

Nacimiento Water Project

Nacimiento Project Commission Notice of Meeting and Agenda

Thursday, April 28, 2005 – 4:00 pm
Templeton Community Services District Board Room
420 Crocker Street, Templeton CA

- I. Call to Order, Roll Call, and Flag Salute
- II. Public Comment
This is the opportunity for members of the public to address the Commission on items that are not on the agenda, subject to a three minute time limit.
- III. Meeting Notes from February 24, 2005
(RECOMMEND APPROVAL)
- IV. COMMISSION INFORMATION ITEMS – written reports with brief verbal overview by staff or consultant. No action is required.
 - a. **Project Management Report**
 - b. **Project Schedule**
 - c. **Project Budget**
- V. COMMISSION INFORMATION ITEMS –WITH PRESENTATIONS – no action required.
 - a. **Environmental – Presentation on the project’s permitting process, NEPA, and risks.**
(Mark Hutchinson, Environmental Programs Manager and ESA Consulting)
- VI. COMMISSION ACTION ITEMS (Commission action only, no Board of Supervisor action required)
 - a. None
- VII. COMMISSION ACTION ITEMS (Board of Supervisors action is subsequently required)
 - a. **Request for approval to contract for project Geotechnical Services with Geomatrix**
 - b. **Request for approval to contract for project Surveying Services with Cannon Associates**
- VIII. FUTURE AGENDA ITEMS DESIRED BY COMMISSION

Commissioners Harry Ovitt, Chair , SLO County Flood Control & Water Conservation District Dave Romero, Vice Chair , City of San Luis Obispo David Brooks , Templeton CSD Grigger Jones , Atascadero MWC Frank Mecham , City of El Paso de Robles

Nacimiento Project Commission
April 28, 2005

Agenda Item III – Meeting Notes from February 24, 2005

I. Call to Order, Roll Call, and Flag Salute

4:00 pm – Commission Chair Ovitt called the meeting to order; all Commissioners present; flag salute and pledge of allegiance performed.

II. Public Comment

None

III. Meeting Notes from December 9, 2004 Meeting

After public comment, and on motion of Commissioner Mecham, seconded by Commissioner Brook, the Meeting Notes of December 9, 2004 were approved on a 5-0 vote.

IV. Project Management Report

Christine Halley provided an overview of the written project management report. Commissioner discussion ensues on the project budget in general and on the line items associated with the design phase in particular. Commissioner Romero encouraged early agenda review by the Technical Support Group and early agenda packet distribution to the Commission.

V. Business Items

a. Design Team Assembly

Christine Halley provided an overview of the written report. Commission discussion clarifies that the recommendation is based on the updated budget provided in the project manager's report (previous item). Commissioners approved two staff recommendations: (1) that a revised Project Design-Construction Strategy involving contracting with a single design firm be followed; and (2) that so long as consultant fees are within the approved line item budget and supported by the Technical Support Group, the recommendation for award may be forwarded directly to the Board of Supervisors for their approval. Upon motion of Commissioner Jones, seconded by Vice-Chair Romero, (with clarification that recommendation #2 is based on revised budget), recommendations are approved on a 5 – 0 vote.

b. Local Property Tax Shift Relation to Nacimiento Contracts

Paavo Ogren provided an overview of the written report. Commissioner Romero questioned whether the existing shift will be repaid by State. Recommendation in support of AB 2115 approved on a 5 – 0 vote.

c. Federal Lobbyist

Paavo Ogren provided an overview of the written report. Commission discussion ensued on whether a need existed for lobbying efforts at this time. On motion of Commissioner Mecham, and a 5 – 0 vote, Commission directed staff to return with additional information.

Meeting adjourned.

End of Minutes for Commission meeting of February 24, 2005.

Nacimiento Project Commission
April 28, 2005
**Agenda Item IV– Commission Information Items
(Information Only – No Action Required)**

TO: Nacimiento Project Commissioners

FROM: Paavo Ogren, Deputy Director of Public Works and Christine Halley, T.J. Cross, Project Engineer

VIA: Noel King, Director of Public Works

Date: April 28, 2005

The project management report and the Commission agenda have been re-formatted in response to input by the Commission and the Technical Support Group. Additional format and information enhancements are expected once the project manager is fully engaged into the process and further input is provided by the Commission.

REVISED PROJECT MANAGEMENT REPORTING AND COMMISSION AGENDAS

The purpose of the project management report is to provide your Commission with an update on the project's activities and issues since the prior Commission meeting. The formatting changes have been made to improve project communications and to establish a consistent form of reporting from the project delivery team to the Commission.

For example, attached on agenda page IV(a)-7 is a list of the direction on various items that your Commission approved at previous meetings, with a brief status on the team's subsequent efforts. The project management report is intended to expand on those items that have progressed since the last Commission meeting, or other changes that may have developed.

The agenda includes "informational" and "action" items. The informational items provide status reports to your Commission on delivery efforts, strategies and risks. The items requiring Commission action include two categories. The first is those that the Commission, alone, will be acting upon. Although some may be appealed to the Board of Supervisors, without such an appeal, your Commission action will be final. The second type of action item is those that must receive subsequent concurrence from the Board of Supervisors, acting on behalf of the County Flood Control and Water Conservation District.

