

AGENDA

SANTA MARGARITA WATER DISTRICT

BOARD OF DIRECTORS

BOARD MEETING

JANUARY 6, 2016

7:00 P.M., BOARD ROOM, DISTRICT OFFICE

26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CALIFORNIA

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Kelly Radvansky, Secretary to the Board of Directors, at (949) 459-6642 at least 48 hours before the meeting if possible.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. When practical, these public records will also be made available on the District's Internet Web Site, accessible at <http://www.smwd.com>.

1. PLEDGE OF ALLEGIANCE

2. PUBLIC FORUM

Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to three minutes, unless further time is granted by the Presiding Officer. Please submit the form to the Recording Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

President, Charley Wilson
Vice President, Charles T. Gibson
Engineering and Operations Committee Chair, Justin McCusker
Water Policy and Innovation Committee Chair, Sandra F. Jacobs
Finance and Administration Committee Chair, Betty H. Olson
General Manager, Daniel R. Ferons

3. CONSENT CALENDAR

- 3.1 Consideration and Action on Renewal of Loren Lillestrand Contract**Page 4**

Recommendation: Suspend the current contract and reconsider it during the budget process for Fiscal Year (FY) 2016-2017.

4. PRESENTATION

- 4.1 Santa Margarita Water District SustainaBlue Water Heroes.**Page 5**

- 4.2 Presentation on Internship Program- External Affairs**Page 6**

- 4.3 Doheny Desalination Project.....**Page 7**

5. ACTION ITEMS

- 5.1 Consideration and Action on Citation Letter to Irrigation Accounts Regarding Water Usage**Page 8**

Recommendation: Direct the General Manager to commence enforcement actions to selected dedicated irrigation customers and to direct follow-up visits and phone calls. (*Attachment A*)

- 5.2 Consideration and Action on Scheduling of Future Agenda Items; and Re-Cap of the October 23, 2015 District Board**Page 23**

Recommendation: Approve items for inclusion on future agendas of the District.

- 5.3 Consideration and Action on Engineering Services for the Preparation of the 2015 Urban Water Management Plan Update.....**Page 26**

Recommendation: Award a contract to Arcadis for \$52,630.

- 5.4 Consideration and Action on Proposed Agreement Terms with Lake Mission Viejo Association for the Sustainable Water Supply Project.....**Page 29**

Recommendation: Consider potential terms for development of an agreement. Direct staff to continue with proposed approach or provide alternative strategy(s).

6. ACTION ITEMS REVIEWED BY COMMITTEE

- 6.1 Construction Support Services for Tesoro Zone II and B Water Facilities, Domestic and Reclaimed Water Transmission Main and Coto De Caza Trunk Sewer Relocation, C-1767D.....**Page 32**

Recommendation: 1) Authorize an amendment to Michael Baker International, Inc. (MBI) in the amount of \$40,000 for additional Plan preparations; 2) Authorize a Geotechnical support services contract to GMU in the amount of \$39,722; 3) Authorize an amendment to ARMC for increased Archeological and Paleontological monitoring for \$11,900; 4) Authorize a Construction Management services contract to Butier Engineering Inc., in the amount of \$ 322,136.

7. GENERAL COUNSEL REPORT.....Page 35****

8. INFORMATION ITEMS

- 8.1 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes).

9. CLOSED SESSION

- 9.1 **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**.....**Page 36**
Pursuant to Government Code Section 54957 Title: General Manager

Santa Margarita Water District



MEMORANDUM

TO: Board of Directors

DATE: January 6, 2016

FROM: Dan Ferons

SUBJECT: Consideration and Action on Renewal of Loren Lillestrand Contract

SUMMARY

Issue: Loren Lillestrand has provided leadership assessment and one-on-one coaching services for the Board since 2013. The current contract has a remaining balance of \$2,925.61. Further extension of the contract requires Board consideration and action.

Recommendation: Suspend the current contract and reconsider it during the budget process for Fiscal Year (FY) 2016-2017.

Adherence to Policy/Strategic Planning: The Purchasing Policy was adhered to for the selection of professional services and extension of the services.

Finance and Administration Committee: The Finance and Administration Committee reviewed the item on December 22, 2015.

DISCUSSION

In December of 2013, the District approved a contract in the amount of \$33,450 with Loren Lillestrand to provide leadership assessment and training for the General Manager and the Board of Directors. Each of the participants worked with Mr. Lillestrand and received coaching. A summary of the activity was discussed at the December 12, 2014 Board meeting and a second contract for \$24,600 was authorized by the Board. The second phase was designed to develop process improvement plans for individuals as well as the organization.

There is \$2,925.61 left on the Purchase Order and invoices from Mr. Lillestrand have been averaging approximately \$1,970 a month. Mr. Lillestrand has continued to work with two of the Directors and has not worked with the other three Board members and General Manager for the last several months. A contract addendum of \$18,000 on a time and materials basis would cover costs through the end of June 2016.

Under the Purchasing Policy, an addendum of greater than 10% requires Board approval. The Finance and Administration Committee discussed the contract at the December 22, 2015 meeting and is recommending that the Board suspend the current contract as a means of cutting expenses. The Committee also recommended that the contract be reconsidered during the budget process for FY 2016-2017.



Agenda Item 4.1

Santa Margarita Water District SustainaBlue Water Heroes

Oral Presentation Only

Santa Margarita Water District



MEMORANDUM

TO: Board of Directors

DATE: January 6, 2016

FROM: Jim Leach

SUBJECT: Presentation on Internship Program – External Affairs

SUMMARY

Issue: The District implemented an Internship Program in the summer of 2014 and has continued the program.

Recommendation: Presentation only.

Fiscal Impact: The costs of the internship program have been included in the budget.

Previous Related Action: Interns at the District make presentations to the Board at the conclusion of their internships.

DISCUSSION

The District implemented an Internship Program in the summer of 2014. The purpose of the program was to:

- Establish on-going relationships with community colleges and universities;
- Provide hands-on training in a variety of areas; and,
- Enable students to apply their academic background and to gain business experience with the District.

Upon completing the internship, each intern prepares a presentation for the District's Board of Directors discussing individual achievements, overall experience at the District, and relevance of internship to academic pursuits.

Jennifer Mahoney began her employment as an intern in the External Affairs Department in August of 2015. She will be providing an overview of her internship at the District.



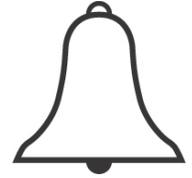
Agenda Item 4.3

Doheny Desalination Project

South Coast Water District General Manager Mr. Andy Brunhart will provide an update on the Doheny Desalination Project. A proposed ocean desalination facility to serve South Orange County utilizing subsurface slant wells off Doheny State Beach to draw as much as 30 million gallons a day of ocean water for reverse osmosis treatment, yielding up to 15 million gallons of local potable water a day.

