on the Water Authority’s pipelines remotely through computer access. This system is capable of continuously monitoring the operation of the cathodic protection systems, and allowing for immediate notification of equipment failure and vandalism. This remote monitoring system provides staff with the ability to cycle the systems to properly survey the level of corrosion protection on a pipeline, as well as detect and solve potentially damaging stray current interference from paralleling cathodic protection systems.

The ability to monitor and troubleshoot the cathodic protection systems remotely will reduce labor costs and improve the overall efficiency of the Aqueduct Protection Program. In addition, staff will be able to provide immediate results to paralleling utilities regarding cathodic protection system impacts, analyze trends in the effectiveness of the cathodic protection systems, and assist in scheduling replacement as necessary in order to maximize the life expectancy of the facilities.

A request for proposals for remote monitoring services was advertised on May 12, 2008. A pre-proposal meeting was held on May 21, 2008, in which nine companies attended. On June 18, 2008, proposals were received from three firms; American Innovations Ltd., Corrpro Companies, Inc., and Schiff Associates. The proposals were evaluated using a 2-phased evaluation process. Phase 1 included evaluation of the proposals to determine the proposers understanding of the scope of work, past performance, technical competence, work plan, schedule, and organization as identified in the Request for Proposals. Phase 2 consisted of a demonstration period for staff to evaluate the effectiveness of each system in meeting the Water Authority’s needs as identified in the Request of Proposals.

Based on the evaluation of the written proposals and the demonstration period, American Innovations Ltd., is considered to be the most qualified firm to perform the work. A professional service contract has been negotiated with American Innovations Ltd, for a period of two years to provide remote monitoring equipment and services for the Water Authority’s cathodic protection systems for an amount not to exceed $400,000. The remote monitoring system will be installed and activated during fiscal year 2009, per the project schedule.

Due to limited subcontracting opportunities for this type of service, SCOOP outreach requirements were not applicable.

Prepared by: John J. Galleher, Jr., Operations and Maintenance Manager
Reviewed by: Gary Eaton, Director, Operations and Maintenance
Approved by: Frank Belock Jr., Deputy General Manager
October 15, 2008

Attention: Engineering and Operations Committee

Member Agency Agreement with Sweetwater Authority for the Sweetwater Chlorine Dioxide Injection System. (Action)

Staff Recommendation
Authorize the General Manager to sign an agreement with Sweetwater Authority for design, construction, ownership, operation, and maintenance of the Sweetwater Chlorine Dioxide Injection System in the amount of $7,000.

Alternatives
1. Direct staff to renegotiate the terms of the Sweetwater Chlorine Dioxide Injection System (Chlorine System) agreement. This would result in an approximate delay of three months.
2. Do not approve the agreement and request Sweetwater to explore other alternative methods to reduce the potential of introduction of quagga mussels into the Sweetwater Reservoir.

Fiscal Impact
The costs may vary depending on actual staff hours expended to perform the plan reviews and inspection oversight, and would be itemized at the end of the project. This project is 100 percent reimbursable by Sweetwater Authority (Sweetwater). Initially, Sweetwater would deposit funds in the amount of $7,000 to cover costs associated with plan review and inspection oversight. Sweetwater would manage the design and construction of the project, and be responsible for the ownership, operation, and maintenance costs. The rate category is transportation.

Previous Board actions: None.

Discussion
Sweetwater has requested to install a chlorine dioxide injection system at their cost, to reduce the potential for the introduction of quagga mussels into the Sweetwater Reservoir from the untreated Second Aqueduct. The Chlorine System would be constructed in the National City/Southbay 3 Flow Control Facility Bypass Pipeline Turnout Vault (Bypass Pipeline), which supplies untreated water directly into the Sweetwater Reservoir from the Second Aqueduct. The Chlorine System will be installed on the downstream side of the Bypass Pipeline Turnout from the 2nd Aqueduct and therefore, will not impact other member agencies. The Chlorine System would consist of PVC piping, a quill style injector, and an emergency shut-off valve and box. The attached agreement sets forth the terms and conditions for which Sweetwater will be responsible for the design, construction, ownership, operation, and maintenance of the Chlorine System. The Water Authority will review and provide comments on construction drawings and submittals, and will provide oversight inspection to ensure the Chlorine System is constructed per the approved construction drawings and submittals, the cost of which is 100 percent reimbursable by Sweetwater.
This is an inter-agency agreement. SCOOP outreach requirements are not applicable.