The following illustrates how the agenda categories have been reformatted and the purpose of the changes.

REVISED COMMISSION AGENDA FORMAT

<u>Nacimiento Commission Agenda</u>	
I.	Call to Order, Roll Call, and Flag Salute
II.	Public Comment
III.	Meeting Notes from prior meeting(s)
IV.	COMMISSION INFORMATION ITEMS – <i>written reports with brief verbal overview by staff or consultant</i>
a.	Project Management Report
b.	Project Schedule
c.	Project Budget
d.	e, f, g etc... Other written updates with brief verbal summaries (if applicable)
V.	COMMISSION INFORMATION ITEMS – WITH PRESENTATIONS
VI.	COMMISSION ACTION ITEMS (<i>Commission action only, no Board of Supervisor action required</i>)
VII.	COMMISSION ACTION ITEMS (<i>Board of Supervisors action is subsequently required</i>)
VIII.	FUTURE AGENDA ITEMS DESIRED BY COMMISSION

PURPOSE OF CHANGES TO AGENDA FORMAT:

Section IV

The Project Management Report centers on scope, schedule, and budget – covered by agenda items **IVa**, **IVb**, and **IVc** unless specific items warrant more detailed review, in which case separate agenda items will be prepared. (Items **IVd** etc...)

Section V

Commission updates / informational items with planned presentations are included under Section V of the agenda.

Section VI

Section VI is for those Commission action items that pertain to project implementation policies, or to items that have been contractually delegated to the Commission, but which do not require subsequent action by the Board of Supervisors.

Section VII

Section VI is for those items that do require subsequent action by the Board of Supervisors.

Section VIII

Section VII is for Commission members to discuss items that they would like to include in future agendas.

Nacimiento Project Commission
April 28, 2005
**Agenda Item IV(a)– Project Management Report
(Information Only – No Action Required)**

The project management report has been reformatted to include the following:

1. Narrative on project activities
 - a. Project Resources
 - b. Project Scope
 - c. Other Project Items
2. Attachment illustrating prior Commission direction and action / non-action.

PROJECT RESOURCES

The following is a list of the project resource changes that have occurred since the prior Commission meeting:

- **The Nacimiento Project Manager, John R. Hollenbeck PE**, began his first day of employment on April 18, 2005. Interviews of project management candidates were conducted by Technical Support Group members. A project introduction meeting was held with all interviewees by Christine Halley on the morning of the interviews. All team members unanimously concurred with the selection of Mr. Hollenbeck. The following paragraph is John’s “short-version” resume.

John earned his bachelors and masters degrees in civil engineering from Kansas State University and is a registered engineer in both Kansas and California. His 19 year career in consulting with Black & Veatch and Bookman Edmonston engineers focused on hydraulic structures. He was part of the design team for Metropolitan Water District’s Diamond Valley Lake project; project manager for the Enlargement Study of the East Branch of the State Water Project, Mid Valley In Lieu Recharge Program, and Colorado River Transfer Conveyance, Imperial to San Diego Counties; and principal in charge of the Glendale, California office of Bookman-Edmonston, a division of GEI Consultants, Inc.

- **Environmental Services:** The contract with the environmental consulting firm **ESA** was approved on April 5, 2005 by the Board of Supervisors, in accordance with Commission direction, in the amount of \$749,667 plus contingencies of \$50,000 for a total contract of \$799,667. ESA was ranked #1 by the selection committee, which included staff of the Participating agencies, and obtained the endorsement of the project’s Technical Support Group. The contract amount is within the original line-item budget of \$800,000.

- **Surveying Services: Cannon Associates** obtained the #1 ranking from the surveying selection panel and their fee proposal is within the revised line item budget authorized for this contract by your Commission of \$700,000. The technical Support Group decided to seek input from Mr. Hollenback before making a final recommendation. That review has been completed and the Project Manager was satisfied with the recommendation of the Surveying Selection Panel. Accordingly, there is a separate action agenda item VII(b) which recommends your Commission's approval of the recommended firm, Cannon Associates.

- **Geotechnical Services: Geomatrix** obtained the #1 ranking from the geotechnical selection panel and obtained Technical Support Group endorsement. Their contract amount of \$549,800, is within the project revised line-item budget. However, when adding standard contract contingencies, the total authorized amount of \$599,800 would be in excess of the revised line-item budget authorization for this contract by your Commission of \$550,000. Therefore, the requested approval to contract with the preferred firm, Geomatrix, is included in a separate agenda item VII(a) of today's agenda for your Commission to consider. Pending your Commission's approval, this contract could be scheduled for the May 24, 2005 Board of Supervisors agenda.

- **Design Services:** Statement of Qualifications from firms interested in providing design services were received on April 22, 2005. The design services contract is to be awarded in July following a two-step selection process with a selection panel including staff of the Participating Agencies.
 - Step One: Review of Statement of Qualifications (SOQ's)
 - Purpose – To identify which of the interested consulting teams are best suited to meet the needs of the project (a "short-list"). The short-listed firms would then be asked to provide some supplemental information and proceed to interviews.

 - Step Two: Interview Design Teams / Recommend Design Team
 - Purpose - To interview firms that were short-listed in Step-one and to recommend which firm/team should proceed to contract negotiations

* * *

PROJECT SCOPE

In addition to the team-building efforts that have been ongoing since the last Commission meeting, some other noteworthy points on project efforts are listed below.