Santa Margarita Water District

MEMORANDUM



TO: Board of Directors

DATE: January 6, 2016

FROM: Dan Ferons

SUBJECT: Consideration and Action on Citation Letter to Irrigation Accounts Regarding Water Usage

SUMMARY

Issue: The District has decreased its water usage by 24% cumulatively since June 2015. However, October (21%), November (7%), and December proved difficult to reach the target and have diminished the overall reduction rate. As winter progresses, demands are less and there will be fewer opportunities to reduce outdoor use. Efforts to maintain the mandated 24% reduction need to be enforced. Several domestic customers, primarily Home Owner's Associations (HOAs), have not only failed to reach the 24% reduction target but have increased their water use since June 2015 even with extensive outreach efforts. Under the District's drought ordinance, the District can initiate strict enforcement efforts up to and including fining recalcitrant users.

Recommendation: Direct the General Manager to commence enforcement actions to selected dedicated irrigation customers and to direct follow-up visits and phone calls.

Fiscal Impact: Reductions in water use may result in impacts to revenues and impact.

Previous Related Action: The District approved Ordinance No. 2014-08-02 on August 6, 2014. On October 17, 2014, District approved an updated Ordinance (No.2014-10-03).

DISCUSSION

The District's cumulative water savings was 28% in October, due to impressive savings of more than 24% each month from June through September. However, three consecutive months (October – December) of weak water savings have diminished the District's cumulative water savings to 24%. As winter progresses, demands are less and there will be fewer opportunities to reduce outdoor use.

On December 16, the District hosted a successful luncheon for HOA Board members, property managers, facility managers and landscape contractors. The staff presented information about the mandatory water restrictions, the budget-based rates and water management tools and incentives. During the open discussion, attendees informed the District that it would be considered fairer and would provide more incentives if non-compliant irrigation customers incurred penalties.

Since October staff has been contacting irrigation customers who have not reduced water use by 24% through a variety of means including phone calls, emails, letters and personal visits. With some irrigation customers, the issue may be confined to one or two meters or a temporary leak; with others, the issue of water waste may be more pervasive. It is the intent of the proposed letter (*Attachment A*) to bring the issue to the forefront so irrigation customers are made aware of and address the relevant issues. There are 27 irrigation customers that will receive the proposed letter and the District will begin the enforcement process.

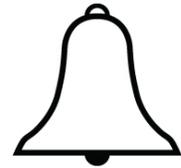
The District's Drought Ordinance

The provisions of Stage 2 drought restrictions contained in the District's Ordinance No. 2014-10-03 (*Attachment B*) include all the permanent prohibitions in Stage 1 and, for Stage 2, the following additional water conservation requirements:

- Watering Days are limited to three days per week on a schedule established and posted by the District. During the months of November through March, watering or irrigating is limited to no more than one day per week. Alternatively, a customer may submit a written request to the General Manager for approval of a plan that includes an alternative watering schedule.
- Obligation to Fix Leaks, Breaks or Malfunctions within forty-eight (48) hours of notification by the District unless other arrangements are made with the District.
- Filling or re-filling man-made lakes or ponds is prohibited, except to the extent needed to sustain aquatic life.
- Limits on Washing Vehicles.
- Limits on Re-filling Residential Swimming Pools & Spas.
- Adherence to the District's Best Practices for new pool construction
- Limits on use of Potable Water for Construction.

Enforcement is progressive. The District's intent is to educate and notify customers but if active enforcement is required the process begins with a citation to the customer. According to the ordinance the District may impose progressive enforcement measures for repeated, willful violations as follows:

- First Violation: Citation
- Second Violation: Penalty of \$100
- Third Violation: Penalty of \$250
- Fourth Violation: Penalty of \$500. In addition to any fines and other remedies, the District, after a 15 day written notification, may disconnect a customer's water service for continued violations.



Santa Margarita Water District

December 29, 2015

ADDRESS

RE: First Violation Citation

Dear ACCOUNT HOLDER:

We are writing you to inform you that your **irrigation account is out of compliance** with the State of California's mandated water use restrictions and will be cited in accordance with the Santa Margarita Water District's (SMWD) Ordinance No. 2014-10-03. In May 2015, the State mandated that SMWD and its customers reduce water use by 24%, using 2013 as a baseline. Your account has shown an increase in water use during this period. Your water use has burdened other District customers in the effort to meet State requirements. The chart below reflects your domestic irrigation water use increase to-date:

June-November 2015 Cumulative % Reduction
11%

This letter serves as a first violation citation under SMWD Ordinance No. 2014-10-03.

SMWD is operating under a Water Shortage Stage 2 (SMWD Ordinance No. 2014-10-03) which restricts watering to one day per week in winter (November – March) and also includes:

- No watering between 8 a.m. and 6 p.m.;
- No watering 48 hours after rain; and
- No creating runoff and water waste.

SMWD's Ordinance provides for progressive enforcement measures including financial penalties, locking meters and/or discontinuing service. However, it is SMWD's preference to work with you to find mutually acceptable means of reducing your water use prior to implementing enforcement mechanisms. We have resources available that provide assistance to your organization to help reduce water usage. These can be found at www.SMWD.com/HOA.

You are directed to contact Nate Adams, Water Use Efficiency Manager, at (949) 459-6533 within seven (7) days of receipt of this letter to discuss the steps you are proposing to reduce water usage and to discuss opportunities for support from the District. If no action is taken by you, the District will consider additional enforcements including levying fines and discontinuance of service.

Thank you,

Daniel R. Ferons
General Manager

ORDINANCE NO. 2014-10-03

ORDINANCE OF THE BOARD OF DIRECTORS OF THE
SANTA MARGARITA WATER DISTRICT, ORANGE
COUNTY, CALIFORNIA, ADOPTING A COMPREHENSIVE
WATER CONSERVATION PROGRAM

BE IT ORDAINED BY THE Board of Directors of the Santa Margarita Water District (the "District") as follows:

SECTION 1. Declaration of Policy. California Water Code Section 375 et seq. provides public water purveyors with the authority to adopt and enforce a water conservation program to (1) protect the health, safety and welfare of the customers of the District, (2) maximize the beneficial use of the District's water supplies, and (3) ensure that there will be sufficient water supplies to meet the basic needs of human consumption, sanitation and fire protection. The Board of Directors of the District ("Board") hereby establishes this District Comprehensive Water Conservation Program pursuant to California Water Code Section 375 et seq., to reduce the quantity of water used by persons within the jurisdiction of the District for the purpose of conserving the District's water supplies.

SECTION 2. Findings.

