

WEST BASIN MUNICIPAL WATER DISTRICT**JULY 5, 2001 – Water Resources Committee
Little and McDonald****July 16, 2001 – Board Meeting**

Prepared by: Wyatt Won

Submitted by: Paul E. Shoenberger

Approved by: Darryl G. Miller

ACTION CALENDAR

DISTRIBUTION SYSTEM CONTRACT OPERATIONS AGREEMENTSUMMARY:

California Water Service Company (CWSC) currently provides operation and maintenance services for the recycled water distribution system. The Board approved entering into a two-year agreement with CWSC at its January Board meeting. Under the terms of the new agreement, CWSC reduced their mark-up on outside services to save the District approximately \$8,100 per year. At that time, the Board requested staff and CWSC discuss additional reductions that could be made in return for extending the contract to four or five years.

In April, staff reported that the District was responsible for conducting annual visual inspections and periodic cross-connection tests of the recycled water sites. Staff has been discussing the additional "Scope of Services" with CWSC to determine if additional funds would be needed.

As a result of those discussions, CWSC has proposed extending the current contract an additional three years, to a total of five years, terminating on February 28, 2006. In return, CWSC would reduce their labor mark-up that recovers overhead and indirect costs from 28 percent to 25 percent. This would save the District about \$6,000 this coming year. The savings could be higher in subsequent years depending on the labor required to maintain the system. In addition, CWSC is proposing to perform and coordinate annual visual inspections and periodic cross-connection testing of the recycled water sites within the dollars budgeted under the current agreement for the next two years.

The District is planning to add over 40 miles of pipeline and over 85 customers over the next five years partially funded by U.S. Army Corps of Engineer grants. This equates to a 65 percent increase in the length of pipelines in the recycled water system and a 50 percent increase in the number of customers. This would add to the operation and maintenance workload over the next five years. Staff recommends an escalator clause as described in the recommended motion (item 4) to account for increased workload and inflation over years three through five of the agreement.

FISCAL IMPACTS:

Funds are available in the Operations and Maintenance budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by Water Resources Committee on July 5, 2001 and was recommended for approval at the July 16, 2001 Board meeting.

RECOMMENDED MOTION:

That the Board authorize the General Manager to:

1. Extend the term of the operation and maintenance agreement with CWSC from two years to five years, terminating on February 28, 2006;
2. Reduce the mark-up on labor from 28 percent to 25 percent;
3. Add to the "Scope of Services" in the agreement to include performing and coordinating annual visual inspections and periodic cross-connection testing; and
4. In years three through five, revise the amount that can be expended in a year to take into account increased workload and inflation. Limit the increase to not more than 10 percent greater than the previous year's contract amount.

LIST OF EXHIBITS:

None.

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