



REGULAR MEETING

OPERATIONS & CUSTOMER RELATIONS COMMITTEE

**MONTECITO WATER DISTRICT
583 SAN YSIDRO ROAD**

**Monday, March 15, 2021
9:30 A.M.**

Join by Teleconference:

<https://global.gotomeeting.com/join/430206101>

Tel: +1 (408) 650-3123

Access Code: 430-206-101#

AGENDA

1) CALL TO ORDER, DETERMINATION OF COMMITTEE QUORUM

2) PUBLIC FORUM

NOTE: This portion of the agenda may be utilized by any person to address the Operations & Administration Committee on any matter within the jurisdiction of the Committee. No consideration or discussion shall be undertaken by Committee members at this time on any item not appearing on this agenda except as permitted by the Ralph M. Brown Act. Discussion items receiving recommendations by the Committee, and/or items requiring action will be placed on the agenda of a future meeting of the Montecito Water District Board of Directors.

3) ITEMS FOR COMMITTEE CONSIDERATION

- * A. Consideration of Contracts for the Drinking Water State Revolving Fund Funding Opportunity for the Reservoir Retrofit and Replacement Project
- * B. Electronic Signature Authorization
- C. Implementation of Mobile Service Orders
- D. Customer Communications & Public Relations

** indicates attachment included for this item.*

4) ITEMS FOR A FUTURE AGENDA

5) ADJOURNMENT

Note: In accordance with Executive Orders N-25-20, N-29-20, and N-33-20, issued by the Governor of the State of California in response to COVID-19, in-person public participation at Montecito Water District meetings is suspended. The District has established alternative methods of participation which permit members of the public to observe and address public meetings telephonically and/or electronically. These methods of participation can be accessed through the internet link provided at the top of this agenda.

This agenda was posted on the District website, and at the Montecito Water District outside display case at 9:30 a.m. on March 12, 2021. The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's programs, services or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at 805-969-2271. Notification at least twenty-four (24) hours prior to the meeting will enable the District to make appropriate arrangements.

Agendas, agenda packets, and additional materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available on the District website.

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-A

DATE: MARCH 15, 2021

TO: OPERATIONS AND CUSTOMER RELATIONS COMMITTEE

FROM: ASSISTANT GENERAL MANAGER / ENGINEERING MANAGER

**SUBJECT: CONSIDERATION OF CONTRACTS FOR THE DRINKING WATER
STATE REVOLVING FUND FUNDING OPPORTUNITY FOR THE
RESERVOIR RETROFIT AND REPLACEMENT PROJECT**

RECOMMENDATION:

- Recommend that the Board of Directors retroactively authorize an award of contract previously approved by President Plough to Rincon Consultants for environmental review services for a not-to-exceed amount of \$84,815;
- Recommend that the Board of Directors authorize an award of contract to Wood Rodgers for project management services for a not-to-exceed amount of \$99,120;
- Recommend that the Board of Directors authorize an award of contract to Tetra Tech, Inc. for engineering design services for a not-to-exceed amount of \$849,567.

DISCUSSION:

On February 23, 2021, the Board of Directors directed staff to pursue a funding opportunity through the Drinking Water State Revolving Fund (DWSRF) Additional Supplemental Appropriations for Disaster Relief Act (ASADRA). This funding opportunity was made available to agencies affected by the 2017/18 wildfires across California. The approximately \$42,000,000 available from the program is intended to be used to assist these agencies with mitigating against possible future natural hazards including wildfires, earthquakes, sea level rise, and others. The grant is funded by the United States Environmental Protection Agency (USEPA) and administered by the State Water Resources Control Board (SWRCB).

The terms of the ASADRA funding are as follows:

- Funding requests are capped at \$10,000,000. However, any requests over \$10,000,000 can be funded through a traditional State Revolving Fund (SRF) loan at the current rate, which for 2021 is 1.2%.
- For all requests under \$10,000,000, 30% of the funding request is forgiven, and the remaining 70% is subject to a 0% interest loan over a 30-year term.

- First payments for all loans are due 12 months after construction of all reservoir locations are complete.

Given that any funding request must mitigate against a natural hazard, the District storage tanks (reservoirs) have been identified as the ideal funding target. All nine of the District storage tanks were identified in a 2015 report completed by Tetra Tech as lacking sufficient structural integrity to withstand the design earthquake for the region, mainly due to their age and lack of seismic design codes when they were originally built. The 2015 report also provided recommendations for seismic retrofits or in some cases full replacement in the event the replacement was more cost effective than retrofitting a reservoir.

Other infrastructure projects were considered for this grant request, such as pipeline replacements or modifications at Juncal Dam, but these projects do not have the required nexus to natural hazard mitigation.