- a. Southern California is a semi-arid region and is largely dependent upon imported water supplies. A growing population, potential climate change, environmental concerns, and other factors in other parts of the State and western United States, make the region susceptible to potential water supply reliability issues; and
- b. The District and South Orange County relies on imported potable water to meet its water demands; and
- c. A reliable minimum supply of potable water is essential to the public health, safety and welfare of the people and economy of California; and
- d. Wasteful water use practices constitute a potential threat to, and an unacceptable diminution of, the District's water supplies. The prevention of water waste is an economically and environmentally feasible way to help protect, conserve and prevent unacceptable diminution of the District's water supplies; and
- e. Careful water management that includes active water conservation measures not only in times of drought, but at all times, is essential to ensure a reliable minimum supply of water to meet current and future water supply needs, and
- f. Article X, Section 2 of the California Constitution declares that the general welfare requires that water resources be put to beneficial use, waste or unreasonable use or unreasonable method of use of water be prevented, and conservation of water be fully exercised with a view to the reasonable and beneficial use thereof; and

- g. On January 21, 1991, the District adopted a conservation based tiered rate structure for District customers and has periodically updated the tiered rate structure.
- h. The District adopted Ordinance 0-91-04-01, adopting a Comprehensive Water Conservation Program on April 15, 1991 establishing a staged water conservation program; in response to the reduction in the District's allocation of water from Metropolitan Water District of Southern California (MWD) and Municipal Water District of Orange County (MWDOC); and
- i. The District adopted Ordinance 09-07-02, amending Ordinance 0-91-04-01, on July 10, 2009 to update its water conservation program; and
- j. On July 15, 2014, the State Water Resources Control Board approved an emergency regulation to ensure water agencies, their customers, and state residents increase water conservation in urban settings. , and
- k. In response, the District on August 6, 2014. The District adopted Ordinance No. 2014-08-02 and rescinded Ordinance 09-07-02 to update its Comprehensive Water Conservation Program;
- l. The District adopted Resolution 2014-08-03 Establishing Stage 2, Mandatory Conservation Practice and subsequently determined that additional revisions to the Conservation Program were appropriate.

NOW THEREFORE, this Ordinance contains provisions for a staged water conservation program that will encourage reduced water consumption within the District through conservation, enable effective water supply planning, assure reasonable and beneficial use of water, prevent waste of water, and maximize the efficient use of water within the District.

SECTION 3. Rescindment of Ordinance 2014-08-02. The District hereby rescinds Ordinance 2014-08-02 and replaces it with the provisions of this Ordinance.

SECTION 4. Application. The provisions of this Ordinance shall apply to all persons, entities, customers, and properties served by the District (hereinafter collectively referred to as "customers"). The provisions of this chapter do not apply to uses of water necessary to protect public health and safety or for essential government services, such as police, fire and other similar emergency services. This Ordinance is intended solely to further the conservation of water. It is not intended to implement any provision of federal, State, or local statutes, ordinances, or regulations relating to protection of water quality or control of drainage; refer to the local jurisdiction or Regional Water Quality Control Board for information on any stormwater ordinances and stormwater management plans. Provisions of this Ordinance may be used in conjunction with local jurisdictions to meet regional water quality and conservation requirements.

SECTION 5. Authorization. The District's General Manager or his designated representative is hereby authorized and directed to implement the staged water conservation and enforcement provisions of this Ordinance as necessary.

SECTION 6. Definitions. The following words and phrases whenever used in this Ordinance have the meaning defined in this section:

A. “Landscape irrigation system” means an irrigation system with pipes, hoses, spray heads, or sprinkling devices that are operated by hand or through an automated system.

B. “Potable water” means water which is suitable for drinking.

C. “Recycled water” means the reclamation and reuse of non-potable water for beneficial use as defined in Title 22 of the California Code of Regulations.

D. “Single pass cooling systems” means equipment where water is circulated only once to cool equipment before being disposed.

SECTION 7. Permanent Water Conservation Requirements – Prohibition Against Water Waste. As part of the District’s “Best Management Practices,” the following water conservation requirements are in effect at all times and are permanent. Violations of this section will be considered waste and an unreasonable use of water.

1) Limits on Irrigation Practices.

a) Limits on Watering Hours: Watering or irrigating of lawn, landscape or other vegetated area with potable water is prohibited between the hours of 8:00 a.m. and 6:00 p.m. on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

b) Limit on Watering Duration: Watering or irrigating of lawn, landscape or other vegetated area with potable water using a landscape irrigation system or a watering device that is not continuously attended is limited to no more than fifteen (15) minutes watering per day per station.

c) Efficient Irrigation Systems: This subsection does not apply to (a) landscape irrigation systems that exclusively use very low-flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour and weather based controllers or stream rotor sprinklers that meet a 70% efficiency standard; or (b) landscape irrigation systems that use recycled water.

d) No Water Flow or Runoff: Watering or irrigating of any lawn, landscape or other vegetated area with any water in a manner that causes or allows water flow or any runoff onto an adjoining property, non-irrigated area, private and public sidewalk, walkway, driveway, street, roadway, parking lot, structure, alley, gutter or ditch is prohibited.

2) No Washing Down Hard or Paved Surfaces: Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys with any water, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a low-volume, high-pressure cleaning machine equipped to recycle any water used, or a low-volume high-pressure water broom.

- 3) **Obligation to Fix Leaks, Breaks or Malfunctions:** Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than seven (7) days of receiving notice from the District, is prohibited.
- 4) **Re-circulating Water Required for Water Fountains and Decorative Water Features:** Operating and maintaining a water fountain or other decorative water feature that does not use re-circulated water is prohibited.
- 5) **Swimming Pool and Spa Construction and Operations Best Practices :** The District will develop and maintain a list of Best Practices that are encouraged to be followed for the construction and operation of water use efficient pools or spa installation. The Best Management Practices will be periodically reviewed and updated, at least annually, by the District's Water Use Efficiency Manager.
- 6) **Limits on Washing Vehicles:** Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not is prohibited, except by use of a hand-held bucket or similar container or a hand-held hose equipped with a positive self-closing water shut-off nozzle or device. This subsection does not apply to any commercial car washing facility.
- 7) **Drinking Water Served Upon Request Only:** Eating or drinking establishments, including but not limited to a restaurant, hotel, cafe, cafeteria, bar, or other public place where food or drinks are sold, served, or offered for sale, are prohibited from providing drinking water to any person unless expressly requested.
- 8) **Commercial Lodging Establishments Must Provide Guests Option to Decline Daily Linen Services:** Hotels, motels and other commercial lodging establishments must provide customers the option of not having towels and linen laundered daily. Commercial lodging establishments must prominently display notice of this option in each bathroom using clear and easily understood language.
- 9) **No Installation of Single Pass Cooling Systems:** Installation of single pass cooling systems is prohibited in buildings requesting new water service.
- 10) **No Installation of Non-re-circulating Water Systems in Commercial Car Wash and Laundry Systems:** Installation of non-re-circulating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.
- 11) **Restaurants Required to Use Water Conserving Dish Wash Spray Valves:** Food preparation establishments, such as restaurants or cafes, are prohibited from using non-water conserving dish wash spray valves.

12) Commercial Car Wash Systems: Effective on January 1, 2010, all commercial conveyor car wash systems must have installed operational re-circulating water systems, or must have secured a waiver of this requirement from the District.

