



**EASTERN MUNICIPAL WATER DISTRICT  
DEVELOPMENT SERVICES DEPARTMENT**

**Highlights of Departmental Policy  
Pertaining to the Process of  
EMWD Cost Participation and Reimbursement for Developer Projects**

**1- INTRODUCTION:**

- a. If construction work by Sponsor is subject to EMWD cost participation (for full size or incremental oversizing), then all construction work shall comply with the State of California Prevailing Wage / Public Works standards (reference: Senate Bill 854 requirements).
- b. The Sponsor may elect not to be reimbursed by EMWD: In this case Sponsor may bypass item 1-a above and all other related requirements noted below, because the work is considered a private contracting matter, and may be performed at non-prevailing wage. As such, Exhibit "M" should be executed in EMWD's STANDARD WATER AND SEWER FACILITIES AND SERVICE AGREEMENT (Standard Agreement), to waive EMWD's reimbursement.
- c. If the Sponsor intends to seek reimbursement for EMWD cost participation (for full size or incremental oversizing), then Sponsor shall follow the Reimbursement Process below.

**2- REIMBURSEMENT PROCESS:**

- a. During the Design Conditions phase:
  - 1) Sponsor shall submit Engineer's cost estimates (Engineer's Estimate) for each component of the facilities subject to over-sizing or full reimbursement, by defining materials and quantities. EMWD staff will process an internal memo utilizing these estimates to obtain executive management's concurrence, and ultimately seek approval from the Board of Directors AFTER bids are received. The internal memo is NOT intended to provide approval of EMWD cost sharing, as only the Board of Directors can provide approval for costs exceeding the General Manager's authority (of \$100,000). If executive management concurs, the intent to oversize facilities is noted in the approved Design Conditions, and the project proceeds to final design and Plan Check.
  - 2) Generally, soft costs are not subject to reimbursement. However, such reimbursement may be considered on a case-by-case basis only for efforts that are substantially different than that of the base-project, provided that adequate justification is presented by the sponsor.
- b. Prior to Bid Solicitation Phase:
  - 1) After plan approval, and to accurately define the bid items (and bid schedules where necessary), sponsor shall obtain approval of the conformed bidding sheets from EMWD's Plan Checker.
- c. Bid Solicitation Phase:
  - 1) For EMWD's cost participation in oversized facilities:
    - i. Sponsor shall obtain competitive bids (in compliance with the latest State of California requirements) for base-size (Schedule A, with non-prevailing wage rates when applicable) + bids for oversizing cost difference (Additive Schedule B, with prevailing-wage rates for A & B), where the lowest responsible bidder is defined as the Lowest combined cost for Schedules A + B.
  - 2) For a full EMWD cost participation:
    - i. Sponsor shall obtain competitive bids (in compliance with the latest State of California requirements) for the applicable facilities (with no additive schedules). The lowest responsible bidder is defined as the Lowest bid amount.

- d. Bid Opening:
  - 1) Developer shall host bid opening via virtual meeting, inviting EMWD staff to attend as an observer.
  
- e. Determination of Acceptable Cost Variance:
  - 1) If the lowest responsive bid is less than 25% over the Engineer's Estimate of Schedule B, then EMWD staff with seek approval from EMWD's Board of Directors.
  - 2) If the lowest responsive bid is 25% or more over the Engineer's Estimate of Schedule B, then, in conjunction with the sponsor, staff will analyze bid results and identify acceptable costs prior to seeking executive management concurrence.
  
- f. Bid Results:
  - 1) For EMWD's cost participation in oversized facilities:
    - i. After determination of acceptable cost variance (noted above), and If EMWD agrees to the cost in Schedule B, then EMWD will recommend to the sponsor to award the construction contract to the lowest responsible bidder of Schedules A+B.
    - ii. After determination of acceptable cost variance (noted above), and If EMWD does not agree to the cost of Schedule B, then EMWD staff may recommend rejection of bids and direct the sponsor to rebid, or, direct the sponsor to eliminate Schedule B from their construction scope of work.
  - 2) For a full EMWD cost participation:
    - i. If EMWD agrees to the cost of the lowest responsive bid, then EMWD will recommend to the sponsor to award the construction contract to the lowest responsible bidder.
    - ii. If EMWD does not agree to the cost of the lowest responsive bid, then EMWD staff may recommend rejection of the bids and direct the sponsor to rebid, or, direct the sponsor to eliminate this work from their construction scope of work.
  
- g. Standard Facilities Agreement:
  - 1) Once Approval is obtained from the appropriate authority, the Development Services Group will process the Standard Agreement with the Sponsor, collect fees and deposits, and establish the project's Construction Order, allowing it to proceed to a pre-construction meeting.
  
- h. Cost Reimbursement:
  - 1) The Sponsor is eligible for reimbursement upon the inspection and completion of construction, verification of certified payrolls, and final acceptance by EMWD's Inspection group.

### 3- REFERENCES:

- 1) Administrative Code, Section 5.117 FINANCING OF OVERSIZED FACILITIES:
  - (a) Should the District desire to install facilities in excess of those needed to meet the applicant's service and fire flow demands, the cost of the excess facilities shall be borne by the District. If oversizing reimbursement refunding agreements are allowed, the applicant must furnish satisfactory evidence on the cost of the work, including at least three prevailing-wage bids received for the work. Oversizing reimbursement shall be subject to the terms and conditions defined in the District's Standard Facilities Agreement.

### 4- ALTERNATIVE METHODOLOGY:

- 1) While these policy highlights are largely intended for pipelines, an alternative method to using comparative bids is to develop cost estimates (excluding bids) to identify cost participation in large facilities such as tanks, boosters and lift stations. The agreed upon District cost participation, is subject to EMWD's Board of Directors approval.