Prepared by: John J. Galleher, Jr., Operations and Maintenance Manager
Reviewed by: Gary A. Eaton, Director of Operations and Maintenance
Reviewed by: William Rose, Director of Right of Way
Approved by: Frank Belock, Jr., Deputy General Manager

Attachments

1. Agreement for Sweetwater Chlorine Dioxide Injection System
2. Figure 1 – General Vicinity Map
Agreement Between San Diego County Water Authority and Sweetwater Authority for Design, Construction, Ownership, Operation, and Maintenance of the Sweetwater Chlorine Dioxide Injection System

This Agreement is entered into on _____________, 2008, between the San Diego County Water Authority (Water Authority), a county water authority and the Sweetwater Authority, a joint powers agency composed of the City of National City and South Bay Irrigation District (Sweetwater), (collectively, the Parties).

RECITALS:

A. The National City/Southbay 3 Flow Control Facility Bypass Pipeline (Bypass Pipeline) supplies untreated water to Sweetwater from the National City/Southbay 3 Turnout Vault to the Sweetwater Reservoir.

B. Sweetwater has requested to install PVC piping, a quill style injector for chlorine dioxide injection, and an emergency shut-off valve and box in the Bypass Pipeline to be known as the Sweetwater Chlorine Dioxide Injection System (Chlorine System). This action will assist in the prevention of Quagga Mussels.

C. This Agreement establishes the terms and conditions pursuant to which the Chlorine System will be designed, constructed, owned, operated and maintained by Sweetwater, within the Water Authority right of way on Assessor Parcel Number 585-161-01.

D. Sweetwater is the lead agency for compliance with the California Environmental Quality Act. The construction of the Chlorine System is expressly contingent upon and shall not proceed until compliance with CEQA has occurred.

The Recitals are incorporated herein and the Parties agree as follows:

TERMS:

A. Facility Design and Construction

1. Chlorine System shall be constructed in accordance with the attached construction drawing as shown in Exhibit A, and additional submittals as requested by the Water Authority, which are incorporated as part of this Agreement.

2. Chlorine System will be designed and constructed by Sweetwater to current Sweetwater and AWWA standards. Sweetwater shall provide a list of the applicable AWWA standards for items shown in Exhibit A and other submittals as required for clarification. The Water Authority will tap the Bypass Pipeline at a location designated by Sweetwater for insertion of the injector.

3. An emergency shut-off valve and valve box shall be placed adjacent to the turnout structure where the Chlorine System enters the structure.
4. Provide a remote monitoring device to automatically shut down the chlorine dioxide flow upon either an increase or decrease in flow pressure to avoid a chemical spill.

5. Regulate the flow of the chlorine dioxide by monitoring the Sweetwater’s Bypass flow rate and chemical injection rate. Monitor the concentration of the chlorine dioxide by taking daily samples while the pipe is flowing. Record the concentration levels and provide a monthly report to the Water Authority.

6. Sweetwater shall coordinate all work within the National City/Southbay 3 Turnout Vault with the Water Authority. The Bypass Pipeline will need to be isolated and drained by Water Authority personnel before any work can begin.

7. Chlorine System must be completed within 18 months of the date of execution of this Agreement. Failure to complete the work within the specified time period shall deem this Agreement null and void.

8. This Agreement does not authorize other construction, grading or landscaping within the Water Authority's right of way.

B. Sweetwater Responsibilities:

1. Immediately following the execution of this agreement, assign a project manager to be the Water Authority’s single point of contact, arrange a kick-off meeting to discuss responsibilities and expectations of all parties, and develop a schedule showing the milestones and when they will be completed.

2. Complete environmental review and file a Notice of Determination as required by CEQA and provide a copy the Notice of Determination to the Water Authority’s Director of Water Resources, before commencement of any work.

3. Obtain all necessary plan checks, construction inspections. Secure all necessary permits required by local agencies and obtain all necessary design and construction requirements for all components of Chlorine System.

