

COLAB SAN LUIS OBISPO COUNTY

WEEK OF DECEMBER 22-28, 2013

MORE LOS OSOS SEWER COST OVERRUNS (BOARD COPS OUT WITH BACKROOM “OVERSIGHT”)

PERMANENT WATER REGULATORY FRAMEWORK BEING DRIVEN FORWARD AT FLANK SPEED

Board of Supervisors Meeting of Tuesday, December 17, 2013 (Completed)

Item 23 - More Los Osos Sewer Cost Overruns and Project Creep. Two members of the Board (Mecham and Arnold) finally balked at the increasing number of Budget overruns cropping up within this project. Ray said she was fine with it, but if Mecham needed more time to study the matter, she would agree. As a result the matter was withdrawn from the agenda and will presumably be rescheduled in January after the staff has had more time to try to convince the two balking Supervisors that everything is OK. Gibson and Hill saw no problem whatsoever and wanted to ram the contracts through. Hill even lectured Mecham on not being prepared and not doing his homework.

Backroom “Oversight” Is Not Oversight: Again, we point out that deferring the item only to have staff explain the issues and “justifications” in the privacy of an individual Supervisor’s office is a bad practice. One of the purposes of having legislative bodies meet in public is to allow the citizens to observe the proceedings, hear the staff rationale for recommended policies, hear the Supervisor’s questions and reactions, and allow them to judge the competency of everyone involved. Unfortunately, in San Luis Obispo County’s “good old boy” backroom culture, this does not often happen. Wait, aren’t good old boys supposed to be conservative Tea Party types? Who knew?

Separately and as we have noted, items are rushed through at SLOCOG because members want the meetings to end at noon. There seems to be a sense that elected officials are reluctant to really ask hard questions and insist on real answers.

What good does it do for Mecham to come back and say “I met with staff in my office and everything is now clear in my mind and it’s OK to go forward”?

1. Water Recycling Facility (Sewer Treatment Plant): Strangely, the Board members did not question the \$10 million overrun in the sewer treatment plant construction budget. Instead they focused on the overrun described in Background 2 below. It is

incomprehensible that Board members would ignore the big issue themselves and ignore the public questions on a \$10 million dollar overrun.

Background 1: The Budget for the Design and Construction of the Plant is \$36 million. (The entire project is \$276 million.) Earlier this year staff reported to the Board that the Engineer's Estimate for the plant had grown to \$46 million as the County prepared to go to bid. At that time the staff was optimistic that the actual bids would come in lower and perhaps closer to the original budget. Now the apparent low bid is \$46,390,171, as stated in this week's Board item:

The final portion of the project is the water recycling facility, for which bids were received on November 25. The bids are currently being evaluated and the apparent low bid is for \$46,390,171, or about \$200,000 under the Engineer's Estimate. A staff report being prepared for recommendations to award the contract, which is expected to be presented to your Board in January.

Note that the item states that the bid is \$200,000 less than the engineer's estimate. **In a major omission, the quoted paragraph above fails to note that the bid is more than \$10 million over the budget. This is confirmed by Exhibit A of this item, which shows the treatment facility budget at \$36,110,000.**

- a. Why doesn't the staff letter note that the bid is \$10 million over budget?
- b. Why is it so much over the original budget?
- c. What is the plan to deal with the overage?
- d. Is the write up a deliberate attempt to cover up the huge overage? The fact that the bid is \$200,000 under the engineer's estimate is OK, but avoids the real issue.

2. More Collection System Overruns: The Board did spend some time on this one but never drilled into the real question of the progressive overruns detailed in the Background section below. The Public Works staff did not provide real answers and simply said that as changes are found in the field and work takes longer, the budgets grow. Gibson repeatedly tried to prevent questioning by other Board members by saying that the matters were covered in prior hearings. We have attended every hearing, and this assertion is absolutely not true. They may have gone through the motions but there has been no meaningful review.

Background 2: Back on June 18th, 2013, staff came to the Board to request an increase in the Collection System phase of the project budget from \$4.9 million to \$6.1 million for collection system engineering design services. The reasons given for the overrun at that time were that the services contract, which had originally been scheduled for 24 months, had to be increased by an additional 20 months because the house laterals had been planned wrong and there were utility conflicts. All this would require more time, engineering, and supervision.

Now the staff is requesting an additional \$2.8 million for a total of \$9.7 for engineering related to the collection system. (Note: we are not sure how the \$6.1 million above, from

last June, became \$6.8 million today.) The same justifications that were given in June are given for the new increase.

3. Water Recycling Facility Engineering and Project Management Cost Increase: It's not clear exactly what is happening on this one. The write up states:

An engineering services agreement with Carollo Engineers for the design of the water recycling facility was approved by your Board on November 6, 2012. The agreement included scope and fee estimates for all aspects of the planned services, including final design, bidding, construction, and post-construction phases. However, the agreement and corresponding Board actions of November 2012 authorized the final design and bidding phases only in an amount of \$3,382,504. It is now required that your Board authorize the necessary work, proceeding with the construction services under the agreement, and the corresponding increase in the contract budget. This would bring the total contract amount to \$4,826,599 for authorized services.