SECTION 8. Conservation Stages. In addition to the Permanent Water Conservation Requirements, the District’s Comprehensive Water Conservation Program consists of the following four stages.

Conservation Stage	Level of Restriction	Percentage of Projected Savings
Stage 1	Voluntary	Up to 10%
Stage 2	Mandatory	Up to 20%
Stage 3	Mandatory	Up to 40%
Stage 4	Mandatory	Over 40%

Stage 1 shall remain in effect at all times until or unless a mandatory conservation stage is implemented in accordance with the provisions of this Ordinance. The mandatory conservation stages (stages 2, 3 and 4) shall take effect upon implementation by the Board in accordance with Section 9.

A. Stage 1 - Voluntary Conservation. In addition to complying with the Permanent Restrictions in Section 7, District customers are encouraged to voluntarily conserve water during stage 1. District customers are specifically requested to voluntarily implement the mandatory water use restrictions set forth in stages 2, 3 and 4 to the extent feasible. In particular, watering or irrigating of lawn, landscape, agricultural or other vegetated area with potable water is requested to be limited to three days per week. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is recommended to be limited to no more than one day per week. This provision does not apply to landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour and sensor-based controllers or stream rotor sprinklers that meet a 70% efficiency standard or landscape irrigation zones that exclusively use recycled water. This provision also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

B. Stage 2 - Mandatory Conservation – Drought or Emergency Conditions. A Stage 2 Mandatory Conservation – Drought Conditions exists when the District determines, in its sole discretion, that due to drought or other water supply conditions, a water supply shortage or threatened shortage exists and a consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water conditions. Upon the declaration by the District of a Stage 2 condition, the District will implement the mandatory conservation measures identified in this

Section. In addition to the prohibited uses of water identified in Section 7, the following additional water conservation requirements apply during Stage 2:

1. **Watering Days:** Watering or irrigating of lawn, landscape, agricultural or other vegetated area with potable water is limited to three days per week on a schedule established and posted by the District. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the District. This provision does not apply to landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour. This provision also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

Alternatively, a customer may submit a written request to the General Manager for approval of a plan that includes an alternative watering schedule. The General Manager may approve such alternate plan upon determining that the alternate plan, in conjunction with other conservation measures, achieves an equivalent level of water conservation. If approved, the customer shall have the burden of showing that the alternate plan continues to achieve an equivalent level of water conservation, or the General Manager's approval will be revoked, and the customer will be subject to the "watering days" regulations described in this subsection.

2. **Obligation to Fix Leaks, Breaks or Malfunctions:** All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within forty-eight (48) hours of notification by the District unless other arrangements are made with the District.
3. **Limits on Filling Man-made Lakes or Ponds:** Filling or re-filling man-made lakes or ponds is prohibited, except to the extent needed to sustain aquatic life, provided that such animals are of significant value and have been actively managed within the water feature prior to declaration of a supply shortage level under this Ordinance.
4. **Limits on Washing Vehicles:** Using water to wash or clean a vehicle, including but not limited to, any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not, is prohibited except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, by high pressure/low volume wash systems, or at a commercial car washing facility that utilizes a re-circulating water system to capture or reuse water.

Limits on Re-filling Residential Swimming Pools & Spas: Re-filling of more than one foot of residential swimming pools or outdoor spas with potable water is prohibited. Re-filling of more than one foot of residential swimming pools or outdoor spas with potable water is permitted if :

- a. The project is necessary to protect the public health, safety, and welfare; or

- b. The applicant provides substantial evidence to the satisfaction of the District of an enforceable commitment that water demands for the project will be offset by the implementation of the District's Best Practices or other means.
5. **New Pool Construction:** All pool owners and operators and their agents or contractors shall, to the extent feasible, adhere to the District's Best Practices as promulgated by the General Manager
6. **Limits on use of Potable Water for Construction:** The use of domestic water for construction purposes shall only be permitted by, and in accordance with the provisions of, a construction water use permit obtained from the District Chief Engineer or his designee, otherwise, recycled water is to be used.

C. Stage 3 - Mandatory Conservation - Serious Drought Conditions. A Stage 3 condition exists when the District notifies its residents and businesses that a significant reduction in consumer demand is necessary to maintain sufficient water supplies for public health and safety. In addition to the mandatory water conservation measures for Stage 2, the following water conservation measures shall apply during Stage 3:

1. **Watering Days:** Watering or irrigating of lawn, landscape, agricultural or other vegetated area with potable water is limited to two days per week on a schedule established and posted by the District. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the District. This provision does not apply to landscape irrigation zones that exclusively use very low flow drip type irrigation systems when no emitter produces more than two (2) gallons of water per hour. This provision also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

Alternatively, a customer may submit a written request to the General Manager for approval of a plan that includes an alternative watering schedule. The General Manager may approve such alternate plan upon determining that the alternate plan, in conjunction with other conservation measures, achieves an equivalent level of water conservation. If approved, the customer shall have the burden of showing that the alternate plan continues to achieve an equivalent level of water conservation, or the General Manager's approval will be revoked, and the customer will be subject to the "watering days" regulations described in this subsection.

2. **Obligation to Fix Leaks, Breaks or Malfunctions:** All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within twenty four (24) hours of notification by the District unless other arrangements are made with the District.

3. **Man-Made Lakes or Ponds:** Filling or refilling of man-made lakes or ponds shall only be permitted by, and in accordance with the provisions of, a man-made lake filling permit obtained from the District General Manager or his designee.
4. **No New Potable Water Service:** Upon declaration of a Level 3 Water Supply Shortage Emergency condition, no new potable water service will be provided, no new temporary meters or permanent meters will be provided, and no will-serve letters will be issued, except under the following circumstances:
 - a. District-approved plans and specifications have been issued; or
 - b. A valid, permit has been issued for the project; or
 - c. The project is necessary to protect the public health, safety, and welfare; or
 - d. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of the District.

This provision does not preclude the resetting or turn-on of meters to provide continuation of water service or the restoration of service that has been interrupted for a period of one year or less.

5. **No New Annexations:** Upon the declaration of a Level 3 Water Supply Shortage condition, the District will suspend consideration of annexations to its service area. This subsection does not apply to boundary corrections and annexations that will not result in any increased use of potable water.

D. Stage 4 - Mandatory Conservation - Severe Drought Conditions. A Stage 4 condition exists when the District declares severe drought conditions exists and notifies its residents and businesses that a major reduction in consumer demand is necessary to maintain sufficient water supplies for public health and safety. In addition to the mandatory conservation measures for Stages 2 and 3, the following water conservation measures shall apply during Stage 4:

1. **Irrigation.** All outdoor irrigation with potable water is prohibited.
2. **No agricultural use of water.** Use of water for agricultural or commercial nursery purposes is prohibited, except for livestock watering.
3. **Prohibition of vehicle washing.** Washing of autos, trucks, trailers, boats, airplanes or other types of mobile equipment is prohibited. Washing is permitted at any time upon the immediate premises of a commercial car wash. The use of water by all types of commercial car washes shall be reduced in volume by 50%. Further, such washings are exempted from these regulations where the health, safety and welfare of the public is contingent upon frequent vehicle cleaning such as garbage trucks and vehicles used to transport food and perishables.
4. **Prohibition on filling recreational water facilities.** Filling, refilling or adding of water to residential swimming pools, spas, ponds or lakes is prohibited.