4. Provide the Water Authority, for review and comment, a list of the applicable AWWA standards for items shown in Exhibit A and other submittals as requested by the Water Authority. Provide a copy of the final drawings and submittals for Chlorine System to the Water Authority for written approval prior to commencement of work.

5. Perform all operations associated with draining of Sweetwater’s facilities; provide all associated labor, materials, and equipment to design and construct the Chlorine System.
6. Provide and maintain an identification sign at the shut-off valve identifying it for Water Authority use at the Bypass Pipeline Turnout Vault.

7. Pothole to determine the location of and protection of Water Authority Cathodic Protection facilities.

8. Do not interrupt the use or operation of the Water Authority’s facilities.

9. Provide the Water Authority with a chemical spill response procedure and maintain the proper hazardous material signage, with a Sweetwater contact phone number, at the turnout structure. Provide training to Water Authority staff regarding chemical hazard response, as requested.

10. In the event of a chemical spill or release, Sweetwater shall immediately notify the Water Authority, be responsible for the hazardous waste clean up, and assume liability for all costs associated with the spill or release, and any damage to Water Authority facilities and/or right of way.

11. Provide an operation and maintenance manual to be updated annually. The manual shall include: operation procedures for the injection of the chlorine dioxide during high flow, low flow and no flow; document maintenance performed, such as roding out the injector on a quarterly basis; pump maintenance per the pump manufacturer’s recommendations, when chlorine dioxide is being injected; and visual condition assessment by Sweetwater of the chlorine dioxide injection system.

12. If Sweetwater fails to maintain the equipment as stated in the operation and maintenance manual or if the condition of their equipment begins to deteriorate to an unacceptable condition, upon notification by the Water Authority, Sweetwater shall immediately remove the injection system. If not removed within 48 hours of notification, the Water Authority will remove and Sweetwater shall be responsible for the Water Authority costs incurred for removal.

13. Provide chlorine dioxide “right to know” training to Water Authority staff. Training to be held for one day at Sweetwater’s offices. Class size is limited to 15 people per class and two classes. Water Authority and Sweetwater shall choose a mutually agreeable date.

14. Coordinate, with the Water Authority, a minimum of 30 days prior to the start of work to schedule the isolation and draining of the Bypass Pipeline. The Water Authority has final approval of the shutdown dates.

15. Construct the Chlorine System using Sweetwater’s public works bid procedures, which shall include laws applicable to public works projects including prevailing wages.
16. Contractor shall procure and maintain during the period of performance of this contract and for 24 months following completion, insurance from insurance companies authorized to do business in the State of California, as set forth in this section. These policies shall be primary insurance as to the Water Authority so that any other coverage held by the Water Authority shall not contribute to any loss under Contractor's insurance. All such insurance policies shall name the Water Authority, including its directors, officers, employees, and agents as additional insureds.

General liability: (with coverage at least as broad as ISO form CG 00 01 10 01) coverage in an amount not less than $1,000,000 general aggregate and $1,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

Automobile liability: (with coverage at least as broad as ISO form CA 00 01 10 01, for “any auto”) coverage in an amount not less than $1,000,000 per accident for personal injury, including death, and property damage.

Workers' compensation and employer's liability: coverage shall comply with the laws of the State of California, but not less than an employer’s liability limit of $1,000,000.1

17. Sweetwater to provide proof of self-insurance.

18. Provide construction management and inspection of the Chlorine System from the connection point on the Bypass Pipeline to the connection at Sweetwater’s Chlorine Building.

19. Provide to the Water Authority construction submittals that revise the previously approved design and any proposed design changes prior to issuance of change orders.

20. Before activating the Chlorine System, provide written approval to the Water Authority that Chlorine System and the connections to the Water Authority’s Bypass Pipeline and Sweetwater’s Chlorine Building are in compliance with the construction drawing and approved submittals.

21. Provide record drawings per the Water Authority’s ESD-510, Section 3.1 Record Drawings Preparation and Revisions to Existing Record Drawings within 60 calendar days of filing Notice of Completion. All drawings and submittals for the Chlorine System shall become the property of the Water Authority.