- a. Was \$3.8 million the price for all the services?
- b. If it was not, why did they fund only part of the contract?
- c. Or is this a way to slide another cost overrun under the radar?

Big Picture:

Several speakers pointed out that the overruns accumulated to date seem to wash out the budgeted contingency reserves in the overall adopted budget. Board members never asked the Public Works staff to walk through the math and explicate where the project stands in terms of actual expenditures to date and planned expenditures. What is the plan to wash out all the cost overruns? At one point staff reported that construction bid costs of one of the collection system phases was millions under budget. Is that still true? The exhibit A budget chart (attached) to the Board item) needs to provide more data in terms of updated revised budget versus original adopted budget. See the link for the current inadequate chart:

<http://agenda.slocounty.ca.gov/agenda/sanluisobispo/2863/RXhoaWJpdCBBIC0gQnVkZ2V0IFN0YXR1cyBVcGRhdGUucGRm/12/n/22429.doc>

Item 32 - Women's' Jail Project "Only" \$2 Million Over Budget. The budget status is summarized in the chart below: Inexplicably, the Board asked more detailed and penetrating questions on this item than on the sewer system item above, even though it contains a much smaller overrun and the staff report was much clearer.

Table #1

Revised Project Costs			
Costs			
Component	Est. Cost Aug. 2013	Est. Cost Dec. 2013	Change
Construction Housing/Medical	\$ 24,468,152	\$ 29,721,565	\$ 5,253,413
Construction Electronic Security	\$ 5,300,000	\$ 1,910,018	\$ (3,389,982)
Architectural & Design	\$ 3,619,222	\$ 3,619,222	\$0
CEQA	\$ 477,339	\$ 477,339	\$0
Construction Management	\$ 3,275,325	\$ 3,275,325	\$0
County Administration	\$ 1,557,903	\$ 1,691,317	\$ 133,414
Total Project Estimate	\$ 38,697,941	\$ 40,694,786	\$ 1,996,845

The reason given for the overrun is “construction costs.” This does not explain why or what part of the construction costs went over.

It’s too bad that there is not a chart similar to the one presented here for the Los Osos Sewer Project, which would explicate the cost changes.

Item 35 - Paso Robles Groundwater Basin Management Plan Implementation Update. The Board received a power point report on a list of recommended and necessary tasks for the Public Works Department (not Planning and Building) to:

1. Update the Paso Robles Basin Groundwater Management Plan in order for it to become the basis for operations and regulatory activities to be undertaken by the proposed new special district which would oversee the basin. Absent the establishment of the district, the County itself could undertake the activities.
2. Undertake studies, prepare information, and recommend alternative structures for the water management district.
3. Conduct a study of how to obtain new water sources to sustain the Paso Water Basin’s perennial yield. (More on this further in this section.)

The report contains timelines and summary descriptions of the tasks, indicates whether staff or consultants will perform them, and lists cost estimates – a total of \$1.1 million in 2014.

The Board directed the staff to move forward.

Once again the power point was not part of the publicly posted agenda package.

Questions from the audience about the data below (which had been included in the posted agenda package) were ignored.

Background: A Stunning Revelation - The Basin is almost in balance right now! This reinforces the view that the urgency ordinance/moratorium is unneeded and that the Board of Supervisors was stamped into adopting it.

Perennial Yield: A Key Concept. The staff write-up states:

For the purposes of this report, the perennial yield for the Basin is defined as the amount of water that can be withdrawn and consumed on an average annual basis over the long-term and under given land use conditions without exceeding the recharge to the groundwater basin. Managing groundwater basins in a manner consistent with perennial yield helps avoid long-term adverse impacts such as groundwater level declines. Because land uses and hydrologic conditions can change over time, the perennial yield must be re-evaluated periodically.

The County has completed a new analysis of the Basin which indicates that it is pretty nearly in balance, on average, over the years in terms of perennial yield. See the Chart below: The power point of the new study can be accessed at the link:

<http://agenda.slocounty.ca.gov/agenda/sanluisobispo/2868/UFJHQiAyIC0gUHJlc2VudGF0aW9uLVdhdGVyIEJhbGFuY2UgRXN0aW1hdGlvbi5wZGY=/12/n/22518.doc>