Applications for ASADRA funding were due in September 2020. District staff submitted an initial, non-binding application by the September 30, 2020 deadline, and revised that application in January 2021. The proposed scope of work was discussed at several committee and Board meetings in February 2021. A second revision to the application was submitted on February 26, 2021 and includes the projects shown in the table below. The planning costs shown in the table represent an industry standard 15% of construction costs but actual costs may be lower, as shown in subsequent sections of this staff report.

All of the eight reservoirs in the proposed project table below are critical to District operations as confirmed by a storage analysis performed by the District in 2006. District consultant Wood Rodgers is in the process of updating the 2006 report to current operating conditions. It should be noted that one of the nine District reservoirs, the Toro Canyon reservoir, is excluded from the proposed project list since it has been determined to be non-essential to District operations. Capital expenditures for each of the eight proposed reservoirs are included in the District's 20-year Capital Improvement Program over the next four to ten years.

	Project	Construction Costs	Design and Planning Costs (15%)	Construction Management Costs (5%)	Total
0	Project Management		\$150,000	\$350,000	\$500,000
1	Doulton Reservoir Seismic Vulnerability Replacement	\$1,322,062	\$198,309	\$66,103	\$1,586,474
2	Romero Reservoir Seismic Vulnerability Retrofit	\$553,034	\$82,955	\$27,652	\$663,641
3	Terminal Reservoir Seismic Vulnerability Retrofit	\$2,099,352	\$314,903	\$104,968	\$2,519,223
4	Bella Vista Reservoir Seismic Vulnerability Retrofit	\$1,653,996	\$248,099	\$82,700	\$1,984,796
5	Park Lane Reservoir Seismic Vulnerability Replacement	\$3,224,741	\$483,711	\$161,237	\$3,869,689
6	Cold Spring Seismic Vulnerability Retrofit	\$2,039,432	\$305,915	\$101,972	\$2,447,319
7	Hot Springs Reservoir Seismic Vulnerability Retrofit	\$775,301	\$116,295	\$38,765	\$930,362
8	Buena Vista Reservoir Seismic Vulnerability Retrofit	\$789,165	\$118,375	\$39,458	\$946,998
	TOTAL REQUEST	\$12,457,083	\$2,018,563	\$952,854	\$15,448,500

In conversations with District staff, the SWRCB has confirmed the District is one of only seven applicants for ASADRA funding and the SWRCB likely has enough funding to meet all applicant requests, assuming all applicants have shovel-ready projects by December 2021. Additionally, the SWRCB has indicated that funding is not secure until a grant agreement is reviewed and executed by both the District and the SWRCB. In order to get to the agreement stage, applicants must complete the environmental review process and produce 90% complete design plans. SWRCB staff indicated their recommended timeline to be competitive with other applicants is to have this documentation complete by December 2021. This is a short timeframe to complete a significant amount of work.

Therefore, the next step in the process is to complete the environmental review and engineering design by the end of 2021. The engineering design will also require geotechnical investigations and surveying. If funded, the reservoir project would be a significant undertaking, and would exceed the workload capabilities of current District staff. For this reason, District staff are recommending hiring an outside consultant to perform “owner’s agent” consulting services to manage the design phase of the project as if they were an extension of District staff. SWRCB requirements for the funding opportunity do not require competitive bidding for planning costs such as environmental and design. Competitive bidding is only required for construction.

District staff have received proposals from three firms to perform the three categories of services listed below.

Engineering Design, Tetra Tech, Inc., \$862,418

The scope of work includes structural, geotechnical, civil, and electrical engineering of the proposed reservoir retrofits and replacements, expanding on the recommendations from the 2015 reservoir study. Tetra Tech has developed a unique approach with two teams of engineers working simultaneously from April to November to complete 100% design plans. Tetra Tech will develop design plans, specifications, and cost estimates. The Tetra Tech proposal also includes bid phase and construction phase support. The total proposed fee for this effort is \$862,418. This fee is less than the industry average of 6% for design costs for construction projects.

Tetra Tech was the selected bidder in a competitive bid process in 2014 to hire the consultant to perform the *2015 Structural and Seismic Evaluation of District Storage Reservoirs*. Tetra Tech performed exceptionally well on the 2015 study. The same Tetra Tech staff that prepared the 2015 study maintain a good working relationship with District staff and have assisted with other recent projects like the Bella Vista Aeration System.

Environmental Review, Rincon Consultants, \$84,815

The scope of work for this task is to ensure the District is compliant with the California Environmental Quality Act (CEQA) and obtain SWRCB clearance of the environmental review documentation. The reservoir project may be a CEQA categorical exemption (CE) or it could require a Mitigated Negative Declaration (MND) depending on possible impacts to environmental resources in the area of each project. The SWRCB environmental team recommended an Initial Study as a first pass to determine possible impacts to the environment, followed by a CE if there are no impacts, or an MND if there are impacts that need to be mitigated. The specific focus areas for the Initial Study include biological resources, cultural resources, and noise. District staff received a proposal from Rincon Consultants to perform this work. The District has a good working relationship with Rincon staff whom have performed exceptionally well on similar work for the Alder Flume project, Smart Meter Project, and US101 jack and bore project. Rincon has also agreed to perform the scope of work on an accelerated timeline.