22. Sweetwater will perform all community outreach for the project.
C. **Water Authority Responsibilities:**

1. Review and provide written comments to Sweetwater for the construction drawings and submittals. Written comments will be provided within 15 calendar days of receipt. Upon completion of the 100 percent design, Sweetwater will submit the construction drawings to the Water Authority for written approval prior to commencement of work. The Water Authority shall not unreasonably withhold its approvals.

2. Review construction submittals that revise the previously approved design, any proposed design changes prior to issuance of change orders, and provide written comments and approvals to Sweetwater within 15 working days of receipt. The Water Authority will provide inspection oversight services, as necessary, throughout the construction phase. Upon completion of construction, the Water Authority will conduct a final inspection and provide Sweetwater with a written punch list. Upon satisfactory completion of the punch list, the Water Authority will provide a written recommendation to Sweetwater to proceed with the filing of the Notice of Completion.

3. Assign a project manager to be Sweetwater’s single point of contact.

D. **Facility Access**

1. The National City/Southbay 3 Turnout Vault access hatch shall be secured with a common core for the padlock for use by both parties; however Sweetwater shall call the Water Authority Control Room at (760) 480-5534 prior to accessing the facility.

E. **Ownership, Operational Control and Maintenance of Facilities:**

1. Upon activation by Sweetwater, Sweetwater will own, operate, and maintain the Chlorine System, as shown in Exhibit A.

2. Sweetwater is responsible for all operation and maintenance costs associated with the Chlorine System and any damage resulting from the injection of the chlorine dioxide to Water Authority property or any damages as a result of operation of the Chlorine System.

3. The Water Authority will maintain the easement.
F. Calculation and Payment of Costs:

1. Sweetwater will pay 100 percent of all actual costs incurred for the design, CEQA/environmental work, easement acquisition, public affairs, construction management, construction, water, and associated labor, materials, and equipment and other related costs for Chlorine System.

2. Sweetwater shall pay 100 percent of all actual costs incurred by the Water Authority for administration, plan review, inspection and other Water Authority actions under this agreement relating to the design and construction of Chlorine System, as shown in Exhibit B.

3. Deposit:
   a. Sweetwater shall deposit with the Water Authority, upon execution of this agreement, $6,703 as the estimated amount of Water Authority’s costs to be paid by Sweetwater under subsection 2 above.

4. If Sweetwater decides to cease work on the Chlorine System at any time during design, or construction, Sweetwater will reimburse the Water Authority for all costs incurred by the Water Authority, make appropriate repairs to the Water Authority’s facilities and return the site to its original condition.

5. Project Cost Accounting:
   a. Project cost accounting will be performed by the Water Authority upon 90 calendar days of activation of the Chlorine System.
   b. If the Water Authority’s actual costs are more than deposits, Sweetwater will, within 40 calendar days of receipt by Sweetwater of cost accounting from the Water Authority, make full payment to the Water Authority. Any payment not received will be subject to a delinquency charge of two percent of the delinquent payment for each month or portion thereof that the payment remains delinquent. If the delinquency does not exceed five business days, the charge shall be equal to a one percent of the delinquent amount. If Sweetwater believes its share of actual costs should be less than the amount specified in the accounting report, it will notify the Water Authority prior to the expiration of the 40-day period. It is agreed that no delinquency charge will be assessed on sums claimed by Sweetwater to be due to Sweetwater until Sweetwater and the Water Authority agree on the amount actually due.
   c. If the Water Authority’s actual costs are less than deposits, the excess amount, without interest, will be refunded by the Water Authority to Sweetwater within 40 calendar days of Water Authority providing final accounting to Sweetwater.
d. Detailed records from which costs are compiled will be retained by the Water Authority for a period of three years from the date of final invoice, and will be available for verification by Sweetwater during normal business hours. If the Sweetwater determines an audit is necessary, it will be completed at the Sweetwater’s expense during the three-year period.

G. Term or Discontinued Use:

1. When work is completed within the specified time period, the term of this agreement is indefinite and may be terminated by the Water Authority. The Water Authority shall mail written notice of revocation to Sweetwater, which shall set forth the date upon which the benefits of this Agreement are to cease. The Agreement may be terminated by Sweetwater at any time by discontinuation of use or removal of improvements with 30 days notice to the Water Authority.

