

SWEETWATER AUTHORITY

Engineering and Operations Committee

April 15, 2026



Consideration to Authorize a Change Order to the Construction Contract with HPS Mechanical for the Hydroelectric Station Repair at Perdue Water Treatment Plant

RECOMMENDATION

Staff recommends that the Governing Board authorize a Change Order to the construction contract with HPS Mechanical for the Hydroelectric Station Repair at Perdue Water Treatment Plant project in the amount of \$34,853, resulting in a revised contract total of \$124,578.

OVERVIEW

Sweetwater Authority constructed the hydroelectric station in 2017, to generate electricity from excess pressure in the San Diego County Water Authority's raw water system. The facility includes two hydroelectric turbines, associated piping, valving, bypass facilities, and electrical equipment.

Following piping failures in 2022, the Authority retained Carollo Engineers, Inc. to evaluate mechanical deficiencies and recommend repairs. Based on its assessment, a repair project was initiated to replace damaged influent piping and couplings, replace effluent couplings, and conduct post-repair testing.

At its September 10, 2025 meeting, the Board awarded a construction contract to HPS Mechanical. During construction, severe and unanticipated corrosion was discovered in the existing 14-inch and 16-inch inlet steel piping after disassembly. CCTV inspection and X-ray testing confirmed significant deterioration and reduced wall thickness.

To address these conditions, additional work is required, including reapplication of the protective corrosion-barrier coating, which is in poor condition. Restoring the coating will help prevent further deterioration, extend the service life of the piping, and improve long-term system reliability.

HPS Mechanical submitted a lump-sum proposal of \$34,853 for this additional work on March 16, 2026. Change Order No. 1 previously extended the contract time due to the unforeseen corrosion, additional testing, and anticipated remediation work. The revised contract completion date is May 29, 2026.

FISCAL IMPACT

The FY 2025-26 Budget for Operating Expenses line item 10-80-860-5323 – Water Quality Materials and Services Maintenance has available funding for this project and no additional funding is being requested at this time.

Hydroelectric Station Repair Project	
Repair costs – HPS Mechanical, Inc.	\$ 89,725
Additional Work for Coating and Corrosion Repair	<u>34,853</u>
Revised Contract Total	\$124,578

Insurance Claim and Reimbursement Update for Repair Costs

Staff expects full reimbursement for all eligible repair costs including prior repairs, assessment and original scope of this project from the Authority’s insurance carrier, ACWA JPIA, as shown below and presented at the September 10, 2025 Board meeting:

Item	Status	Amount
Prior Repairs/Assessment	Complete/Invoiced/Reimbursed	\$77,717
Mechanical Repair (Original)	Work in Progress	<u>89,725</u>
Total Project Cost (Except Change Order)		\$167,442
Insurance Deductible Paid by the Authority		<25,000>
Project Amount Covered by Insurance		\$142,442

The additional corrosion- repair and protective- coating work is unlikely to be covered by insurance unless ACWA JPIA determines that corrosion directly caused the piping failure. Otherwise, the work will be considered preventive maintenance.

OPTIONS

1. Authorize a Change Order to the construction contract with HPS Mechanical for the Hydroelectric Station Repair at Perdue Water Treatment Plant project in the amount of \$34,853, resulting in a revised contract total of \$124,578.
2. Other direction as determined by the Governing Board.

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SUPPORTING INFORMATION

Attachments

1. Change Order Proposal
2. Staff Presentation

Strategic Plan

Strategic Plan Goal #2: System and Water Supply Reliability (SR) – Achieve an uninterrupted, long-term water supply through investment, maintenance, innovation and developing local water resources

Past Board Action

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| September 10, 2025 | Award a contract for the Hydroelectric Station repair at the Perdue Water Treatment Plant for an amount of \$89,725 to HPS Mechanical, Inc.; allocate a ten percent contingency fund in the amount of \$8,973; and provide information to the Board relative to alternatives to potentially recover repair money in case there were design errors and omissions, and also provide additional information on the benefit that the facility provides when the Authority is importing water. Additionally, the overall benefit during the first five years of operation, the benefit lost when the facility was not in operation, and the payback period should be provided. |
| June 11, 2025 | The Board approved the FY 2025-26 Budget; Adopt Resolution 25-04, Adopting the FY 2025-26 Budget; and Adopt Resolution 25-05. |