SECTION 9. Mandatory Conservation Stage Implementation. The District regularly monitors the projected supply and demand for water by its customers. The Board shall determine the extent of the conservation required through implementation or termination of particular conservation stages in order for the District to prudently plan for and supply water to its customers. The Board may order that the appropriate stage of water conservation be implemented or terminated by resolution adopted in accordance with this Ordinance. Within five (5) days following the declaration of the response level, the District shall publish a copy of the resolution in a newspaper used for publication of official notices and shall post a notice on the District's Web site at www.smwd.com. Adoption of a resolution terminating any stage shall be made at a public meeting of the Board. The mandatory conservation measures applicable to Stage 2, 3 or 4 conditions shall take effect on the tenth (10) day after the date the response level is declared

SECTION 10. Exemptions. Customers may be exempted from application of this Ordinance for a certain type of use if the General Manager issues a permit allowing such use and if such permit issuance is based on a finding that enforcement of the applicable restriction would (1) cause an unnecessary and undue hardship to the customer applying for such permit or the public, or (2) cause or threaten an immediate emergency condition affecting the health, sanitation, fire protection, or safety of the customer or the public; or (3) cause the customer to violate a term or condition in a permit issued by a state or federal water agency. The General Manager may require the installation and use of such water conservation devices or practices as he deems appropriate as a condition of the exemption permit.

SECTION 11. Enforcement. The District intends to provide education and notice to its customers of the terms of the conservation stage then currently in place. The District's customers have previously responded to meet the water needs of the District. However, in the event active enforcement is required any customer who violates the provisions of this Ordinance by either excess use of water or by specific violation of one or more of the applicable water use restrictions for a particular mandatory conservation stage may be cited by the General Manager or his designated representative in accordance with the following provisions.

A. Progressive Enforcement Measures. The District may impose progressive enforcement measures for repeated, willful violations as follows:

First Violation: Citation

Second Violation: Penalty of \$100 placed on the water bill.

Third Violation: Penalty of \$250 placed on the water bill.

Fourth Violation: Penalty of \$500 placed on the water bill, and after a 15 day written notification, the customer shall also be subject to a flow restriction. A person or entity that violates this Ordinance is responsible for payment of the District's charges for installing and/or removing any flow restricting device and for disconnecting and/or reconnecting service per the District's schedule of charges then in effect. The charge for installing and/or removing any flow restricting

device must be paid to the District before the device is removed. Nonpayment will be subject to the same remedies as nonpayment of basic water rates.

B. Misdemeanor. In addition to, or as an alternative to the enforcement measures provided herein, or any other applicable civil or criminal remedies, violations of this Ordinance may be prosecuted as a misdemeanor and punishable by imprisonment in the county jail for not more than thirty (30) days, or by a fine not exceeding one thousand dollars (\$1,000), or by both.

C. Discontinuing Service. In addition to any fines, and other remedies, the District, after a 15 day written notification, may disconnect a customer's water service for willful violations of this Ordinance, subject to the appeals process described herein.

D. Administrative Procedures for Imposing Fines.

1. Notice. If the General Manager, or designated representative, determines to impose a fine on a person ("violator") who has violated any provision of this Ordinance, a written notice of the violation will be sent to the violator. The notice shall provide in sufficient detail the violation(s), the amount of the penalty being imposed, and the date or times by which the penalty shall be paid to the District. The notice shall notify the violator that the fine will be imposed in the violator's next water bill and that the violator may appeal the District's imposition of the fine in writing within ten (10) calendar days of the date of said notice. Service of any notice required under this Section shall be made by the following means:

- i. Personal service in the same manner as a summons in a civil action; or
- ii. Registered United States mail, which service shall be completed at the time of deposit into the United States mail.

E. Appeal. Within ten (10) calendar days of the date of such notice described in Section 11, subdivision (D) from the District, the customer may appeal the proposed fine to the General Manager in writing, setting forth a description of the violation, any cure measures undertaken, the amount of the fine, the basis for the appeal, and the remedy sought. The General Manager, or designated representative, shall consider the appeal and shall issue a written decision to the customer. If the customer fails to appeal the ten (10) calendar days period specified in the District's notice to the customer, the customer shall lose its right to appeal the fine.

F. Appeals to District Board of Directors. A customer may appeal a decision of the General Manager on an appeal of an administrative fine to the District Board of Directors within ten (10) days of the decision upon written request for a hearing. The request shall state the grounds for the appeal. At a public meeting, the District Board of Directors shall act as the approval authority and review the appeal de novo (granting no deference to the prior decision of the General Manager). The decision of the District Board of Directors is final.

i. The appeals procedures provided in this Section 11, subdivisions (E) and (F) shall be applicable to all administrative decisions related to this Ordinance.

G. Fund for Conservation. All fines collected by the District pursuant to this Ordinance shall be used by the District to further water conservation efforts in the District.

H. Separate Offenses. Each day that a violation of this Ordinance occurs is a separate offense. All remedies provided herein shall be cumulative and not exclusive.

SECTION 12. Rules and Regulations for Water Service. The provisions of this Ordinance are in addition to all other District Rules and Regulations for Water Service, and in the event of a conflict between this Ordinance and other rules and regulations relating to the same subject matter, the conflict shall, insofar as practical, be resolved to implement the purposes of this Ordinance.

SECTION 13. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid by a court of competent jurisdiction, such decision shall not affect the remaining portions of this Ordinance and those shall remain in full force and effect.

SECTION 14. CEQA Exemption. The District finds that this Ordinance and actions taken hereafter pursuant to this Ordinance are exempt from the California Environmental Quality Act pursuant to Public Resources Code Section 21080(b)(4) and California Code of Regulations, Title 14, Section 15301. The General Manager of the District is hereby authorized and directed to file a Notice of Exemption as soon as possible following adoption of this Ordinance.

SECTION 15. Effective Date and Publication. This Ordinance shall become effective as of the date of adoption and shall be published within ten days of adoption, pursuant to the California Water Code Section 376.

ADOPTED, SIGNED AND APPROVED this 6th day of October, 2014.