- **Coordinating Efforts with Monterey County Water Resource Agency** - Written project communications were initiated and the initial meeting with Monterey County Water Resource Agency will be held on April 29th to review project needs, to identify inter-agency issues, and to decide who will be moving which actions forward. The project's primary interest is to review actions that are needed to construct the intake structures conceived for the project.

A critical project issue will be modification of the master agreement to allow water withdrawals from other than the low level outlet. It may be impossible to treat water delivered from this low level outlet or, at best, it may be much more expensive.

It may be advisable for some members of your Commission to meet with some members of the Monterey County Water Resources Agency Board to solidify the desired approach to this issue at some point after the April 29, 2005 staff meeting.

- **Completing Design Phase Funding Efforts**— The legal form of the Memorandum of Understanding (MOU - Contract Amendment #1) was completed so that the project participants have the ability to individually elect to pay design phase costs on a pay-go (quarterly) basis - as recommended by the participants' finance directors and approved by your Commission on December 9, 2004. All of the participating agencies have approved the MOU and it is scheduled for the Board of Supervisor's agenda of May 10, 2005. Within 30 days of the Board's approval, each agency can elect to pay its design phase costs with cash contributions pursuant to the pay-go MOU.

Likewise, the project's finance team has completed its preliminary review of project creditworthiness and identified options and costs for issuing short-term municipal obligations for design efforts. Although the MOU provides the option for participating agencies to elect a quarterly pay-go option for design efforts, final decisions by each participating agencies can still result in the issuance of short-term debt for some or all of the design phase costs.

A meeting with finance directors is being scheduled to occur by May 10th to review the detailed information prepared by the finance team to help with the decisions of the individual agencies.

- **Pipeline Construction with 13th Street Bridge (Paso Robles)**



In 2003, Paso Robles began design of bridge improvements at 13th Street, a project that impacts the intersection of 13th Street and River Road. The bridge improvements overlay a portion of the proposed Nacimiento pipeline route and the City wishes to avoid tearing up new pavement at the time the Nacimiento pipeline is under construction. In anticipation of the Nacimiento pipeline construction, the City included the design and construction of approximately 1/2 mile of 20-inch diameter pipeline.

As of April 2005, about half of the pipeline segment is in the ground. Once the bridge construction staging moves to complete the southern end of the bridge, the remaining waterline footage will be installed and the entire segment pressure tested. Construction on the southern bridge approach is expected to begin in the Fall 2005.



OTHER PROJECT ISSUES

The purpose of this section of the project management report is to identify other areas that have received specific focus since the last Commission meeting.

- **Conflict of Interest Code Filings**

The Conflict Code required under the Fair Political Practices Act and approved by your Commission on October 28, 2004 was approved by the Board of Supervisors on April 12, 2005, without changes. The County Clerk-Recorder is the official filing agent. All of the Commissioners should have been contacted by County staff prior to the Commission meeting date of April 28th with instructions for the forms that Commissioners will need to file.

- **Federal Lobbying Efforts**

As reported to your Commission at your last meeting, the County of San Luis Obispo had been reviewing the hiring of a federal lobbyist for several County programs and projects. The County is not, however, proceeding with that hiring. Although the cost of a County lobbyist, in that instance, would not have created costs to the project or the participating agencies, any other lobbying efforts (if so desired by the Commission) would incur costs that would be chargeable to the project and participants. Based on estimates received, the project specific lobbying efforts could cost as much as \$60,000 lump-sum for a one year duration (without a floor or ceiling on hours of actual lobbying efforts). Since federal efforts for the project are specifically led by Congressman Thomas' office and the timing of congressional review is ongoing, the benefits of hiring a federal lobbyist at this juncture of congressional review may not justify the costs. Requests for proposals from consulting lobbying firms can be obtained if your Commission directs such action. Unless such a direction is given by your Commission, no further work associated with hiring a Federal lobbyist will be undertaken.

An update from the Office of Congressman Thomas on the \$35 million Water Resources Development Act request is that the proposed bill is currently pending "mark up" in the Transportation and Infrastructure Committee.

- **State Budget – Tax Shift**

County Public Works has completed its draft agenda report to explain the contract provisions that "trigger" the dedication of property tax revenues for the project. The Technical Support Group is currently evaluating what Public Works portrays as a "conditional-dedication" of the tax revenue. Based on a request at the April 14, 2005 Technical Support Group Meeting by the staff of Atascadero Mutual Water Company, the item for your agenda is being deferred until the issue is more thoroughly discussed and evaluated by the Technical Support Group.

On April 13, 2005, AB1590 was approved by the Assembly Local Government Committee on a 5-0 vote and it will go to the Appropriations Committee next. AB1590 was supported by your Commission on February 24th to reduce the negative "unintended" fiscal impact of the State budget on a relatively few number of multi-purpose special districts. If passed, AB1590 would return about \$620,000 in fiscal year 2005-06 to the Flood Control District.

- **Project Performance**

At your prior Commission meeting, and subsequently, a significant amount of input has been received on project performance. That input has covered budget and schedule assumptions and the timing of draft and final agendas for the Commission as well as the Technical Support Group. Items IVb and IVc in this Commission agenda provide additional review of the project budget and schedule. Likewise, the new approaches to the agenda and this project management report have been made in response to that input. Additional discussions with Commissioners and your staff representatives continue to be encouraged for continuous improvement on project efforts.

