



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: November 19, 2009

RE: General Information (regarding matters not scheduled on the agenda)
11/24//09 Board of Directors Meeting

Relicensing

SFWPA's consulting team is continuing to develop the CEQA submittal for the State Water Resources Control Board's water quality permit application. Consultants are coordinating with the SWRCB since the SWRCB will use the SFWPA CEQA document as a basis to issue its 401 Water Quality Certificate for the new license. An internal draft Initial Study within the next week or two.

Grand Jury Review

As reported last month, I was "invited" by the Butte County Grand Jury to make a presentation regarding the Agency to its Districts and Commissions Committee on November 16. Ten copies of the documents requested were prepared, bound in two volumes, and presented to the Committee. I spent about an hour providing an overview of the Agency's history, operations, services, and future plans, as well as answering questions from committee members. This was an informational session only. The Committee members did not ask questions or express concerns about any issue, project or service specific to SFWPA.

Compliance With NYWD Agreement Conditions

The 2005 agreement between SFWPA and North Yuba Water District (NYWD) specifies that SFWPA will transfer ownership of and operational responsibility for the Upper Forbestown Ditch to NYWD, effective January 1, 2011. As conditions of that transfer (Part VI.6) are the requirement that SFWPA will, prior to January 1, 2011, replace "all non-pressure treated wood in the Hell-For-Stout Flume with pressure treated wood" and remove "the tree that may fall on to this flume."

The tree in question is a large sugar pine situated on the up-hill side of the down-stream end of the flume. Because the tree was growing out of the side of the hill with tap roots exposed due to erosion, NYWD thought the tree posed a risk of falling and damaging the flume. On November 17, a contract timber faller brought the tree down without incident (a video of this will be shown at the board meeting). The tree was on CHY Company land, and CHY required payment from SFWPA of \$2,000 for the tree's timber value.



Because the non-pressure-treated section of the flume is still in good condition, NYWD has agreed in concept to accept \$45,660 (SFWPA's estimated share of the cost to replace the flume) as a credit against its outstanding Forbestown Ditch maintenance expense balance (\$29,691 as of 9/30/09) and its relicensing-expense reimbursement obligations under the 2005 Agreement. In exchange, NYWD would agree to an amendment of the 2005 Agreement whereby SFWPA would be relieved of its responsibility to replace the flume.

Recently, Matt Colwell dispatched a crew to uncover the flume's footings and found that significant decomposition of some of the struts had occurred because of their exposure to

damp soil. Those damaged members were repaired and the flume now has a likely life expectancy of at least another ten or 15 years.



Personnel Changes

For the last three years, a Water Division utility worker has been on somewhat of a permanent loan to the Power Division. Funding this position as a temporary assignment from Water Division to Power Division facilitated the PG&E budget-approval process more easily than attempting to incorporate it as a second full-time utility worker position. But now that PG&E has approved its last budget (which included funding for the position again), a new Power Division utility worker position was advertised in accordance with the MOU, and Gary Daley was the successful bidder.

The vacant Water Division ditchtender position will be filled by Rick Broderson.

M RTP Expansion Project

The final Preliminary Feasibility and Engineering Report for expanding Miners Ranch Treatment Plant (MRTP), prepared by CDM, was reviewed and accepted as complete by the Board at its meeting in September. The report summarized CDM's findings and recommendations for future water treatment improvements and expansion at MRTP. The next step is to engineer and repair as soon as possible Filter #3's underdrain, and then move into the design phase for the MRTP expansion project.

Matt Colwell spent the day in Sacramento on November 19 discussing various options for moving forward with both projects. The meeting concluded with me directing CDM to prepare a proposal for designing the Filter #3 underdrain repairs and providing on-site consulting during the construction phase that would be performed by SFWPA personnel. I also directed CDM to prepare a proposal for a "Progressive Design-Build" expansion project. The proposal for Filter #3 should be ready for Board consideration in December (so construction can be completed prior to May 2010), and the expansion-project proposal will be available sometime after the first of the year.

Directors are probably most familiar with traditional design-bid-build projects where the owner (SFWPA in the case of the MRTP expansion project) has separate contracts with the design engineer and the contractor, and sometimes also with a construction manager. In this type of project, design is accomplished first, then bids are requested, received and evaluated, and the project is ultimately awarded to the lowest bidder based on the completed plans and specifications. This methodology facilitates competitive bidding, but it also tends to result in frequent claims and disputes between the contractor and the owner and/or engineer, with the owner often in the middle of conflicts between the engineer and the contractor.

The progressive design-build process I have asked CDM to propose on would result (if awarded by the Board) in the designer/builder (CDM in this case) preparing, in consultation with the owner (SFWPA in this case), project plans to a 70% completion status. At that point in the project, SFWPA would have an off ramp that would allow it to revert back to a design-bid-build project, or to proceed with a design-build project. If the design-build path was selected, SFWPA and CDM would negotiate a not-to-exceed price for construction of the project, and a savings-sharing component to incentivize project completion below the not-to-exceed price.

The design-build approach has a number of benefits that make it very attractive for the MRTP expansion project: (1) a single point of responsibility; (2) no E&O claims between the contractor and engineer; (3)

cost savings; (4) time savings; (5) early knowledge of firm costs necessary for financing purposes; (6) ability to respond quickly to changing conditions; (7) discrete pieces can be awarded to local subcontractors; (8) SFWPA can perform certain aspects of the project for which it is uniquely qualified; and, (9) both the owner and the engineer/builder are incentivized to pursue cost-savings opportunities.