Sandra F. Jacobs
President of the Board of Directors
Santa Margarita Water District

ATTEST:

Kelly Radvansky
Secretary, Board of Directors
Santa Margarita Water District

Santa Margarita Water District



MEMORANDUM

TO: Board of Directors

DATE: January 6, 2016

FROM: Kelly Radvansky

SUBJECT: Consideration and Action on Scheduling of Future Agenda Items and Re-Cap of the December 18, 2015 District Board Meeting

At the December 18th District meetings the following items were considered:

Item #	ACTION
<u>Board Meeting – December 18, 2015</u>	
3.1	The November 4 th and 20 th Board Meeting Minutes were approved.
3.2	The Board ratified the District’s Pollution Policy through Aspen Specialty Insurance Company with an annual premium of \$67,905.60.
3.3	The District’s pay scheduled was amended to add the new Controller position.
3.4	Resolution 2015-12-01 was adopted; Pledging Revenues and Funds for Repayment of Clean Water State Revolving Fund and/or Water Recycling Funding Program for the Trampas Canyon Recycled Water Seasonal Storage Reservoir.
3.5	Resolution 2015-12-02 was adopted; Intent of Reimbursement of Funds.
4.1	Presentation only.
4.2	Presentation only.
4.3	Received and Filed the CAFR including the audited financial statements for the year ended June 30, 2015 and authorized submission to the GFOA.
5.1	Approved an increase of \$13,800 to RSM US LLP contract for the FY 2014/15 audit.
5.2	The Board approved the past practice Board member rotation of officers; with Charley Wilson as President and Charles Gibson as Vice-President. The committee structure remains unchanged and the rotation of members is as follows: Finance and Administration Committee – Chair Betty H. Olson; Charley Wilson Water Policy and Innovation Committee – Chair Sandra Jacobs; Charles T. Gibson Engineering and Operations Committee- Chair Justin McCusker; Charley Wilson

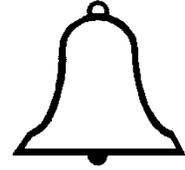
	<p>Other appointment changes to the JPAs and organizations were:</p> <ul style="list-style-type: none"> • Added Water Quality Ad Hoc and includes Directors Gibson and Olson. • South Orange County Watershed Management Area-Director Olson will take General Manager Dan Ferons place as an alternate. • External Affairs Ad Hoc- Director Gibson added as an alternate. • South Orange County Group- Director Gibson was added as an alternate. <p>The Regular Board Meeting schedule for 2016 was approved.</p>
5.3	Resolution No. 2015-12-03; Declaring its Intent to Issue Tax-Exempt Obligations to be Used to Reimburse the District for Expenditures Prior to the Issuance of Such Tax-Exempt Obligations; was tabled for the January 6 th Board meeting, after review in the December 22 nd Finance and Administration Committee meeting.
5.4	Staff was directed to prepare renewable energy goal options for strategic planning. Quarterly Updates on Cadiz approved as needed or required.
6.1	Awarded contract for construction services for the Tesoro Water Facilities Zone II and Zone B Transmission Mains to CCL Construction.
6.2	Approved grant of easement to SDG&E for the Esencia Recycled Water Pump Station Facility.

- **The DRAFT chart below includes anticipated items for the next two months:**

	<u>Board Meeting #1</u>	<u>Board Meeting #2</u>	<u>Special Meeting</u>
January		<p><u>Action Items</u> 1.Reforecast 2015/16 Budget 2.Award UWMP</p> <p><u>Information Items</u> 1.Update on San Juan Capistrano Meter Reading Contract</p>	
February	<p><u>Action</u> 1.December Quarterly Financials</p>	<p><u>Action</u> 1.Budget Assumptions & Goals FY16/17</p> <p><u>Presentation Items</u> 1.PFM 4th Quarter Update</p>	

Board Member	Event	Day	Date	Location	Deadline	Cost of Event	Are you Attending?		Dates Hotel Needed	Dates of flights
							Yes	No		
Betty Olson	MWDOC Water Polcy Forum&Dinner	Friday	1/22/2016	Costa Mesa						
Betty Olson	2016 SOC Economic Report	Friday	2/5/2015	Saddleback C	29-Jan	\$35				
Betty Olson	UWI Spring Water Conference	Wed-Fri	2/10-2/12	Palm Springs	26-Jan	475+lodge				
Betty Olson	GRA-Emerging Contaminants Summit	Tue-Wed	3/1-3/2	Westminister	29-Jan	\$500				
Charley Wilson	MWDOC Water Polcy Forum&Dinner	Friday	1/22/2016	Costa Mesa			X			
Charley Wilson	2016 SOC Economic Report	Friday	2/5/2015	Saddleback C	29-Jan	\$35				
Charley Wilson	UWI Spring Water Conference	Wed-Fri	2/10-2/12	Palm Springs	26-Jan	475+lodge				
Charley Wilson	GRA-Emerging Contaminants Summit	Tue-Wed	3/1-3/2	Westminister	29-Jan	\$500				
Chuck Gibson	MWDOC Water Polcy Forum&Dinner	Friday	1/22/2016	Costa Mesa			X			
Chuck Gibson	2016 SOC Economic Report	Friday	2/5/2015	Saddleback C	29-Jan	\$35				
Chuck Gibson	UWI Spring Water Conference	Wed-Fri	2/10-2/12	Palm Springs	26-Jan	475+lodge				
Chuck Gibson	GRA-Emerging Contaminants Summit	Tue-Wed	3/1-3/2	Westminister	29-Jan	\$500				
Justin McCusker	MWDOC Water Polcy Forum&Dinner	Friday	1/22/2016	Costa Mesa						
Justin McCusker	2016 SOC Economic Report	Friday	2/5/2015	Saddleback C	29-Jan	\$35				
Justin McCusker	UWI Spring Water Conference	Wed-Fri	2/10-2/12	Palm Springs	26-Jan	475+lodge				
Justin McCusker	GRA-Emerging Contaminants Summit	Tue-Wed	3/1-3/2	Westminister	29-Jan	\$500				
Saundra Jacobs	MWDOC Water Polcy Forum&Dinner	Friday	1/22/2016	Costa Mesa			X			
Saundra Jacobs	2016 SOC Economic Report	Friday	2/5/2015	Saddleback C	29-Jan	\$35				
Saundra Jacobs	UWI Spring Water Conference	Wed-Fri	2/10-2/12	Palm Springs	26-Jan	475+lodge				
Saundra Jacobs	GRA-Emerging Contaminants Summit	Tue-Wed	3/1-3/2	Westminister	29-Jan	\$500				

Santa Margarita Water District



MEMORANDUM

TO: Board of Directors **DATE:** January 6, 2016
FROM: Don Bunts
SUBJECT: Engineering Services for the Preparation of the 2015 Urban Water Management Plan Update

SUMMARY

Issue: The District is required by California Water Code 10644(a) to file an update of its Urban Water Management Plan (UWMP) every 5 years. The last plan was prepared in 2010 and was filed in 2011. The District needs to have the previous plan updated and filed with the Department of Water Resources by July 1, 2016.

Recommendations: Award a contract to Arcadis for \$52,630.

Fiscal Impact: Funding for these services is to be provided from budgeted FY 2015-2016 Operations funds.

Previously Related Action: No previous actions were taken on this most recent update to the UWMP.