- **Budget Efforts**

The Technical Support Group has re-evaluated the project budget and details since the last Commission meeting. The budget, itself, is addressed in a separate agenda item (IVc) for your Commission. The Technical Support Group is focusing on substantiating the initial assumptions and data that support the budget estimates. Overall, the Technical Support Group's level of confidence on the budget estimates have not changed since the time when contracts were approved by all agencies in 2004. The total budget estimate of \$150 million is more reliable than the individual line items, line item details will vary as they are refined, with increases and decreases among those details and a gradual shift from higher levels of contingencies at this time to lower levels of contingencies as we proceed and identify/refine specific cost details.

Last, the Delivery Entitlement contract recognized the uncertainty of project cost estimates by setting \$150 million as the project "cap" and providing agencies with the right to opt-out once initial construction bids are obtained.

Nacimiento Water Project: Prior "Open" Commission Actions

Commission Agenda Date	Task	Action	Status
Commission Items			
28-Oct-04	Project Contract Amendments- Commission Size	Commissioners expressed the need to consider limiting the number of Commissioners- contract amendment would be required.	Future agenda date not yet set.
28-Oct-04	Project Manager Hiring	Commission approved direction for project team to follow.	Complete 4/18/05.
28-Oct-04	Geotechnical Services	Commission approved direction for project team to follow.	Contract scheduled for award 5/24/05 , pending 4/28/05 Commission approval.
28-Oct-04	Surveying and Mapping Services	Commission approved direction for project team to follow.	Contract scheduled for award 5/24/05 , pending 4/28/05 Commission approval.
28-Oct-04	Design Services	Commission approved direction for project team to follow.	RFQ went out on 3/18/05. Responses are to be returned by 4/22/05.
28-Oct-04	Value Engineering Services	Commission approved direction for project team to follow	RFP on a short term hold, pending revisions.
28-Oct-04	MOU for Design Cash Flow Financing	Commission approved direction for project team to follow.	Legal development complete - final execution scheduled for 5/10/05.
9-Dec-04	Reimbursement Resolution from Fulbright	Commission approved direction for project team to follow.	Legal form complete for individual agency action(s).
28-Oct-04	Follow up on TCSD by-law etc. comments	To be considered by Commission with Commission size issue (above).	Future agenda date not yet set.
28-Oct-04	Conflict Code Filing Requirements	Commission approved.	Board of Supervisors approval completed 4/12/05; County Clerk and District staff will coordinate Commissioners filing requirements.
28-Oct-04	Environmental Team Hiring	Commission approved direction for project team to follow.	Complete.
9-Dec-04	Paso Robles 13th Street Agreement	Commission approved direction for project team to follow, team to report back to Commission on final costs.	Improvements in progress, work is expected to be complete in the Fall. Future Commission item not yet set.
9-Dec-04	Plan BAN late Spring 05, early Summer 05	Commission approved direction for project team to follow.	On course with Commission approved direction.
24-Feb-05	Presentation on the contractual designations established for property tax revenues of the Nacimiento Fund		Public Works review complete . Pending Technical Group review; scheduled for June Commission Meeting.
24-Feb-05	Lobbying Efforts		Update complete -included in April Project Management Report.

Nacimiento Project Commission
April 28, 2005
Agenda Item IV(b)– Project Schedule
(Information Only – No Action Required)

During the first three Commission meetings, various “target” dates have been discussed for the Nacimiento Project based on general knowledge of the timing associated with major capital projects. In contrast, the development of the base-line schedule includes the planning and coordination of numerous detailed tasks between different disciplines such as environmental, surveying, engineering, financial, right-of-way etc.

Boyle Engineering has completed their draft of the base-line schedule. The project delivery team, headed by the Project Manager, and the Technical Support Group will be providing detailed review, including critical path analysis, to determine “scheduled” dates (windows) for completion of design and construction

The baseline schedule will serve several purposes. As a tool for the project management team, the base-line schedule will track milestones established for the various consulting teams, especially those tasks on the critical path, to help ensure overall compliance with project needs. It will especially help members of the delivery team understand the efforts of other team members, and the degree that they are reliant on each other. The schedule will also provide the Commission, a management tool to compare actual progress with scheduled progress. The TWG will provide the Commission some standard illustrations depicting the overall project efforts and current status in a future agenda.

Although we don’t have a base-line schedule ready for you at this time, below are some noteworthy accomplishments in advancing the project efforts:

- ✓ Hiring of the financial team
- ✓ Completion of the MOU to allow pay-go funding of design phase costs
- ✓ Completion of preliminary review of project creditworthiness
- ✓ Hiring of Right of Way agent and initiating right-of-way services
- ✓ Hiring of Environmental team and initiating environmental activities
- ✓ Assisting Congressional Requests for Federal Water Resource Development Act funds
- ✓ Hiring the Project Manager
- ✓ Selection of Geotechnical firm for Commission approval
- ✓ Selection of Surveying firm for Commission approval
- ✓ Design firm selection underway

Nacimiento Project Commission
April 28, 2005
Agenda Item IV(c)– Project Budget
(Information Only – No Action Required)

Since the Commission’s first meeting in October 2004, we have included a project budget status report in each meeting agenda packet. The status report listed both the anticipated design costs of \$18.9 million and construction phase expenditures for a total estimated project cost of \$150 million.

