THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**
  Engineering, Operations, and Technology Committee

8/18/2026 Board Meeting

7-1

Subject

Authorize an increase of $25,000 in change order authority to an existing procurement contract with B&K Valves and Equipment Inc. to furnish two valves for the Lake Skinner outlet tower; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

In April 2023, Metropolitan's Board awarded a procurement contract to replace the two valves at Lake Skinner outlet tower. Manufacturing of the valves is approximately 95 percent complete, with delivery scheduled for the fall of 2026. In April 2025, the United States federal government imposed additional tariffs on goods delivered from Italy. The tariff costs were unforeseen at the time of contract award and are not included in the original contract amount. Payment of the additional tariff costs, in combination with a previously directed change to the contract, will result in contract costs that will exceed the General Manager's current change order authority of $250,000.

Staff recommend that the General Manager's change order authority for this procurement contract be increased by $25,000 at this time so the contractor can complete the remaining work without delay and at the lowest overall cost. See **Attachment 1** for the Location Map.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize an increase of $25,000 in change order authority to an existing procurement contract with B&K Valves and Equipment Inc. to furnish two valves for the Lake Skinner outlet tower.

Fiscal Impact: Expenditure of $25,000 in capital funds. All costs will be incurred in the current biennium and have been previously authorized.
Business Analysis: This option will enable the procurement contract to be completed and the two valves to be delivered on time.

Option #2

Do not authorize an increase in change order authority to the existing procurement contract with B&K Valves and Equipment Inc. to furnish two valves for the Lake Skinner outlet tower.
Fiscal Impact: Unknown
Business Analysis: This option could lead to legal claims by the vendor, potential litigation, higher overall costs, and delays in valve delivery.

Alternatives Considered

Staff attempted to negotiate terms and conditions with the valve supplier to remain within the General Manager's change order authority limits. However, that was not possible because the contract states that when tariffs are imposed on imports after contract award, such changes constitute unforeseen expenditures under the contract.

The selected alternative is to consider the increased tariffs a changed condition under the terms of the contract. For contracts awarded after the tariff increase in April 2025, staff updated the construction and procurement documents to reflect the inclusion of increased tariffs.

Applicable Policy

Metropolitan Water District Administrative Code Section 8121: General Manager Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

By Minute Item 53212, dated April 11, 2023, the Board awarded a $1,174,475 procurement contract to B&K Valves and Equipment Inc. for the replacement of two valves at the Lake Skinner outlet tower.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (State CEQA Guidelines Section 15378(b)(4).)

CEQA determination for Option #2:

None required

Details and Background

Background

Lake Skinner was built in the early 1970s and is part of the Skinner Branch System, which delivers water to southern Riverside County and San Diego County. The Lake Skinner outlet tower controls the outflows from Lake Skinner, which supplies untreated water to the Skinner plant and San Diego Pipeline Nos. 3, 5, and 6. The outlet tower is the only means of releasing water from the reservoir.

The outlet tower is a circular, freestanding, reinforced-concrete structure equipped with five tiers of 42-inch-diameter valves. The top four tiers contain six valves each and feed the Skinner plant and the San Diego pipelines. The lowest tier, tier five, contains two valves designed to dewater the reservoir.

During the preliminary outlet tower seismic investigation, staff identified hairline cracks on the valve actuators of the valves located at the bottom of the tower. These two valves are critical to ensure that Lake Skinner can be fully dewatered in the event of a potential dam safety issue. The actuators for the valves in question were repaired to ensure the valves are operable; however, replacement of the valves and actuators is recommended to ensure long-term reliable and repeatable operation.

Lake Skinner Outlet Tower Valve Replacement – Procurement

In April 2023, Metropolitan's Board awarded Contract 214904, for $1,174,475 to B&K Valves and Equipment Inc., for the procurement of two 42-inch diameter butterfly valves and actuators. While B&K Valves is a United States company based in California, its supplier's foundry facility is located in Italy.

At the time the contract was awarded, a 5 percent import tariff was included in the contract amount. After the contract award, the import tariffs increased to 15.6 percent in April 2025. Although Contract 214904 was awarded before the increase in import tariffs, all deliveries under this contract are now subject to the new import tariffs. Staff has reviewed the contract and has determined that Metropolitan is responsible for paying the valve supplier for the increased tariff costs.

Increase in Change Order Authority (B&K Valves and Equipment Inc.)

Per Metropolitan's Administrative Code, the General Manager has the authority to execute change orders for this procurement contract up to $250,000. To date, $178,840 has been expended to increase the actuator size to accommodate the operating conditions of the existing appurtenant equipment, leaving $71,160 in change order authority. The estimated increase in tariff costs for this project is currently $84,174. Staff recommend increasing the change order authority for Contract 214904 by $25,000 to a new maximum of $275,000. The increased change order will allow Metropolitan to pay for the replacement valves, reimburse the valve vendor for tariffs, and include a small contingency amount. The valves are currently 95 percent complete and are scheduled for delivery by the fall of 2026, and will be installed by Metropolitan forces in winter 2027 during a planned shutdown.