Project Management Services, Wood Rodgers, \$99,120

Given the magnitude of work and short timeline of the engineering design and environmental review, District staff recommend hiring an outside consultant to act as an extension of staff and manage the day-to-day progress of the project. Staff received a proposal from Wood Rodgers, a Sacramento based engineering consulting firm with multiple offices throughout California. The lead engineer who would be performing the majority of the work related to this item is Karl Meier who is a licensed civil engineer, and former employee of the District for several years. Mr. Meier is uniquely qualified to perform the owner's agent role since he is very familiar with

District staff and operations, and still provides on-call engineering services to the District. The proposed scope of work includes oversight of Tetra Tech and Rincon Consultants, coordination with the SWRCB, Division of Drinking Water, and County of Santa Barbara, reviewing design plans and specifications, tracking project progress and schedule, and documenting meetings. This work would be performed on an hourly basis for the not to exceed amount shown above. This cost is included in the “project management” line item in the funding opportunity application and would be covered by the eventual loan from the DWSRF.

FISCAL IMPACT

The proposed total cost for engineering design, environmental review, and project management services in connection with the reservoir project is \$1,046,353. This project is not included in the current fiscal year (FY) 2021 budget and is not included in the District’s 2020 5-year rate study since this is an unanticipated project funding opportunity. These costs would be partially incurred over the current fiscal year (FY2021), with the remaining in FY2022. Those cost anticipated to be incurred in FY2022 will be budgeted. The unbudgeted expenses would be funded using unrestricted reserves.

The costs associated with this work will be reimbursed in total once the final grant agreement is executed by the SWRCB and the District, likely in Spring 2022. The expenses, less the 30% loan forgiveness then become part of the 30-year SRF loan for the project. The first payment on the loan would not be due until the project is complete which is projected to be around 2025.

District staff consulted with Doug Brown, the District’s bond counsel with Stradling Yocca Carlson & Rauth regarding the acquisition of this additional loan. The purpose of the discussion was to understand (1) what, if any limitations there may be on the District’s existing debt that may impact its ability to acquire this new loan for the reservoir project, and (2) how acquisition of this new loan may or may not impact the District’s ability to acquire addition debt in the future, should it be needed, such as payment to the City of Santa Barbara for the desalination conveyance pipeline in accordance with the terms of the 2020 Water Supply Agreement. Bond Counsel confirmed the District’s ability to acquire an SRF loan as part of the ASADRA program subject to meeting the debt coverage ratio and debt test requirements. Staff is consulting with Robert Porr, the District’s Municipal Advisor from Fieldman Rolapp & Associates to confirm compliance and will report any results to the Committee during the meeting, if available.

ATTACHMENTS

None

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-B

DATE: MARCH 15, 2021

TO: OPERATIONS AND CUSTOMER RELATIONS COMMITTEE

FROM: PUBLIC INFORMATION OFFICER / GENERAL MANAGER

SUBJECT: ELECTRONIC SIGNATURE PROVIDER AUTHORIZATION

RECOMMENDATION:

Recommend that the Board of Directors adopt a resolution authorizing the use of DocuSign (or comparable provider) for electronic signature.

DISCUSSION:

Government Code §16.5 allows Public Entities to use electronic signatures. The convenience and low cost of conducting business over the Internet has the potential to increase efficiencies in all business, including government business.

Paperless transactions are increasingly common and desirable due to customer mobility and current circumstances such as the COVID-19 Pandemic. As the world adapts to remote functionalities, the adoption of such technologies is widespread. Technological advances and an increase in the number of people using computers as part of everyday business will only continue to increase. The benefits of using electronic signatures and electronic records can reduce use of paper, save time and reduce costs and risks associated with handling physical documents.

Allowing the use of DocuSign (or a comparable provider) to affix electronic signatures to electronic records, will promote efficiency, conserve public resources and provide reasonable assurance of the integrity, authenticity, and nonrepudiation of electronic documents when electronic signatures are used by the District. Reducing the District's reliance on paper-based transactions will further improve information security and sharing, allow faster approval of and access to documents, and reduce costs and environmental impacts.

Specifically, the General Manager and their designees would be authorized to utilize DocuSign (or a comparable provider) for District use, consistent with the requirements of State law. The adoption of electronic signature capability would facilitate but not alter the existing signatory policy.

On Board approval, staff will finalize evaluation of leading electronic signature providers and negotiate a contract for services to affix electronic signatures to electronic records. Anticipated cost for implementation and first year usage is approximately \$4,985.