The budget status report fulfills several purposes. It is used by the project management team to track actual costs versus estimated costs. It is also a tool to communicate to the Commission actual progress on the project. For example, eight months after the final approval of Delivery Entitlement Contracts by the Board of Supervisors, actual expenditures are \$338,000 (1.8%) of the estimated \$18.9 million in design phase costs. The relatively slow rate of initial project expenditures is consistent with the “S-curve” rate of expenditures associated with major capital projects because early efforts must focus more on development of the project’s delivery team and relatively less work is performed on detailed project efforts.

Basis for Budget Estimates

The primary basis for the original project budget is the “EIR Preparation Phase Engineering Report” prepared by Carollo Engineers in 2002. That engineering report described the project that was subsequently examined in the Environmental Impact Report and used to establish the \$150 million cap established in the entitlement contracts and tied to the opt-out provision. As is the case with all public works projects, cost estimates are developed early – before any design work or other detailed project efforts are initiated. The project engineers used actual construction costs for similar projects as a basis for estimating project costs. Project engineers also used inflation factors and other *general* factors for construction projects, often expressed in terms of a “percent of construction” to develop many of their estimated cost categories such as design. Lastly, project engineers estimated original design contingencies of \$1.0 million (5%), which was adjusted at your February meeting to the current amount of \$935,000. Within the total estimate of \$150 million, contingencies were estimated at \$25.2 million (17%). As project “unknowns” become known, it should be expected that adjustments are recommended between line items, and contingencies, with the primary goal of staying within the bottom-line total.

During the design phase, the design engineers will fill the primary role of developing the detailed cost estimates – replacing the general cost estimates that currently exist. The selection process for the design engineering team will include ranking criteria that provide points for the firm(s) that demonstrate a successful track record of cost containment.

Attached on page IV(c)-2 is the current budget status report. Note that the reporting format has been changed in response to Commission input in February. Your Commission can also expect to see additional budget tracking illustrations in agendas beginning with your next meeting, which are currently under development by your project management team. Also attached on page IV(c)-3 and IV(c)-4 are additional details on the “building” of the original \$150 million estimate that is incorporated in the Delivery Entitlement Contracts.

Nacimiento Water Project
Project Budget Reporting

Latest Update 4/7/05

	Initial Budget	Revised Budget as Approved February 2005	Cost to Date thru 03/31/05	Remaining Budget	Projected Total Cost	Projected Variance	Comments
Design Phase Anticipated Costs (July 2004 through August 2007)							
Project Management	\$1,250,000	\$1,875,000	\$325,527	\$1,549,473	\$1,875,000	\$0	Includes County Project Manager, support staff, consultant support, and legal fees. 2/05-extended +7 months
Environmental Survey and Base Mapping	\$800,000	\$800,000		\$800,000	\$800,000	\$0	Includes design assistance, permit applications, agency coordination and internal staff time.
Geotechnical Investigation	\$500,000	\$550,000		\$700,000	\$700,000	\$0	2/05-revised base on fee proposals received in January
PG&E Service Extension	\$1,100,000	\$1,100,000	\$5,170	\$1,094,830	\$1,100,000	\$0	Initial estimate to extend power to proposed facilities
Right of Way Consulting Services	\$500,000	\$425,000	\$7,232	\$417,768	\$425,000	\$0	Hammer-Jewell contract dated 2/05 plus allowance for appraisal and title reports by others
Property Acquisition	\$2,000,000	\$2,000,000		\$2,000,000	\$2,000,000	\$0	
Construction Mgt/Constructability Review	\$2,000,000	\$2,000,000		\$2,000,000	\$2,000,000	\$0	Initial CM services authorization
Engineering Design	\$9,600,000	\$8,400,000		\$8,400,000	\$8,400,000	\$0	2/05-adjusted based on single design firm
Finance	\$0	\$115,000		\$115,000	\$115,000	\$0	
Design Phase Budget Reserve	\$1,000,000	\$935,000		\$935,000	\$935,000	\$0	
SUMMARY - DESIGN PHASE	\$18,900,000	\$18,900,000	\$337,929	\$18,562,071	\$18,900,000	\$0	
Construction Phase Anticipated Costs (August 2006 through August 2009)							
Project Management	\$2,325,000	\$2,712,500		\$2,712,500	\$2,712,500	\$0	2/05-extended +4 months
Environmental Mitigation	\$3,700,000	\$3,720,000		\$3,720,000	\$3,720,000	\$0	Contingency item (estimated as approximately 4% of construction cost) for pipeline realignment, special construction techniques, and other costs incurred due to unforeseen environmental issues
Materials Testing	\$300,000	\$300,000		\$300,000	\$300,000	\$0	
Construction Management	\$4,200,000	\$4,185,000		\$4,185,000	\$4,185,000	\$0	Est. at 4.5% of construction cost, inc design phase work
Environmental Monitoring	\$1,800,000	\$1,800,000		\$1,800,000	\$1,800,000	\$0	construction
Construction Contracts	\$93,000,000	\$93,000,000		\$93,000,000	\$93,000,000	\$0	
Construction Phase Contingency and F	\$24,231,000	\$23,838,500		\$23,838,500	\$23,838,500	\$0	
SUMMARY - CONST. PHASE	\$129,556,000	\$129,556,000	\$0	\$129,556,000	\$129,556,000	\$0	
Prior Expenses							
Advance Expenditures	\$513,000	\$513,000		\$513,000	\$513,000	\$0	
Cuesta Tunnel	\$1,031,000	\$1,031,000		\$1,031,000	\$1,031,000	\$0	pipeline section through Cuesta Tunnel
TOTAL PROJECT*	\$150,000,000	\$150,000,000	\$337,929	\$149,662,071	\$150,000,000	\$0	