This action authorizes an increase of $25,000 to the General Manager's change order authority for procurement Contract 214904 with B&K Valves and Equipment Inc., for the Lake Skinner outlet tower, for a new not-to-exceed total of $275,000. This action will not result in a time extension for the contract. No additional funds are required as sufficient funds are available in the project budget.

Project Milestone

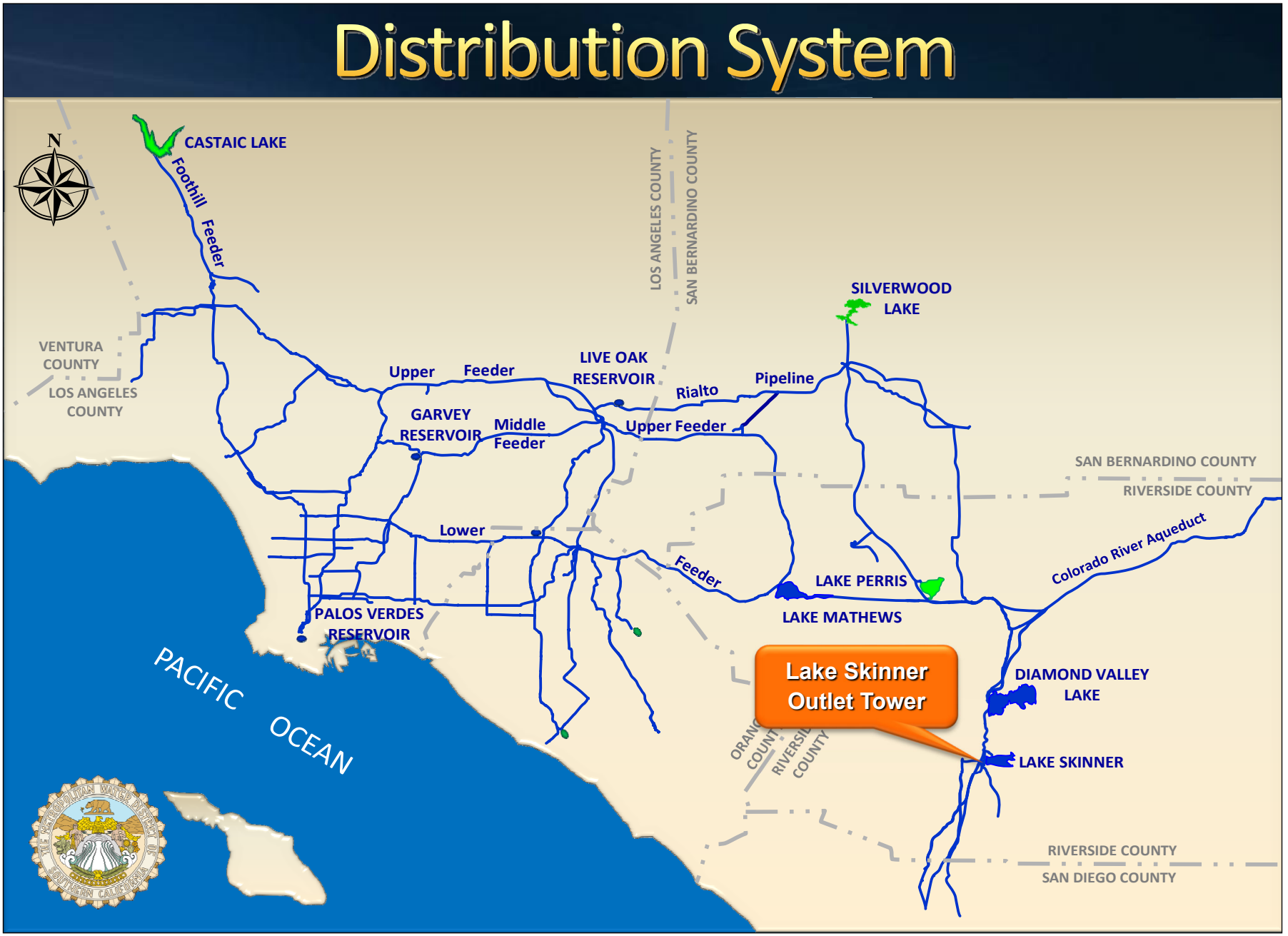
October 2026 – Delivery of replacement valves for Lake Skinner outlet tower

7/30/2026
Mai M. Hattar *Date*
Chief Engineer
Engineering Services

7/30/2026
John V. Bednarski *Date*
Assistant General Manager

Attachment 1 – Location Map

Ref# es12709895


Distribution System
N
CASTAIC LAKE
Foothill Feeder
VENTURA COUNTY
LOS ANGELES COUNTY
LOS ANGELES COUNTY
SAN BERNARDINO COUNTY
SILVERWOOD LAKE
Upper Feeder
LIVE OAK RESERVOIR
Rialto Pipeline
GARVEY RESERVOIR
Middle Feeder
Upper Feeder
SAN BERNARDINO COUNTY
RIVERSIDE COUNTY
Lower Feeder
Colorado River Aqueduct
LAKE PERRIS
LAKE MATHEWS
PALOS VERDES RESERVOIR
PACIFIC OCEAN
Lake Skinner Outlet Tower
DIAMOND VALLEY LAKE
LAKE SKINNER
RIVERSIDE COUNTY
SAN DIEGO COUNTY