

TO: BOARD OF DIRECTORS
REVIEWED: RAY DIEZO, P.E. *R.D.*
GENERAL MANAGER
FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: APRIL 14, 2025

**AGENDA ITEM
D-4
APRIL 23, 2025**

**AUTHORIZE CONTRACT AMENDMENT FOR CONSTRUCTION
MANAGEMENT SERVICES FOR NIPOMO SUPPLEMENTAL WATER
PROJECT INTERCONNECTS WITH MICHAEL K. NUNLEY AND
ASSOCIATES**

ITEM

Authorize Contract Amendment for construction management services for Nipomo Supplemental Water Project Interconnects in the amount of \$99,454 with Michael K. Nunley and Associates ("MKN") [RECOMMEND AUTHORIZE CONTRACT AMENDMENT]

BACKGROUND

The Nipomo Supplemental Water Project ("NSWP") delivers water purchased by the District from the City of Santa Maria and allows the District to reduce pumping from existing wells to reduce the potential for seawater intrusion on the Nipomo Mesa. The NSWP also increases the reliability of the District water supply by providing an additional source other than local groundwater. The allocation of NSWP costs, as well as the distribution and use of NSWP water, is governed by the *Nipomo Supplemental Water Project Supplemental Water Management and Groundwater Replenishment Agreement*, an agreement between the District, Golden State Water Company ("GSWC") and Woodlands Mutual Water Company ("WMWC").

The District is in the process of constructing the interconnects that will be needed to deliver NSWP water to GSWC and WMWC starting in July 2025. Each interconnect includes a precast concrete vault, flow control valve, flowmeter, piping, valves, electrical and instrumentation control panel, and communication system. W.M. Lyles was awarded the \$1,195,200 contract to construct the project.

The District contracted with MKN to provide construction management services for the project including submittal review, part-time inspection, materials testing, and record drawing preparation. The construction management effort required for the project has been much greater than the minimalist approach originally anticipated. Throughout the course of the project, several challenges and issues have resulted in the need for additional effort to keep the project on track for successful completion including:

- Coordination with PG&E after PG&E cancelled the service applications and changed the design for one of the locations, resulting in the need to extend the construction contract
- Conflicts with existing facilities, utilities, and other site issues requiring changes to the site layouts and easements
- Coordination of installation of District furnished control panels, flow control valves, and flowmeters

- Additional contractor request for information (RFI) review and responses
- Weekly construction progress meetings

FISCAL IMPACT

The District's 2024-25 Amended Budget includes \$1,500,000 for the construction of the NSWP Interconnects. Interconnect costs are to be shared with GSWC and WMWC in accordance with the provisions of the *Nipomo Supplemental Water Project Supplemental Water Management and Groundwater Replenishment Agreement*.

A summary of construction management costs is as follows:

Original MKN construction management contract	\$102,296
Proposed Contract Amendment #1	\$99,454
Revised Contract Amount	\$201,750

STRATEGIC PLAN

Goal 1 – WATER SUPPLY – Actively plan to provide reliable water supply of sufficient quality and quantity to serve both current customers and those in the long-term future.

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

RECOMMENDATION

Staff recommends that the Board authorize staff to execute a contract amendment in the amount of \$99,454 with MKN for construction management services for the Nipomo Supplemental Water Project Interconnects.

ATTACHMENTS

- A. MKN Contract Amendment dated April 7, 2025

APRIL 23, 2025

ITEM D-4

ATTACHMENT A



354 Pacific Street
San Luis Obispo, CA 93401
805-329-4773 [PHONE](tel:805-329-4773)
805-904-6532 [FAX](tel:805-904-6532)

April 7, 2025

Peter V. Sevcik, PE
Director of Engineering and Operations
Nipomo Community Services District
(Submitted Electronically)

Re: Contract Amendment Request for Engineering Services During Construction and Construction Management – Supplemental Water Project Interconnection Improvements

Dear Peter,

As you know, Michael K. Nunley & Associates, Inc., (MKN) has been providing Engineering Services During Construction (ESDC) and Construction Management (CM) for the Supplemental Water Project Interconnection Improvements. A budget of \$102,296 was requested for the project as approved per Task Order 2024-06 dated August 14, 2024.

Throughout the course of the project, several unforeseen challenges and necessary adjustments have impacted both the schedule and overall expenditures. The following factors have contributed to additional fee that will be required to support the project through completion.

