



3. Main Renewal Program Update: Rekha Ippagunta, Project Engineering Manager, provided an update on the Main Renewal Program, which is a key program in the Capital Improvement Program (CIP) with nearly 45% of the proposed budget allocated for main renewals. Since the program was initiated, the District has rebuilt or replaced nearly 8 miles of pipeline, of which 2.6 miles of pipeline was built and commissioned into service during the last 2-year budget cycle. Ms. Ippagunta reminded the Committee that during the 2021 board workshop staff presented a ramp-up approach that maximizes economic value while minimizing maintenance costs and leveraging industry advancements. Staff updated the main renewal program to align with the ramp-up approach and identified several new main renewal projects to include in the proposed CIP. The pipelines to be renewed were selected based on a comprehensive evaluation using District's risk model based upon likelihood of failure and consequence of failure. Additionally, Project Engineering hosted a series of workshops attended by District work divisions and presented 15 pipeline projects identified through the risk model. During the workshop, several of the projects identified from the risk model aligned with institutional knowledge of condition of the proposed pipelines. Based on the workshop feedback and engineering principles, staff proposed approximately 15 miles of large diameter pipeline renewal projects which were included in the proposed CIP.
4. Improvements to Construction Contracts and Administration: Chris Delp, Engineering Supervisor, provided an overview of updates to the District's construction contract. Mr. Delp indicated that the District's recent experience managing large construction projects and negotiating project close-out revealed areas where the District's standard construction contract could be updated and improved.

Mr. Delp reported that language was updated throughout the entirety of the standard front-end specifications, and text was rearranged for clarity and easier implementation of contract requirements. Additionally, the Standard Provisions that are used in most construction contracts received a more thorough update that included the following: a) a new tracking mechanism, the "field order" was introduced to better track "cost plus" work on unforeseen conditions, and to track disputed items of work; b) the markup on cost plus work was simplified; c) administrative costs associated with ordered work were eliminated; d) compensation for overhead and profit on ordered work and project delays was clarified; and e) escrow bid documentation is intended to be used on most future contracts rather than by exception. Other changes include providing for inclusion of provisions for value engineering, whereby a contractor's approved cost-saving suggestion might result in cost savings to the District and profit for the contractor, updates to weather-related delay provisions, and the addition of provisions for the use of a supplemental agreement for cardinal changes to the contract.

Mr. Delp also highlighted administrative changes to construction contract implementation, including the recent delegation of change order authority to the General Manager being piloted on a current project. Lastly, he described the use and expansion of construction management tools including obtaining licenses and training for the Primavera P6 Enterprise Project Portfolio Management program, use of Bluebeam Revu engineering drawing markup and collaboration tools, and the use of Procore construction management platform on large projects.

Staff responded to questions from Directors Akbari and Gunther.

5. Clean Energy Program Update: Chris Delp, Engineering Supervisor, provided an update on the Clean Energy Program (Program). Following the October 2022 Board authorization to execute amendments to the Power Purchase Agreements (PPAs) with DG West 1, LLC, a wholly-owned subsidiary of NextEra Energy Resources, LLC (NEER), Program progress has been made in several areas. The District has executed interconnection agreements with PG&E for all four Phase 1 facilities, which consist of Whitfield Reservoir, Mayhew Reservoir, Newark Desalination facility, and the Headquarters facility. Power shutdowns for the four facilities were coordinated so that inspections of existing equipment could be performed. 30 percent design drawings were submitted to and reviewed by the District. NEER is currently in negotiations with a new engineering, procurement, and construction partner who will continue the design past the 30 percent phase and construction and installation of the solar power equipment. The contracts with the District require commissioning of the solar installations to occur by the end of this calendar year.

Staff responded to questions from Directors Akbari and Gunther.

6. Public Comments: There were no members of the public in attendance.

### **RECOMMENDATIONS**

Topics discussed by the Committee were informational only, and no recommendations are being made.