* Rounded to \$100k

Background on \$150 Million Budget

The following is the basis for the \$150 million project cost estimate:

- Carollo Engineers issued “EIR Preparation Phase Engineering Report” (Table 2.2) dated April 2002¹
 - Unit costs were developed (by reach) (i.e., by facility to be constructed)
- Boyle Engineering Corp. issued the “Nacimiento Water Supply Project Preliminary Cost Estimates” dated September 2003. :
 - ENR cost index for Los Angeles = 7543 (August 2003)
 - 7% Mobilization/Demobilization
 - 25% contingency applied to construction cost
 - 5% environmental mitigation estimate (applied to sum of construction cost)
 - Additional cost factors to subtotal
 - 23% engineering, administration and financial cost
 - Right-of-way acquisition by Hamner-Jewell & Associates, December 2002
 - 3.5% escalation per year (simple, not compounded) to midpoint of project, June 2008 (17% cumulative)
 - Reimbursement of County advanced expenditures (Cuesta Tunnel and advances)
 - 1.9% for environmental monitoring

The result was \$150 million project cost estimate² that was carried forward to the Delivery Entitlement Contract.

In April 2004, using the \$150 million total estimate, project engineers prepared the design phase line-item estimates included in Commission agendas. Detail on the basis of those line items follows.

- **Project Management - (\$1.25 million original) \$1.875 million revised**
 - Project Manager
 - Project Engineer
 - Project management and engineering assistance
 - Value engineering
 - Other Public Works support staff
 - Legal fees (special counsel for entitlement contract services, right-of-way legal support, and other)
- **Environmental - \$800,000**
 - 5500 to 6000 man-hours of environmental consultant time to process permit applications, agency coordination, and to prepare mitigation and monitoring plans required per EIR plus District staff time

¹ Chapter 11 of that same report describes the accuracy of that conceptual level estimate based on American Association of Cost Engineers guidelines, i.e. +50%/-30%.

² Excludes: a) facilities in EIR that are not within the project scope and b) costs on the “Participants’ side” of the project turn-out facilities, vault, control and appurtenant equipment.

- **Survey and Base Mapping - \$700,000** (\$150,000 original)
 - Original estimate based on inquiries with local surveyors but scope expanded to include legal descriptions and individual property surveys for property acquisition.
 - Revised line item budget based on proposals received in January 2004.
- **Geotechnical Investigation - \$550,000** (\$500,000 original)
 - Original estimate based on inquiries with local geotechnical engineers.
 - Revised line item budget based on proposals received in January 2004.
- **PG&E Service Extension - \$1.1 million**
 - Based on conversations with PG&E Service Planning relating to layout of power system in vicinity of proposed pump stations.
- **Right-of-Way Consulting Services - \$425,000** (\$500,000 original)
 - Reduction in line-item was based on Hamner-Jewell's contract dated February 2005 (\$400,000) plus an allowance for title reports and appraisals.
- **Property Acquisition - \$2 million**
 - Based on the estimated of acreage to be acquired and land values as stated in the 2002 engineer's report.
- **Construction Management/Constructability Review - \$2 million**
 - Total CM budget for the project estimated at approximately 6.5% of construction cost-split between the design phase (\$2 million and construction phase \$4.2 million).
 - Design phase work for the Construction Manager begins at about the 60% design milestone - review draft plans and specifications and recommend provisions to facilitate the construction phase.
- **Engineering Design - \$8.4 million** (\$9.6 million original)
 - Budgeted at 9% of construction cost.
 - Line item reduction resulted since some scope will now be covered separately under surveying services, geotechnical services, and project management.
- **Finance - \$115,000** (\$0 original)
 - Line item established for time and materials costs for financial team, based on contracts executed in 2004. Remainder of finance costs are not within the project budget but are included in costs of issuance for long-term debt, and the annual debt estimates provided separately to the participating agencies.
- **Design Phase Budget Reserve - \$935,000** (\$1 million original)
 - Originally set as a 5% reserve during the design phase.
 - Reduced as a result of the other line-item adjustments made at February 2005 Commission meeting.

Nacimiento Project Commission
April 28, 2005
Agenda Item V(a)– Environmental Efforts
(Commission Information Item with Presentation – No Action Required)

TO: Nacimiento Project Commissioners

FROM: Mark Hutchinson, Environmental Division Manager

VIA: Paavo Ogren, Deputy Director of Public Works

Date: April 28, 2005

On April 5, 2005 the Board of Supervisors approved a consulting contract with Environmental Science Associates (ESA) based on the Nacimiento Technical Group endorsement under the detailed review delegated by your Commission to the Technical Group.