PG&E's contract cancellations at the Lyn Road and Primavera sites created significant delays and complications, necessitating extensive coordination between the District, PG&E, and Lyles to reestablish project requirements and timelines. Service applications were resubmitted, requiring additional coordination time from the Resident Engineer. Compounding these challenges, PG&E provided an incorrect design plan for Lyn Road, leading to further delays and the need for expedited design revisions. Additional coordination was also required with PG&E to ensure a proper shutdown at the Primavera site, which extended project timelines and incurred extra labor expenses. PG&E also required the contractor to extend the underground service at the Camino Caballo site which required additional electrical inspection and added to the overall costs.

Various relocations were necessary across multiple sites due to conflicts with existing facilities, easement issues, and to accommodate District requests to improve site layout and operation staff access. An easement discrepancy at Camino Caballo required a survey to resolve boundary issues, requiring additional coordination efforts. The radio tower, MCC panels, bollards, and equipment pads at both Camino Caballo and Lyn Road were relocated. Additional unforeseen site conditions, such as unexpected gas mains, existing waterlines, and appurtenances, further complicated construction activities.



Coordinating the installation of owner-provided equipment (including electrical panels, , and mechanical equipment) required significant time from the Resident Engineer. Requests for information (RFIs) from the contractor were necessary to address installation requirements and to obtain additional design guidance.

The accumulation of these issues resulted in RFIs from the Contractor, each requiring review and negotiation and increased project management costs including coordination meetings. For example, eight (8) RFIs were budgeted and twenty (20) have been processed to date. Three (3) progress meetings were budgeted and sixteen (16) have been held to date, with weekly meetings anticipated through the end of construction.

Taken together, these factors have significantly impacted the overall budget. While the project team worked diligently to address each challenge in a timely and cost-effective manner, the cumulative effect of these unforeseen conditions, design revisions, and necessary relocations ultimately led to higher-than-anticipated project costs. We appreciate your understanding and support as we work to complete the project efficiently while managing these complexities.

The following table summarizes the original budget for each task and the requested amount for professional services through anticipated completion of the project. We anticipate Task Group 1 will finish under budget as shown below.

Task Group	Original Budget	Anticipated Expenditure at Completion	Revised Budget per Contract Amendment
TG 1 – Engineering Services During Construction	\$51,062	\$45,000	-\$6,062
TG 2 – Construction Management & Inspection	\$51,234	\$156,750	105,516
TOTAL	\$102,296	\$201,750	\$99,454



Thank you for providing MKN the opportunity to propose on this work for the District. If you have any questions regarding this proposal, please contact me at mnunley@mknassociates.us.

Sincerely,

A handwritten signature in black ink that reads "Michael K. Nunley".

Michael K. Nunley, PE
Project Manager

Enclosures:

1. Exhibit A – Comparison of Anticipated CM Budget to Cost-to-Date & Projected Budget
2. Exhibit B – Proposal for Extra Services – Via Concha Rd & Trail View Pl, Nipomo (MBS Land Surveys)



Exhibit A – Comparison of Anticipated CM Budget to Cost-to-Date &
Projected Budget

**Construction Management and Inspection Services for
Nipomo CSD Interite
MKN CPM LLC**



Role	Staff	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
Construction Management																					
Project Manager	Peter Brennan					1	1	1	1	1	1										\$ 1,320
Resident Engineer	Kim Lindbery					8	8	8	8	8	8										\$ 8,600
Construction Inspector	Alex Barrera					36	36	36	36	36	36										\$ 34,200
	Subtotal	0	0	0	0	45	45	45	45	45	45	0	0	0	0	0	0	0	0	0	\$ 44,120
Project Closeout																					
Project Manager	Peter Brennan									1											\$ 224
Resident Engineer	Kim Lindbery									6											\$ 1,290
Construction Inspector	Alex Barrera									4											\$ 760
	Subtotal	0	0	0	0	0	0	0	0	0	11	0	0	0	0	0	0	0	0	0	\$ 2,274
TOTAL HOURS		0	0	0	0	45	45	45	45	45	45	11	0	0	0	0	0	0	0	0	\$ 46,394
Direct Expenses																					\$300
Subconsultant																					
Earth Systems																					\$4,500
Grand Total																					\$ 51,194