Committee Status: Due to the timing of the document preparation and the originally anticipated cost to prepare the document, this item has not been reviewed by any committees.

Adherence to Policy:

- This project is consistent with the District's mission
 - "Plan for the future to guarantee a safe and sufficient water supply and wastewater reclamation service."
- This project is consistent with the District's Purchasing Policy and Procedures, Section VI.
- This proposed project is consistent with the District's Purchasing Policy because it: was competitively bid, was identified in the current fiscal year's budget, is more than \$49,999 and requires Board approval (Exhibit 1, a, (1)).

DISCUSSION

In 1983 the Urban Water Management Planning Act was passed which required water agencies to develop UWMPs. This act was in response to the 1976-1977 drought which found a number of urban water agencies lacking in their long-term and contingency planning related to providing adequate water supplies to their customers. The State recognized there was an issue with this lack of planning but also saw the benefit of allowing the local suppliers to perform the water planning on a local level. The general feeling is that only a local supplier has the knowledge, ability to consider the unique circumstances of the individual agency, can provide for participation by the community, and tailor the planning to local conditions.

The intent of the UWMP was to provide a framework for long-term water planning and inform the public of a supplier's plans for long-term resource planning that ensures adequate water supplies for existing and future demands. The Act requires urban water suppliers to report, describe, and evaluate:

- Water deliveries and uses;
- Water supply sources;
- Efficient water uses;
- Demand management measures; and
- Water shortage contingency planning.

The UWMP Act was modified over the years in response to the State's water shortages, droughts, and other factors. The requirements of the Water Conservation Act of 2009 (SB X7-7) required the provisions contained within SB X7-7 to be included in the 2010 UWMP update. More recently, additional requirements have been added that must be included in the UWMP which are briefly summarized as:

- Demand Management Measures
- Specific submittal date
- Electronic submittal requirements
- Standardized forms for the preparation of the UWMP
- Water loss calculations to be included
- Estimation of future water savings
- Voluntary reporting of energy intensity related to the delivery of water
- Definitions of water features

Due to some of the more specialized items that need to be included in the document and the District's workload it was decided to seek proposals from consultants for the preparation of the 2015 UWMP. Request for Proposals were sent to six firms that had expressed an interest in working with the District. Three proposals were received: Arcadis, HDR and Psomas.

District staff reviewed the proposals and performed an evaluation of the proposed scopes of services, the number of hours to perform the various tasks and the fees associated with the proposed scopes.

Based on this evaluation, District staff recommends awarding a contract to Arcadis to prepare the 2015 UWMP. This is based on their knowledge of and experience with the preparation of UWMP in the area, their current involvement with the preparation of the 2015 UWMP update for MWDOC and their competitive pricing associated to the anticipated work required to complete the District's 2015 UWMP update. Arcadis has identified the costs associated to the preparation of the UWMP to be \$52,630. The costs provided by the various firms proposing ranged from \$52,630 to \$63,600.

FUNDING

Funding for these services is to be provided from the FY 2015-2016 Operations Professional Services budget. The original budget identified \$30,000 for this activity so the remainder will be funded from the monies identified for master planning activities that has \$500,000 budgeted for consulting services.



MEMORANDUM

TO: Board of Directors **DATE:** January 6, 2016
FROM: Dan Ferons
SUBJECT: Consideration and Action on Proposed Agreement Terms with Lake Mission Viejo Association for the Sustainable Water Supply Project

SUMMARY

Issue: The Lake Mission Viejo Association has authorized ceasing the use of imported potable water to fill the lake and is preparing a draft Mitigated Negative Declaration for the construction of an advanced purified water treatment facility for polishing Title 22 recycled water for use instead. The Association and the District are proposing to enter into an agreement for the construction and operation of the facility.

Recommendation: Consider potential terms for development of an agreement. Direct staff to continue with proposed approach or provide alternative strategy(s).

Fiscal Impact: Funding will be provided under the agreement terms with District potentially obtaining grants and/or loans on behalf of the Association.

Previous Related Action: The District has included the project in its recycled water conversion planning.

DISCUSSION

Lake Mission Viejo Association (LMVA) owns, operates and maintains the 124-acre Lake Mission Viejo Lake (Lake). LMVA maintains the Lake with a combination of water sources, including potable water supplies provided by the District. In light of the ongoing drought conditions and in support of future water supplies, LMVA has evaluated alternative water sources to replace the use of potable water from the District for maintaining Lake water elevation levels with a sustainable source of local non-potable water that is reliable, cost effective and meets water quality standards necessary to allow for the continued recreational use of the Lake.

The District desires to maximize its supply of potable water for domestic use and currently produces recycled water that is treated to standards for irrigation and other nonpotable uses in accordance with Title 22 of the California Code of Regulations (“Title 22”); including for use in recreational lakes.

LVMA currently purchases Title 22 recycled water from SMWD for irrigation and while Title 22 water can legally be used in the Lake, LVMA has determined that a higher water quality standard is desirable for the recreational uses of the Lake by LVMA members. The District, in consultation with LVMA, has determined that with additional treatment infrastructure, it can produce higher quality recycled water to such standards and in adequate quantities as are necessary to meet the needs of LVMA at the Lake. The facilities being contemplated include prescreening, ultrafiltration, reverse osmosis, chemical treatment and ultraviolet light disinfection. These facilities are being referred to as the Advanced Purified Water (APW) facilities.

LMVA is preparing a preliminary design report for the facilities under the review of the District and has authorized the preparation of California Environmental Quality Act (CEQA) documentation. The current schedule is for the District to consider adoption of the CEQA documentation at the February 3rd or February 19th Board meeting. Upon certification, the District will consider approval of the project with the adoption of an agreement to proceed.

The District and LMVA have met to discuss potential terms and conditions for a long term supply of recycled water and the development of the additional conveyance and treatment infrastructure necessary to deliver water from SMWD's primary recycled water facility and further polish such water to the advanced purified water in quantities that are sufficient for use by LMVA. The following draft terms are being presented for consideration:

1. Value Discussion

a. \$5 million in estimated costs

i. Facility is sized to produce 300 acre-feet (AF) water delivered over six months. This results in a facility with an annual capacity of 600 AF

1. Capacity or time change can reduce costs

ii. Proposed 25 year low interest loan (approximately 3.5% to 3.75%) with 20% in potential grants

b. Capital costs

i. Amortized over life of project

ii. LMVA to pay amortized amount in the form of a fixed fee or meter charge

c. Operating costs based on per AF basis for water ordered by LMVA

i. Cost to produce and deliver Title 22 water to the advance treatment facility

ii. Recycled water will be sold at District's wholesale rate

iii. Cost to treat the water at the APW

iv. District to pay operating cost for any additional water produced for its use

v. District to pay operating cost if no water is sold

d. Depending on future MWD cost of water, final project costs and actual operating costs, the project is estimated to pay a premium for the water for 10 to 20 years