The scope of work for ESA is to prepare the studies, reports and consultations necessary to secure the environmental regulatory permits needed to build the project. Regulatory permits are required in seven different arenas. Services also include working side-by-side with the project designers to ensure that the most efficient and economical balance between environmental mitigation, construction costs, and engineering costs is achieved.

The cost estimate for this phase of the project's environmental work was \$800,000. The contract fee amount is \$749,667, with an additional \$50,000 for any contingencies, for a total contract value of \$799,667.

The Agreement includes the following tasks:

Task 1: Project Development Team. Coordinate with the design team to ensure that relevant environmental regulatory information is appropriately considered as the design is finalized.

Task 2: Interagency Coordination. Work as an extension of District staff to ensure close communication and coordination with the more than 18 state, local and federal agencies involved in the project.

Task 3: Federal Lead Agency Coordination. Work with the U.S. Army Corps of Engineers to facilitate their role as the Federal Lead Agency.

Task 4: Biological Assessments. Prepare Biological Assessments as required by the Federal Endangered Species Act.

Task 5: Delineations. Prepare delineations of all affected "wetlands", "Waters of the US" and "Waters of the State" as necessary to support federal Clean Water Act permit applications.

Task 6: Section 106 Documentation. Conduct all additional field and background research needed to comply with section 106 of the National Historic Preservation Act.

Task 7: Environmental Regulatory Permits. Prepare signature-ready permit applications together with all supporting information as required by each regulatory process for the following:

- Section 1600 Streambed Alteration Agreement(s) [CA Fish and Game Code].
- Section 401 Water Quality Certification. [Federal Clean Water Act sec 402]
- Report of Waste Discharge. [CA Water Code]
- Section 404 Permit. [Federal Clean Water Act sec 404]
- Compensatory Mitigation Plans. [All]
- Section 7 Consultations. [Federal Endangered Species Act]
- 2080 Permit [CA Fish and Game Code].

Task 8: Dam Alteration Permit. This task was identified in the District's RFQ, however, it was removed from environmental consultant's scope because the task simply involves attaching information generated by the design team to a basic Department of Safety of Dams (DSOD) permit application. All post-application discussion would be between the design team and DSOD. Therefore, the environmental consultant need not be involved in those discussions.

Task 9: Hazardous Materials Site Assessment. Conduct a Phase I and Phase II hazardous materials site assessment. The Phase I assessment focuses on five areas identified in the EIR; Phase II would be conducted if deemed necessary by the results of the Phase I investigations.

Task 10: Mitigation and Mitigation Monitoring Plans. Prepare a single, coordinated mitigation and mitigation monitoring plan to address all required elements.

The scope and budget for the environmental services contract were developed based on the best estimates, at this time, of the work needed for the Nacimiento Water Project. The size, nature, and complexity of the project, however, will require extensive efforts with Federal and State regulatory agencies. Consequently, we do not currently envision that requirements such as a Habitat Conservation Plan, a Federal Environmental Impact Statement, or significant supplement to the EIR will apply to the project. If they are required or sought by regulators, the scope and fees of the contract may need to be modified.

Leslie Moulton, ESA's principal-in-charge, and District staff will make a presentation regarding the environmental permitting issues and key factors to track in the time ahead.

Nacimiento Project Commission
April 28, 2005
Agenda Item VII(a) Award of Geotechnical Engineering Services
Contract (Action Item – Commission Approval Required)

FROM: Christine Halley, Project Engineer

VIA: John R. Hollenbeck PE, Project Manager

DATE: April 28, 2005

SUBJECT: Request for Approval to Enter Into Contract for Geotechnical Engineering Services with Geomatrix Consultants, Inc. in the Amount of \$549,800

Recommendations

That your honorable Commission approve the award of a geotechnical engineering services contract to Geomatrix Consultants, Inc. in the amount of \$549,800.

Discussion

Eight geotechnical firms responded to the request for proposals for the soils work associated with the Nacimiento project. The geotechnical engineering firm will take extensive soil samples along the 45-mile route, analyze these samples, and provide recommendations for design of the project based on soils conditions. The proposals (which ranged in fees from \$315,600 to \$1.5 million) were reviewed by a selection panel consisting of County Public Works staff, representatives of Nacimiento Participating agencies, and one outside agency representative. The selection panel ranked Geomatrix Consultants, Inc., number one out of the eight.

The project's Technical Support Group also endorsed selection of Geomatrix for geotechnical services, but their fee proposal was not within the guidelines established by your Commission on February 24, 2005 in order for a contract to proceed to the Board of Supervisors without your Commission's specific review and approval. Based on your February action, proceeding to the Board would have required both Technical Group endorsement and fees that are within the existing line-item budget of \$550,000.

The original Geomatrix fee proposal was \$638,600. Through negotiations with the project team they reduced their fee estimate to \$549,800. They were able to do so since there will now be one design team instead of multiple design teams to coordinate services, and by excluding corrosion engineering servicing which may not be needed because the design proposals are expected to include corrosion engineering as a component of their work scope. Although their revised fee proposal is slightly under the \$550,000 line item budget, there are no contingencies included in the revised amount. In essence, including a contingency would cause the total Geomatrix contract to exceed your Commission's approved line-item budget.