As Built/Cost to Complete

Role	Staff	2024												2025												Total Cost
		Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec						
Construction Management																										
Project Manager	Peter Brennan					8	22	42	58	71	77	64	64								\$ 85,860					
Resident Engineer	Kim Lindbery									43											\$ 8,600					
	ARE										23	24	50								\$ 18,430					
Electrical Inspector	Ed Macias					4	25	19													\$ 26,220					
Construction Inspector	Alex Barrera					8	22	46	83	124	129	118	154	0	0	0	0	0	0	0	\$ 139,110					
	Subtotal	0	0	0	0	8	22	46	83	124	129	118	154	0	0	0	0	0	0	0	\$ 139,110					
TOTAL HOURS		0	0	0	0	8	22	46	83	124	129	118	154	0	0	0	0	0	0	0	\$ 139,110					
Direct Expenses																					\$0					
Subconsultant																										
Earth Systems																					\$15,000					
MBS Land Surveys																					\$2,600					
Grand Total																					\$ 156,750					



Exhibit B – Proposal for Extra Services – Via Concha Rd & Trail View
Pl, Nipomo (MBS Land Surveys)



Michael B Stanton, PLS 5702
3559 S. Higuera Street
San Luis Obispo, CA 93401

info@mbslandsurveys.com
Tel: 805.594.1960
Fax: 805.594.1966

February 6, 2025

Michael K Nunley & Associates, Inc.
Attn: Julie Cannon
354 Pacific Street
San Luis Obispo, CA 93401

jcannon@mknassociates.us
Tel: 805.329.4773
Cell: 805.215.0435

RE: Proposal for Extra Services – Via Concha Rd & Trail View Pl, Nipomo
MBS 17-282

Dear Julie:

Per your request, we are providing you with this proposal for surveying services for your project at Via Concha Road and Trail View Place in Nipomo. It is my understanding that you need for us to stake the limits of the existing easement for NCSD as well as locate the new construction that extends beyond those limits in order to evaluate if a new easement is needed.

Since this project is funded with public funds, we have assumed that prevailing wage rates are required for all field work. Our fees have included the extra costs for payment of prevailing wages, fringe benefits, certified payroll and audits.

Our California Certified Small Business (Micro) ID number is 2015013.
Our DIR number is 1000004828.

We can perform the following services:

A. STAKE EXISTING EASEMENT AREA

This task will include a field survey to locate and stake the existing easement as well as locate the new construction that was completed outside of the easement limits. We can set a temporary bench mark on site for future reference. In the office we will prepare an exhibit map of the easement with the new construction shown.

Field Survey & Exhibit Map Estimated Fee Range: \$1,800-\$2,400

Terms and Conditions:

This proposal hereby incorporates MBS Land Surveys "General provisions, Terms and Conditions" attached hereto and made a part hereof. If you would like us to proceed, please initial the tasks you would like us to complete, sign below and return a copy to us via scan, fax or mail.

Sincerely,



Michael B. Stanton, PLS 5702

Authorized to proceed:

Michael K Nunley Associates, Inc

Date

Printed Name & Title



TO: BOARD OF DIRECTORS
REVIEWED: RAY DIENZO, P.E. *R.D.*
GENERAL MANAGER
FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: APRIL 14, 2025

AGENDA ITEM
D-5
APRIL 23, 2025

**REJECT ALL BIDS FOR THE
FRONTAGE ROAD TRUNK SEWER PROJECT**

ITEM

Reject all bids received for construction of the Frontage Road Trunk Sewer Project [BY MOTION AND ROLL CALL VOTE, REJECT ALL BIDS RECEIVED]

BACKGROUND

The Frontage Road Trunk Sewer Replacement Project ("Project") involves the replacement of approximately 4,900 linear feet of sewer line and 19 manholes in Frontage Road, between Division Street and Juniper Street. The existing trunk sewer is in poor condition and is flowing full during high flow conditions. Replacing the existing sewer line with a new sewer line will help avoid the need for emergency repairs to the existing sewer line, as well as provide capacity for the Blacklake Sewer System Consolidation Project and other potential future connections located upstream of the Project alignment.

The Board authorized staff to bid the project at the November 13, 2024 Board meeting. The District originally budgeted \$3.6 million for the project in FY 2021-22. The engineer's estimate at bid time was approximately \$4.1 million. On March 27, 2025, bids for the project were opened from two (2) bidders as listed below:

Contractor	Total Base Bid Price
Specialty Construction Inc.	\$5,465,261
W.M. Lyles Co.	\$7,494,141

Staff reviewed the bids and, due to the extraordinary imbalance between the project budget and the bid results, staff recommends that the Board reject all bids pursuant to Public Contracts Code Section 20166. Staff will return to the Board with a revised plan to construct and fund the project.