Attachment 3

Preliminary Water Balance and Perennial Yield Estimates Summary

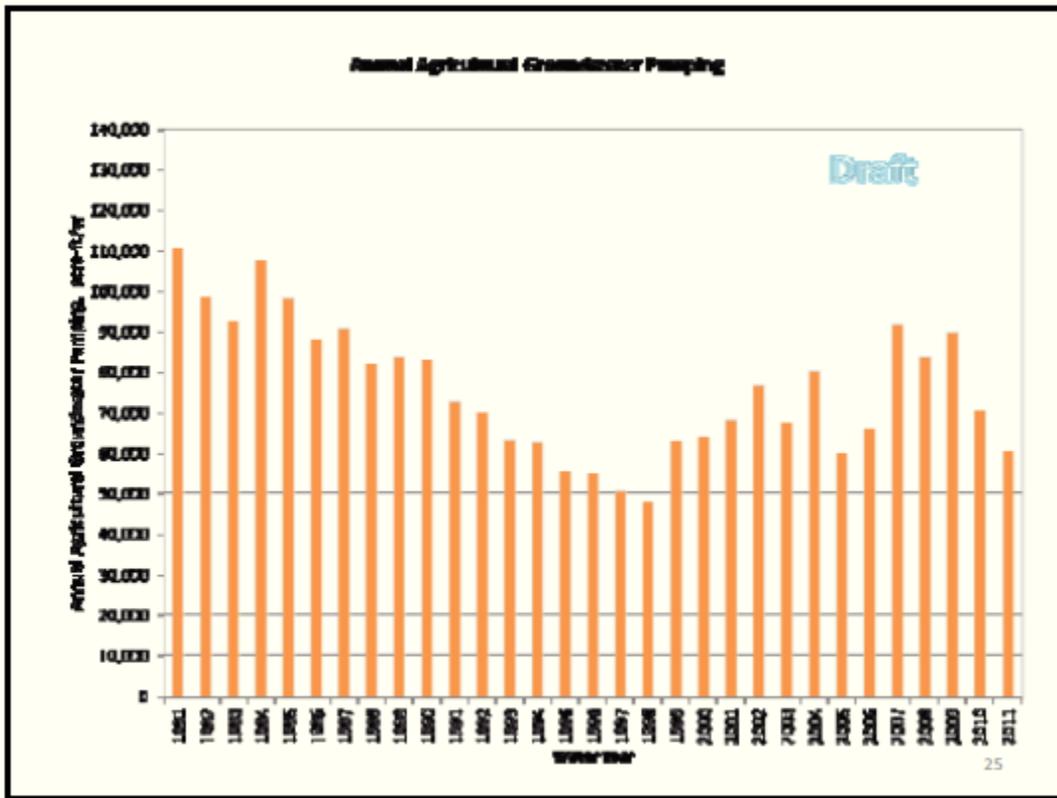
	Geoscience 2013*	Fugro 2005
Perennial Yield (acre feet per year)	89,200	97,700
Base Period	7/1982 – 6/2010	7/1981 – 6/1997
Change in Storage		
Average Annual Acre Feet/Year		
1981 - 1997	-3,800	-1,500
1998 - 2011	-1,800	NA
1981 - 2011	-2,900	NA
Pumping		
Average Annual Acre Feet/Year		
1981 - 1997	95,000	100,000
1998 - 2011	90,700	NA
1981 - 2011	93,200	NA

*The Geoscience 2013 study estimates are preliminary and need to be validated during the basin model update portion of the computer modeling project.

The chart shows that, in the nearest term analysis (1998-2011), average pumping was 90,000 acre-feet per year (AFY). Perennial yield was 89,200 AFY. This is not some disaster requiring and urgency ordinance, massive regulation, mandatory offsets, water meters, water cap-and-trade programs and all the rest.

Staff and Gibson say, Oh my gosh, we're accumulatively losing 2900 AFY per year! Disaster! Just a little more conservation and a little recharge could shift this into a positive balance. Instead they throw agriculture under the bus and impose the moratorium.

Even more damning is one of the charts depicting agricultural use over the period 1981-2011 displayed below:



Water Management District Confusion: Public Works staff has been assigned to prepare alternative organizational/political structure models of a potential water management district for consideration by the Board and impacted community. Simultaneously, we are told that the Pro Water Equity group which fomented the Paso Basin Moratorium and the wine growers group, Paso Robles Agriculture for Groundwater Solutions (PRAAGS), have already reached agreement on the structure and functions of the potential district. The Board of Supervisors did not deal with the issue of how to reconcile whatever models it develops with the one that has already been selected by these groups which purport to represent the community. The Pro Water Equity/PRAAGS model (which contains a proposed Board structure which tries to

balance the power of larger agricultural land owners and smaller residential owners) does not exist as a choice within the state statues which enable such districts to be formed. It is expected that the Board of Supervisors will seek the adoption of a Legislative Bill to authorize the customized San Luis Obispo County version. In the meantime proponents and County staff are talking about presenting the matter to the Local Agency Formation Commission (LAFCO) for consideration an approval. A question would be how LAFCO could consider, let alone approve, a new government entity with a structure which is not yet legally authorized in State law.

All of this is being driven forward at flank speed. Wonder if the Board majority is concerned about the June supervisorial election and is trying to seize as much policy ground as possible in case things change?

AGRICULTURE IS PUMPING LESS WATER NOW THAN IN THE 1980s!

THIS WHOLE THING IS A HUGE SCAM

No Board of Supervisors Meeting on Tuesday, December 24, 2013 (Not Scheduled)

There will be no meetings until Tuesday, January 7, 2014. The Board takes a winter recess. Unless important events occur (special meetings, a sudden new emergency ordinance surfaces, new scandals, etc.), the Weekly Update will resume publication on January 6, 2014.

HAPPY NEW YEAR



MERRY CHRISTMAS