2. Prior to the date of termination or within a reasonable time not less than 30 days as specified in the notice of revocation, Sweetwater shall, at no cost to the Water Authority, return the Water Authority right of way to the same or similar condition it was in immediately before execution of the Agreement or the approval of the Right of Entry Permit #2008-003a, whichever date is earlier.

3. If Sweetwater fails to restore the Water Authority right of way to the same or similar pre-agreement and pre-permit condition prior to termination or within the time specified in the notice of revocation, the Water Authority shall have the right to enter upon the Water Authority’s right of way, after notice to Sweetwater, and restore the Water Authority’s right of way to its pre-agreement and pre-permit condition, including the removal and destruction of any improvements, and Sweetwater agrees to reimburse the Water Authority for the costs incurred.

4. Sweetwater agrees to relocate the Chlorine Pipeline within 30 calendar days after notice by the Water Authority, or the Water Authority, at its option, may cause such work to be done after 30 days notice, and the costs shall be reimbursed by Sweetwater. The Water Authority is also entitled to remove all or a portion of the encroachment at anytime to repair, replace, maintain or install public improvements, and if such action is taken, Water Authority shall have no obligation to pay for or restore the Chlorine Pipeline.

H. Dispute Resolution:

1. If any dispute, controversy, or claim arises out of or relates to any provision of this agreement or concerns the breach or interpretation of any provision of this agreement, which cannot be settled through negotiation, Sweetwater and the Water Authority agree first to try in good faith to settle the dispute, controversy, claim, or breach of this agreement by mediation under the most recent version of the American Arbitration Association Construction Industry/Commercial
Mediation Rules, the cost of which shall be borne equally by the parties. The mediation shall occur not later than 45 calendar days from commencement of the dispute. If mediation does not occur within this 45 calendar day period, the obligation to mediate shall be waived. The mediation shall not be binding on the parties. If the dispute is not settled in the mediation, either party shall have the right to pursue the dispute in court.

I. Indemnification:

1. To the fullest extent permitted by law, Sweetwater shall indemnify, defend (with independent counsel approved by the Water Authority) and hold harmless the Water Authority, and its directors, officers, and employees from and against all liabilities (including without limitation all claims, losses, damages, penalties, fines, and judgments, associated investigation and administrative expenses, and defense costs, including but not limited to reasonable attorneys’ fees, court costs and costs of alternative dispute resolution) regardless of nature or type arising out of or resulting from any error or negligent or wrongful act or omission of Sweetwater or Sweetwater’s officers, employees, agents, or subcontractors in the performance of this Agreement.

2. Notwithstanding the foregoing paragraph, nothing in this Agreement shall be construed to require Sweetwater to indemnify the Water Authority from any claim arising from sole negligence or willful misconduct of the Water Authority.

J. Laws and Venue:

1. This Agreement will be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in the Superior Court, County of San Diego, or a federal court situated in the County of San Diego, State of California.

K. Amendment:

1. This Agreement may be modified only by a subsequent written amendment executed by all Parties.

L. Successors or Assigns:

1. This Agreement and any portion thereof shall not be assigned or transferred, nor shall any of the duties be delegated, without the express written consent of all Parties, which shall not be unreasonably withheld or delayed. Any attempt to assign or delegate this Agreement without the express written consent of all Parties shall be void and of no force or effect.
M. Notices:

1. Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, postage prepaid, addressed to:

   Sweetwater Authority  
   505 Garrett Avenue  
   Chula Vista, CA  91910  
   Attention: Mark Rogers, General Manager  

   San Diego County Water Authority  
   4677 Overland Avenue  
   San Diego, CA  92123  
   Attention: Maureen A. Stapleton, General Manager  

N. Signatures:

The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties have executed as of the date written above.