RECOMMENDATION

Staff recommends that your Board, by motion and roll call vote, reject all bids, direct staff to devise a revised plan to construct and fund the project, and present the revised plan to the Board as soon as practicable.

ATTACHMENTS

None

TO: BOARD OF DIRECTORS
 FROM: RAY DIENZO, P.E. *R.D.*
 GENERAL MANAGER
 DATE: APRIL 16, 2025

AGENDA ITEM
F
APRIL 23, 2025

GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is 4/6/2025 – 4/19/2025.*

DISTRICT BUSINESS

Administrative

No changes from 4/9/25 report.

The District encourages residents to provide reports of any observed water waste. The District also keeps an accounting of leak adjustments as a measure of non-revenue water lost to leaks and tracks late fee waivers. The table below provides March 2025 data and calendar year 2025.

OFFICE ACTIVITIES	Mar 25	Jan 25 – Mar 25
Leak Adjustments	7	11
Leak Adjustment Amount	\$1,598.67	\$2,237.55
Late Fee Waivers	9	28
Late Fee Waiver Adjustment Amount	\$226.41	\$685.39

Water Resources

No changes from 4/9/25 report.

For the nine (9) months of the 2024-2025 Fiscal Year, the District's total combined production, including groundwater production wells and supplemental water imported through the Joshua Road Pump Station, registered **1426.6 AF**.

The District imported more water through the Joshua Road Pump Station than it produced from groundwater sources. This trend will continue through the year as the District strives to maintain the 50% groundwater reduction goal while also reaching the District's contract import water take amount of 1,000 AFY minimum.

	Mar 25	Jul 24- Mar 25
Groundwater Production	41.1	535.5
Supplemental Water Imported	<u>82.0</u>	<u>891.1</u>
Total Production	123.1	1426.6

2024-2025 Fiscal Year Groundwater Pumping Forecast

No changes from 4/9/25 report.

Table 2 below projects the District's groundwater pumping reduction for the 2024-25 Fiscal Year. Though we are currently in Stage 2 conditions under the NMMA Water Shortage Response Stages; with a targeted groundwater pumping reduction goal of 20%, the District voluntarily aims to pump no more than 1,266 AFY (50% of the 2009-2013 average District GW Pumping).

Table 2. Projected Groundwater Pumping

	Mar-25	Projected Jul-24 to June-25	Over/(Under)	
NCSW GW Well Production	41.1	728.08		
Purveyor Customer Credit (33.3% of Import Water)	27.3	391.79		
NCSW Total Calculated GW Production	68.4	1,119.9	147	AF
50% of Average GW Production for 2009-2013		1,266.7		

As demonstrated in Table 2, the District achieved its 50% groundwater pumping reduction target by 147 AF under the conditions stated in the previous paragraph.

Other Items

- Dana Reserve Project – pending outcome of litigation
- Sewer Rate Study – Prop 218 notices mailed out 3/13/2025. Public hearing scheduled 5/14/2025. Target effective date July 2025
- Water Rate Study – In progress; target effective date of January 2026
- Strategic Plan Update – request for proposal pending
- Awarded the Certificate of Achievement for Excellence in Financial Reporting
 The Government Finance Officers Association (“GFOA”) notified Nipomo CSD that the District’s annual financial report (audit) for 2023-2024 qualified for and has received the Association’s Achievement of Excellence in Financial Reporting.

The GFOA’s Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.

Attainment of the Certificate represents a significant accomplishment by a government agency and its management. Submissions to the program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (“SRC”), which comprises individuals with expertise in public sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.

This is the **twelfth (12) fiscal year in a row**. In 2014, Nipomo CSD was the first special district in the County to receive this level of recognition on its annual audit. In being so recognized, the District joins less than fifty special districts state-wide—most of which are much larger organizations.

Congratulations to Jana Eteddgue, our Finance Director/AGM, on maintaining the District’s excellent financial standards.

- Town Hall Meeting on 4/3/2025
 - o This meeting was held at the Nipomo High School and hosted by County Board of Supervisor Jimmy Paulding.
 - o Presentations related to public safety, traffic circulation, schools, and parks were discussed

- The County has begun its effort to update the Nipomo Community Plan. Though the District is not directly working on this Plan, the County will be request our input as needed.

Blacklake Lighting District Update

- No reports as of 4/15/2025

Monthly Investment Policy Report

Pursuant to Section 8.A of the District's Investment Policy, we will be posting a summary of our current investments every month at the second Board meeting of each month.

