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Date: October 1, 2026

To: LOCSD Board of Directors

From: Greg Kwolek, General Manager

Subject: **Agenda Item 8H – 10/01/2026 Board Meeting**
Contract Award for Sweet Springs Monitoring Well Construction

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

1. Award a construction contract to Filiponi & Thompson Drilling, Inc. for the Sweet Springs Monitoring Well Project in the amount of $178,300 and authorize the General Manager to execute the agreement;

2. Authorize the General Manager to approve construction contingency up to $8,915, representing approximately 5% of the contract amount;

3. Approve a reimbursement agreement with the Los Osos Basin Management Committee, subject to final revisions and approval as to form by District General Counsel, and authorize the General Manager to execute the final agreement.; and

4. Confirm that the completed Sweet Springs Monitoring Well facilities will be owned by the Los Osos Community Services District.

DISCUSSION

The Sweet Springs Monitoring Well Project is a Los Osos Basin Management Committee (BMC) project intended to improve monitoring of groundwater conditions and seawater intrusion within the Los Osos Groundwater Basin. The project consists of two monitoring wells designed to monitor Lower Aquifer Zones D and E.

The project is supported in part by a $150,000 Community-Based Water Quality Grant from the Rose Foundation, together with a required $50,000 match provided through the BMC project budget.

In 2025, the CSD and BMC jointly solicited proposals for hydrogeological well design and construction support services. The BMC subsequently selected Cleath-Harris Geologists, Inc. to provide those services based on its approach, experience in the Los Osos Basin, and cost. Cleath-Harris will continue to provide technical and hydrogeologic support during construction.

On July 6, 2026, the CSD and BMC released a Notice Inviting Bids for construction of the Sweet Springs Monitoring Well Project. Four bids were received by the August 7, 2026 deadline. Following review of the bids, Filiponi & Thompson was identified as the lowest responsive, responsible bidder, with a bid of $178,300.

Although the Sweet Springs Monitoring Well is a BMC project and project funding is being provided through the BMC, the construction solicitation was structured with the CSD as the contracting agency. As a result, the construction contract must be formally awarded and executed by the CSD rather than by the BMC.

Staff from the CSD and BMC have therefore coordinated on a revised project structure. Under this approach, the CSD will enter into the construction contract directly with Filiponi & Thompson and will administer the contract. Cleath-Harris will provide technical and hydrogeologic construction support, and CSD staff will provide contract administration and coordinate with the contractor, BMC staff, and Cleath-Harris.

The CSD and BMC have also agreed at the staff level that the completed monitoring wells will become assets of the CSD. Although the project is being undertaken through the BMC for the benefit of basin-wide groundwater management, CSD ownership provides a clear public agency owner for the physical facilities following construction.

Because the CSD will be the contracting party, construction invoices will be submitted to and paid by the CSD. Staff recommends entering into a reimbursement agreement with the BMC establishing the process through which the BMC will reimburse the CSD for these expenditures. This arrangement will allow the contracting and payment responsibilities to remain with the CSD while maintaining the BMC's financial responsibility for the project.

CONSTRUCTION CONTRACT

Filiponi & Thompson submitted the lowest responsive bid in the amount of $178,300. The BMC's original construction budget was $160,000, resulting in an $18,300 difference, however funds are available to cover this increase over the original estimate. BMC staff also proposed a construction contingency equal to 5% of the contract amount, or $8,915, resulting in total potential construction expenditures of $187,215.

Staff recommends that the Board award the $178,300 construction contract and authorize the General Manager to approve change orders within the $8,915 contingency. Any costs paid by the CSD under the construction contract, including approved change orders, would be reimbursed by the BMC in accordance with the reimbursement agreement.

FINANCIAL IMPACT

The construction contract is $178,300, with an additional authorized contingency of up to $8,915, for a maximum construction authorization of $187,215. Although the CSD will initially process and pay contractor invoices, the proposed reimbursement agreement will require the BMC to reimburse the District for project costs covered by the agreement. Accordingly, the construction of the Sweet Springs Monitoring Well is not anticipated to result in a net construction cost to the CSD. Costs incurred by the project manager, Cleath Harris, will not be borne by the CSD and will be directly paid to the consultant by the BMC.

Upon completion and acceptance of the project, the monitoring wells will be recorded as CSD capital assets.

ATTACHMENTS (to be included in agenda packet prior to meeting)

1. Filiponi & Thompson Bid
2. Construction Agreement with Filiponi & Thompson
3. Reimbursement Agreement between LOCSD and the Los Osos Basin Management Committee