San Diego County Water Authority           Sweetwater Authority

By: _______________________________       By: _______________________________
    Maureen A. Stapleton                 Mark Rogers
    General Manager                     General Manager

Approved as to form:                      Approved as to form and legality:

Daniel S. Hentschke                        Insert Name__________________________
General Counsel                            General Counsel

_________________________________________                                       _______________________________
## EXHIBIT B
PROJECT COSTS

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### Construction Inspection and Reviews

| Submittal Review             | $1,591|
| Inspection Oversight and Punch List | $2,400|
| O&M Operation Coordination   | $1,000|

**Estimated Water Authority Total:** $6,703
PROJECT:
SWEETWATER CHLORINE DIOXIDE INJECTION SYSTEM
FIGURE 1
October 15, 2008

Attention: Engineering and Operations Committee

Construction contract for the October 2008 Pipeline 4 emergency shutdown and pipeline repair. (Action)

Staff Recommendation
  a. Ratify the emergency construction contract with L.H Woods and Sons, Inc., for a not-to-exceed amount of $800,000 for the October 2008 Pipeline 4 emergency shutdown and repair
  b. Authorize the General Manager to accept work as complete, record the notice of completion, and release all funds held in retention to L.H Woods and Sons, Inc., following expiration of the notice of completion period.

Alternatives
None

Fiscal Impact
This emergency repair is being funded by the Capital Improvement Program, Pipeline Relining and Replacement Program and was not included in the two-year appropriation. Sufficient funds are available in the program budget to support the work. The rate category for this project is transportation.

Background
At approximately 2:30 a.m. on Sunday, October 5, 2008, the Acoustic Fiber Optic monitoring system and Supervisory Control and Data Acquisition system alerted the operations staff of a failure of Pipeline 4, within Mission Trails Regional Park, just north of the San Diego River.

Pipeline 4 is a 72-inch diameter pre-stressed concrete cylinder pipeline, constructed in 1977 and is the only source of imported untreated water to the City of San Diego’s Alvarado Treatment Plant, Lower Otay Treatment Plant, and the Sweetwater Authority’s Perdue Treatment Plant. The member agencies’ water treatment plants used existing storage, or increased delivery from other aqueduct connections not impacted by the emergency, to meet their customer demands while our pipeline was being repaired. Member agency operating heads were notified that the pipeline would be back in service once repairs were made.

The Emergency Operations Center was activated. Initial inspections of the site revealed that pre-stressed wires and the steel can in one section of pipe catastrophically failed near the joint. Further investigation discovered that 3 additional sections of pipe were damaged and had to be replaced. The cause of the break has not yet been determined. We have retained a consultant to perform forensic analysis to determine the cause of this failure and review the repair design. Results of this investigation will be reported back to the Board.

The water from the pipeline failure drained to the San Diego River. Riprap placed along the river from previous repair mitigated erosion, resulting in minimal environmental damage to the surrounding area.
Discussion
Due to the emergency nature of the work and the need to return reliable service to our member agencies in a short time frame, staff contacted three contractors from the Water Authority’s Emergency Repair Contractor list. L.H. Woods was selected based on their timely response, reasonable labor and equipment rates. L. H. Woods was authorized to proceed on Sunday, October 5, 2008, for a not to exceed amount of $800,000, and began work the same day. Since this amount exceeds the $500,000 limit of General Manager’s authorization, the Administrative Code requires the Board to ratify this construction contract.

The construction contract with L.H. Woods is for actual labor and material cost, plus 15 percent for overhead and profit. Subcontracted services are to be paid at actual invoiced amounts plus 5 percent. The contractor’s time and material are being reviewed against the inspector’s daily reports to verify the actual costs of repair.

The contractor worked around the clock and completed construction mid-day Tuesday, October 14. Operations & Maintenance crews began filling the pipe Wednesday, and untreated water service was returned to the effected member agencies shortly thereafter.

While the repair has been completed, there is remedial site restoration work remaining to be done. The contractor and staff anticipate completing this remaining site clean up and erosion control work in late November 2008. Therefore, authorization for the General Manager to issue a Notice of Completion is needed at this time, so that the construction contract can be closed out once this remaining site work is complete prior to the December Board meeting.

A 10-percent retention has been held in accordance with the contract. Retained funds will be released after Notice of Completion, expiration of the 60-day period following recording of the Notice of Completion, and receipt of a signed Conditional Waiver and Release of Liens and Claims from the contractor.