**Pursuant to Section 8.A. of the Investment Policy
 Nipomo Community Services District
 Investments
 March 31, 2025**

<u>Investments</u>	<u>CUSIP</u>	<u>Purchased</u>	<u>Maturity</u>	<u>to Maturity</u>	<u>Par Value(1)</u>
CD's - Simmons Bank Pine- 12 month	82869AGJ8	6/17/2024	6/17/2025	5.30%	\$ 237,000
CD's - Bar Harbor Bank & Trust- 12 month	066851YJ9	6/17/2024	6/17/2025	5.30%	\$ 237,000
CD's - Charles Schwab-12 month	15987UCW6	6/20/2024	6/17/2025	5.35%	\$ 237,000
CD's - CFSSBank Charlerol PA-12 month	12526AAP2	6/20/2024	6/20/2025	5.30%	\$ 237,000
CD's - Western Alliance Bank-12 month	95763PTU5	6/21/2024	6/20/2025	5.40%	\$ 237,000
CD's - Gateway Bank Mendota-12 month	36758RFA1	6/21/2024	6/20/2025	5.30%	\$ 237,000
CD's - Byline Bank Chicago-12 month	12441PBQ8	6/21/2024	6/20/2025	5.35%	\$ 237,000
Local Agency Investment Fund-LAIF				4.48%	\$ 13,631,304
Investment Total					\$ 15,290,304

(1) Par Value is the Face Value of the investment when it matures

Summary of Electronic Transfers (greater than \$500,000)

<u>Transfer Date</u>	<u>Amount</u>	<u>Transfer From</u>	<u>Transfer To</u>
NONE			

Upcoming Water Resource and Other Meetings

4/3/2025	- Town Hall Meeting - hosted by County Supervisor Jimmy Paulding	6:00 PM	Nipomo High School
4/9/2025	- NCS D Board Meeting	9:00 AM	District Board Room
4/14/2025	- IWMA Local Task Force	1:00 PM	Teams
4/23/2025	- NCS D Board Meeting	9:00 AM	District Board Room
4/24/2025	- NMMA - TG	10:00 AM	Zoom
4/24/2025	- SLO Chapter CSDA Meeting	11:30 AM	McPhees at Templeton
4/28/2025	- SCAC Meeting	6:30 PM	Dana Adobe Center
5/1/2025	- Finance and Audit Meeting	9:00 AM	District Board Room
5/7/2025	- WRAC	1:30 PM	SLO Library Community Room

Upcoming Water Resource and Other Meetings

4/23/2025	- NCS D Board Meeting	9:00 AM	District Board Room
4/24/2025	- NMMA - TG	10:00 AM	Zoom
4/24/2025	SLO Chapter CSDA Meeting	11:30 AM	McPhees at Templeton
4/28/2025	South County Advisory Council (SCAC) Meeting	6:30 PM	Dana Adobe Center
5/1/2025	- Finance and Audit Meeting	10:00 AM	District Board Room
5/7/2025	- WRAC	1:30 PM	SLO Library Community Room
5/12/2025	Integrated Waste Management Authority (IWMA) Local Task Force	1:00 PM	Teams
5/14/2025	- NCS D Board Meeting	9:00 AM	District Board Room

Safety Program

- No issues

FUTURE BOARD AGENDA ITEMS

Per Section 3.1 of the Board By-laws, "The General Manager, in cooperation with the Board President, shall prepare the agenda for each regular and special meeting of the Board of Directors." The following items may be discussed.

- INVESTMENT POLICY- QUARTERLY REPORT
- APPROVAL OF THE ENGINEER'S ANNUAL LEVY REPORT AND DECLARATION OF INTENTION TO LEVY ANNUAL ASSESSMENTS FOR STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1 FOR FISCAL YEAR 2025-2026
- APPROVAL OF THE ENGINEER'S ANNUAL LEVY REPORT AND DECLARATION OF INTENTION TO LEVY ANNUAL ASSESSMENTS FOR BLACKLAKE STREET LIGHTING MAINTENANCE ASSESSMENT DISTRICT NO. 2022-1 FOR FISCAL YEAR 2025-2026
- REVIEW DRAFT BUDGET FOR FISCAL YEAR 2025-2026
- REVIEW DRAFT BUDGET FOR FISCAL YEAR 2025-2026 FOR THE NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
- CONDUCT A PUBLIC HEARING AND CONSIDER ANY PROTESTS REGARDING THE PROPOSED TOWN WASTEWATER RATE ADJUSTMENT

RECOMMENDATION

Staff seeks direction for format changes or future information your Board would desire to be included in future general manager reports.