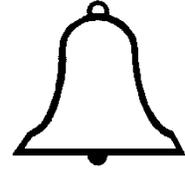
2. Water Delivery

a. LMVA to have first right of refusal for up to the full annual production of 600 AF

3. Domestic water back-up supply for emergency purposes

4. Design and Construction

- a. District will be responsible for preparation of plans and specifications
5. Design Build and Operate options are available for consideration
6. Funding
 - a. If low interest loan and grants are pursued through the SWRCB it will take six to nine months and the construction cannot commence until loan approval. Facility would be in service in first quarter of 2017
 - b. If District provides seed capital or private capital is utilized, the project could be in service in summer of 2016 with design build (d/b) delivery
 - c. If District uses other fund sources available to governmental agencies (CSDA or similar loans), the project could be in service in summer of 2016 with design build
 - d. delivery
 - e. Project should qualify for MWD Local Resources Project funding to offset a portion of the project capital and operating costs



MEMORANDUM

TO: Board of Directors **DATE:** January 6, 2016

FROM: Don Bunts

SUBJECT: Construction Support Services for Tesoro Zone II and B Water Facilities, Domestic and Reclaimed Water Transmission Main and Coto De Caza Trunk Sewer Relocation, C-1767D

SUMMARY

Issue: The District has awarded the Construction contract to perform the pipeline installation for the Tesoro domestic and recycled water facilities in Chiquita Canyon. The prerequisite mass grading work is nearing completion and will allow the pipelines to be installed that support the community of Esencia. Additional construction support services are needed to facilitate the project.

Recommendations: 1) Authorize an amendment to Michael Baker International, Inc. (MBI) in the amount of \$40,000 for additional plan preparations; 2) Authorize a Geotechnical support services contract to GMU in the amount of \$39,722; 3) Authorize an amendment to ARMC for increased Archeological and Paleontological monitoring for \$11,900; 4) Authorize a Construction Management services contract to Butier Engineering Inc. in the amount of \$ 322,136.

Fiscal Impact: Funding for these services is to be provided from the proceeds of the recently issued County of Orange Community Facilities District Bond (2015-1 Esencia - 489).

Previously Related Action: In mid-2014, the District authorized an engineering services contract to RBF Consulting to design the Tesoro Zone II and B Water Facilities funded by an approved reimbursement agreement with Rancho Mission Viejo (RMV). RBF Consulting has recently been acquired by Michael Baker International, Inc. In December 2015, the District awarded the transmission mains construction contract to CCL Construction, Inc.

Committee Status: On December 11, 2015, the EOC reviewed and recommended approval of the construction contract and support services.

Adherence to Policy:

- This project is consistent with the District’s mission
 - “... to collect and treat wastewater to protect the environment and public health.”
 - “Provide a high level of service with maximum cost effectiveness.”
 - “Plan for the future to guarantee a safe and sufficient water supply and wastewater reclamation service.”
- This project is consistent with the District’s Purchasing Policy and Procedures, Section VI.
- This proposed project is consistent with the District's Purchasing Policy because it: was competitively bid, was identified in the current fiscal year’s CIP, is more than \$49,999 and requires Board approval (Exhibit 1, a, (1)).

DISCUSSION

MBI has performed additional design work at the request of the District that is in excess of the originally specified scope of work: This additional work is summarized as follows:

- Design of an MSE wall.
- Three additional maintenance manholes for the storm drain system.
- Traffic control enhancements for the nearby Middle Chiquita tank access road.

The mass grading project that is prerequisite to this pipeline (transmissions mains) project is still ongoing but is nearing completion. The grading contractor, McKenna General Engineering (MGE), is behind schedule by approximately six weeks and this has necessitated additional monitoring from an archeological and paleontological standpoint. ARMC has provided such services to this point, but will need additional funds to complete the project due to the MGE delay.

The construction of the pipelines on this project involves substantial earthwork from the standpoint of trenching and backfill of trenches. Although GMU has provided a comprehensive soils investigation prior to the commencement of the construction on the Tesoro Water Facilities projects, a portion of the earth to be disturbed will be in areas where prior test pits have not been excavated. Soils investigations, by their nature, cannot be completely comprehensive and field verifications are typically appropriate and/or required. It is also commonplace that technicians are on site to monitor backfill procedures and to test the soils for compaction. For these reasons, GMU will be providing a technician during construction that will maintain an overview of the soils and foundations encountered, and provide compaction testing as required.

Butier Engineering (BEI) is currently providing construction management services for the mass grading project. This additional assistance has proved beneficial in enabling the District to provide the necessary inspection as well as manage more projects that are on concurrent and overlapping schedules. Given the forecast of new District projects over the next two years, third party construction management assistance for the transmissions mains project will continue to allow the District to maintain schedules. As the District's scheduling of new projects remains on track, it will also be prudent to use such construction management services for the upcoming Tesoro Reservoirs project.

As BEI is successfully managing the daily details of the mass grading project, and has developed and maintained the key relationships with our project partners and consultants specific to the right-of-way used by the Tesoro Water Facilities overall projects, it is logical that the District award the additional construction management services on these projects that BEI is intimately familiar. BEI has agreed to maintain its same billing rate structure, values that were more competitive than the other construction management firms with whom they competed for the mass grading project, for this current project. There is also added efficiency to the District with mass grading and pipeline projects that will overlap by approximately six weeks.

FUNDING

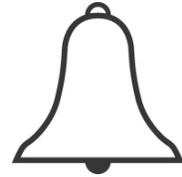
Funding for these services is to be provided from the proceeds of the recently issued County of Orange Community Facilities District Bond (2015-1 Esencia - 489).

Five project codes listed in the Improvement District No. 4C portion (CFD Bond Issue 489) of the District's Fiscal Year 2015/2016 Capital Improvement Program are proposed to be utilized for funding of these amendments. Project Codes BQ3, BQ2, B99, 1A7 and 3D4 have been established to track construction expenses for grading, DW / RW steel tank reservoirs and DW / RW pipelines, respectively. The table below provides a funding breakdown for the proposed approval of additional services.

Description	Company	Cost	Cost Code
Engineering Design Amendment for Grading	MBI	\$40,000.00	C00BQ3
Archeo/Paleo Support Amendment for Grading	ARMC	\$11,900.00	C00BQ3
Geotechnical Services for Pipelines	GMU	\$20,000.00	C001A7
	GMU	\$19,722.00	C003D4
GMU Total	GMU	\$39,722.00	
Construction Management Services for Pipelines	BEI	\$161,000.00	C001A7
	BEI	\$161,136.00	C003D4
BEI Total	BEI	\$322,136.00	

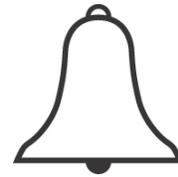
Santa Margarita Water District

MEMORANDUM



Agenda Item 7 General Counsel Report

Oral Report Only



Agenda Item 9.1

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957

Title: General Manager