A total budget of approximately $1.8 million is anticipated to complete all work activities associated with the repair. These costs will be funded by the CIP’s pipeline relining program. A breakdown of the anticipated costs is detailed below:

<table>
<thead>
<tr>
<th>Anticipated Costs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Contract</td>
<td>$800,000</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>$305,000</td>
</tr>
<tr>
<td>Forensic/Repair review Consultant</td>
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<tr>
<td>Construction Management</td>
<td>$336,000</td>
</tr>
<tr>
<td>Environmental Restoration</td>
<td>$250,000</td>
</tr>
<tr>
<td>Acoustic Fiber Optic Repair</td>
<td>$35,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$1,761,000</strong></td>
</tr>
</tbody>
</table>
We will report the final cost of this project to the Board after final accounting of all invoices is complete.

Due to the special circumstances for these services, SCOOP outreach requirements were not applicable.

Prepared by: Mojgan Poursadighi, Project Manager
Reviewed by: Michael T. Stift, Director of Engineering
Reviewed by: Gary Eaton, Director of Operations & Maintenance
Approved by: Frank Belock, Jr., Deputy General Manager

MTS:

Attachments:
1. Figure 1 – General Vicinity Map
2. Figure 2 – General Location Map
3. Figure 3 – Photo of the failed Pipe
PROJECT: OCTOBER 2008 PIPELINE 4 EMERGENCY SHUTDOWN AND PIPELINE REPAIR

FIGURE 2

PIPELINE 4 (UNTREATED WATER)

PIPELINE 3 (UNTREATED WATER)

PIPELINE 4BII (TREATED WATER)

REPLACED PIPE SECTIONS

SAN DIEGO

MISSION GORGE ROAD

NOT TO SCALE

GENERAL LOCATION MAP
October 15, 2008

Attention: Engineering and Operations Committee

San Vicente Dam Raise Advertisement for Construction Package 2 - Foundation Excavation, Access Roads and Dam Penetration. (Information)

Background
In June 1998, the Water Authority’s Board approved adding the Emergency Storage Project to the Capital Improvement Program. The Emergency Storage Project includes raising the existing San Vicente Dam by 54 feet to add approximately 52,000 acre-feet of emergency storage to the existing reservoir. In April 2008, the Board certified the Carryover Storage Project Environmental Impact Report, approving a 117 feet dam raise for 152,000 acre-feet of combined emergency and carryover storage in the expanded reservoir.

Discussion
The dam raise is the Water Authority’s largest project with a budget of $568 million. As such, we are implementing the dam raise in a series of construction packages. In an effort to maximize small and minority owned business participation, we have divided the project into six construction packages, as follows.

- Package 1 – Test Quarry (Complete)
- Package 2 – Foundation Excavation, Access Roads and Dam Penetration (Advertisement in the next four months)
- Package 3 – Dam Raise (Design)
- Package 4 – Bypass Pipeline (Planning)
- Package 5 – Marina Facilities (Design)
- Package 6 – Post Construction Habitat Restoration (Planning)

Package 1, the Test Quarry had a construction cost of $478,886 and was completed on schedule and within budget. This work entailed test mining of aggregates onsite to determine if they were suitable for use in the concrete mix for the dam raise. The results found it is feasible for the contractor to mine aggregates onsite as opposed to purchasing the material from an outside source, reducing project cost and traffic impacts to the community.

The design for Package 2, Foundation Excavation, Access Roads and Dam Penetration is now complete, and ready for advertisement. The work includes excavation of the foundations for the raised dam and new saddle dam. It also includes removing approximately two to three inches of the weathered concrete on the downstream face of the existing dam, creating a 12-foot-diameter penetration through the existing dam for a low level outlet, constructing several access roads to the marina, right abutment, and the First Aqueduct Terminal Structure, and processing existing stockpiled materials for use in future construction packages. The estimated construction cost for Package 2 is from $55 to $65 million, with a construction schedule of approximately 15 months.
Over the past year and a half, the Water Authority has hosted outreach events for the contracting community to promote interest in this project. Two contractor outreach workshops were held at the San Vicente site to provide opportunities for prime contractors, subcontractors, and vendors to network with each other and the Water Authority, as well as to learn about the project details. Additionally, the project team has presented the project to various professional organizations and the construction industry and has advertised in various trade publications. As a result, we expect to receive three to six bids for the Package 2 construction contract.