The recommendation that your Commission approve the award to Geomatrix, in the amount of \$549,800, but without contingencies, will require your Commission's future approval of additional fees for Geomatrix if work arises that justifies payment of additional fees. In other more typical situations where

the contract is approved with contingencies, the evaluation of whether the use of contingencies is appropriate is based on the recommendation of the project manager and project engineer (or environmental manager as the case may be) to the Director of Public Works. In the case of geotechnical services, since the proposed fee is essentially equivalent to the line-item budget, excluding contingencies from their contract will require your Commission's future review and approval of additional work if needed.

Options for proceeding with the award of the geotechnical contract other than in the recommended manner are:

1. Award the contract to Geomatrix in the amount of \$599,800 (\$549,800 base fee plus \$50,000 contingencies). This would cause a reduction of \$50,000 in the current design phase project contingency balance of \$935,000, and authorizations for use of the contingency allocation would not need to come back to your Commission for approval.
2. Award this contract to Geomatrix in the amount of \$549,800, with no contingencies; and direct that the contract be assignable to the design engineering firm selected for the project so that contingencies for design services are also established to cover contingencies for geotechnical services.

Other Agency Involvement

Pending approval by your Commission, this contract would be forwarded to the County Board of Supervisors for their approval at their May 24, 2005 meeting.

Financial Considerations

The revised fee estimate of \$549,800 is within the revised line-item budget of \$550,000 but excludes contingencies. Existing design phase contingencies currently total \$935,000.

Results

The results of the recommended action will be that a geotechnical contract with Geomatrix will be forwarded to the Board of Supervisors for approval at their May 24, 2005 meeting. This will assure that the geotechnical services necessary for the project design process will be completed in a timely manner by a firm chosen to be the most appropriate for this particular project.

Nacimiento Project Commission
April 28, 2005
**Agenda Item VII(b)– Award of Survey Services Contract
(Action Item - Commission Approval Required)**

TO: Nacimiento Project Commission

FROM: John R. Hollenbeck PE, Project Manager

VIA: Noel King, Director of Public Works

SUBJECT: Request for Approval to Enter Into Contract for Survey and Base Map Services with Cannon Associates, in the amount of \$689,550

Recommendation

That your Honorable Commission approve the award of Survey and Base Map Services to Cannon Associates in the base amount of \$589,550 plus contingencies of \$100,000, for a total authorized amount of \$689,550.

Discussion

The proposed Nacimiento Water Project (Project) consists of approximately 45 miles of pipeline, with storage tanks, pump stations and appurtenant facilities for the purpose of conveying up to 15,750 acre feet of water from Lake Nacimiento to local water agencies within the boundaries of the San Luis Obispo County Flood Control and Water Conservation District.

Design is expected to begin in Summer 2005, and survey mapping along the 45 mile corridor needs to be completed and delivered to the design engineer to support the design effort. Also, the surveyor must prepare individual property (cadastral) surveys and legal descriptions for acquiring rights-of-way affecting 62 parcels.

In January 2005, eight surveying firms responded to the District's request for proposals. The proposals ranging in fees from \$489,700 to \$1,200,000. They were reviewed by an evaluation panel, consisting of the County Surveyor and one other County Public Works Department staff who is also a licensed land surveyor and senior design engineer, a participant representative, and one outside agency representative. The panel's aggregate ranking of the proposing firms indicated Cannon Associates was the highest ranked firm based on assessment of experience, qualifications, and approach to the project presented in the written proposals.

Cannon's base fee stated in their proposal was \$784,700 as compared to the revised line item budget for surveying services of \$700,000. As a result of negotiations initially focusing on scope deletions, Cannon reduced their fee estimate to \$689,550. After subsequent negotiations, centering on the approach to cadastral surveys and legal descriptions, and recognizing the relatively high degree of uncertainty on individual property surveys and legal descriptions, (i.e. identification of rights-of-way), Cannon submitted a further revised fee of \$589,550 plus \$100,000 of contingencies, to provide the necessary services.

Other Agency Involvement/Impact

Pending approval by your Commission, this contract would be forwarded to the County Board of Supervisors for their approval at their May 24, 2005 meeting. The award of the surveying contract was discussed with the Project Technical Support Group and the Nacimiento Project Commission in April 2005.

Financial Considerations

As stated above, after initial negotiations with the project team, Cannon's original fee proposal of \$784,700 was reduced to \$689,550. The \$689,550 revised fee was then modified so that the total includes a base fee of \$589,550 plus a contingency amount of \$100,000. It is prudent to have a contingency of this amount on this particular contract because the full extent of the cadastral survey work and legal descriptions is difficult to accurately predict. Establishing the contingency separate from the base fee promotes efficient project management because it ensures that the surveyor will provide timely and accurate status reports on any issues associated with the 62 private properties that could cause extra work and use of the contingencies. The total allocation, including the contingency amount, is within your Commission's revised line item budget for these services of \$700,000.

Results

The result of the recommended action will be that this contract will be forwarded to the Board of Supervisors for approval of their May 24, 2005 meeting. This will assure that the necessary base mapping and legal descriptions for use in designing the Nacimiento facilities and acquiring rights-of-way will be completed in a timely manner by the firm chosen to be the most appropriate for this particular project.