Prepared by:  Kelly Rodgers, Senior Engineer
Reviewed by:  Michael T. Stift, Director of Engineering
Approved by:  Frank Belock, Jr., Deputy General Manager
October 15, 2008

Attention: Engineering and Operations Committee

Advertisement for bids for projects relating to Emergency Storage Projects – Diversion Structure Modifications. (Information)

Background
With the completion of the 100 mgd Twin Oaks Valley Water Treatment Plant there needs to be a way to isolate Pipeline 4 north of the Water Treatment Plant in order to operate the plant during pipeline maintenance shutdowns or an Emergency Storage Project event.

Discussion
This construction contract will modify an existing valve vault, known as the Exchange Structure, by adding two flanges to the piping, enlarging the access hatch and providing intrusion alarm detection for the vault. Modification of this vault will provide system flexibility in operating the Twin Oaks Valley Water Treatment Plant during a Pipeline 4 shutdown or any other unforeseeable event, by preventing treated water from the Water Treatment Plant from flowing north if Pipeline 4 is drained for maintenance. We will also achieve operational flexibility during shutdowns to allow for delivery of treated water to Vallecitos 10 Flow Control Facility, which is between the Diversion Structure and the Exchange Structure. Currently, an 11 mile section of the treated water Pipeline 4 is scheduled to be shutdown in February 2009 for inspection. This shut-down period provides an opportunity for these improvements to be made.

This project was included in a list of upcoming projects provided to contractors at the Paths to Partnership Regional Forum, held on October 2, 2008. The project description has been posted on the Water Authority web site and project information has been shared with the Association of General Contractors and Engineering, and Engineering & General Contractors Association. An email will be sent to a list of interested contractors when the project advertises.

Advertisement is scheduled to start in October 2008. Construction is estimated to cost between $250,000 and $350,000 and is scheduled to begin in early 2009, with completion in spring 2009.

Prepared by: Mike Wallace, Engineer (P.E.)
Reviewed by: Michael Stift, Director of Engineering
Approved by: Frank Belock, Jr., Deputy General Manager

Attachments:
Figure 1 – General Vicinity Map
Figure 2 – General Location Map
PIPELINE 3 (UNTREATED)

PIPELINE 4 (TREATED)

PIPELINE 5 (UNTREATED)

MODIFICATION OF EXISTING VAULT STRUCTURE

TWIN OAKS VALLEY FLOW REGULATORY STRUCTURE

VALLECITOS 10 FLOW CONTROL FACILITY

PROJECT:
ESP - DIVERSION STRUCTURE MODIFICATIONS
FIGURE 2
October 15, 2008

Attention: Engineering & Operations Committee

CLOSED SESSION:
Conference with Legal Counsel – Potential Litigation
Government Code §54956.9(b) - significant exposure to litigation
OMWD – Lake Hodges Water Quality Allegations

Purpose
This memorandum is to recommend that the committee by motion hold a closed session, pursuant to Government Code §54956.9(b) to discuss the above-referenced matter at the October 23, 2008, Board meeting.

A closed session has also been included on the agenda of the formal Board of Directors’ meeting, but unless the Board has additional questions or concerns, it is not staff’s intention to ask for a closed session with the full Board at that time.

Prepared by: Daniel S. Hentschke, General Counsel
October 15, 2008

Attention: Engineering and Operations Committee

CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: CH2M Hill Constructors, Inc. v San Diego County Water Authority,
San Diego Superior Court – Case No. 37-2008-00089483-CU-BC-CTL

Purpose
This memorandum is to recommend that the committee by motion hold a closed session,
pursuant to Government Code §54956.9(a) to discuss the above-referenced matter at the
October 23, 2008, Board meeting.

A closed session has also been included on the agenda of the formal Board of Directors’
meeting. Unless the Board desires additional discussion, it is not staff’s intention to ask for a
closed session with the full Board at that time, but staff may request action to confirm directions
given or action recommended by the committee.

Prepared by: Daniel S. Hentschke, General Counsel