

**GOVERNANCE COMMITTEE
FOR THE
MONTEREY PENINSULA WATER SUPPLY PROJECT**

California American Water • Monterey County Board of Supervisors
Monterey Peninsula Regional Water Authority • Monterey Peninsula Water Management District

This meeting has been noticed according to the Brown Act rules. This agenda was posted on December 11, 2015.

**Governance
Committee Members:**

*California American
Water*

*Robert MacLean
Alt. – Rich Svindland*

*Monterey Peninsula
Regional Water Authority*

*Jason Burnett, Chair
Alt. - Bill Kampe*

*County of Monterey
David Potter*

Alt. - Simon Salinas

*Monterey Peninsula
Water Management
District*

*Robert S. Brower, Sr.
Vice Chair
Alt. – Jeanne Byrne*

Staff Contact:

*David J. Stoldt, MPWMD
Arlene Tavani, MPWMD*

AGENDA

REGULAR MEETING

**Monterey Peninsula Water Supply Project
Governance Committee**

Wednesday, December 16, 2015, 2 PM

Monterey Peninsula Water Management District, Conference Room,
5 Harris Court, Building G., Monterey, CA

Call to Order/Roll Call

Pledge of Allegiance

Public Comments

Anyone wishing to address the Committee on matters not listed on the agenda that are within the subject jurisdiction of the Committee, may do so during Public Comments. The public may comment on any other items listed on the agenda at the time they are considered by the Committee. Please limit your comment to 3 (three) minutes.

Presentations – Public Comment will be Received

1. Progress Report from California-American Water on the Monterey Peninsula Water Supply Project Including Updates on Production from Test Slant Well; Desalination Project Design; and Design and Procurement of Conveyance Facilities
2. Report from California-American Water on Addressing the Possibility of Risks Associated with Storms and Sea-Level Rise

Action Items – Public Comment will be Received

3. Review and Develop Recommendation on California American Water Notification #11 – Execution of Construction Contract for Monterey Peninsula Water Supply Project Conveyance Facilities
Action: *The committee will review Notification #11 and make a recommendation to California American Water on execution of a contract relating to the construction of conveyance facilities.*
4. Adopt Minutes of December 1, 2015 Governance Committee Meeting
P. 19

Discussion Items – Public Comment will be Received

5. Suggest Items to be Placed on Future Agendas

Adjournment

After staff reports have been distributed, if additional documents are produced by the Governance Committee and provided to a majority of the committee

members regarding any item on the agenda, they will be available at the Monterey Peninsula Water Management District (MPWMD) office during normal business hours, and posted on the Governance Committee website at <http://www.mpwmd.net/GovernanceCommittee/GovernanceCmte.htm>.

Documents distributed at the meeting will be made available in the same manner. Upon request, a reasonable effort will be made to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. A reasonable effort will also be made to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service by 5:00 PM on Monday, December 14, 2015. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey, CA, 93942. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600.

Monterey Peninsula Water Supply Project Governance Committee

Meeting Date: December 16, 2015

Action Item: 3. **Review and Develop Recommendation on California American Water Notification #11 – Execution of Construction Contract for the Monterey Peninsula Water Supply Project Conveyance Facilities**

Summary: Attached as **Exhibit 3-A** is California American Water Company Notification (CAN) #11. California American Water (Cal-Am) intends to execute a contract valued in excess of \$1 million, relating to the construction of the conveyance facilities. Pursuant to Section V.D, Category B.2., of the Amended and Restated Agreement to Form the Monterey Peninsula Water Supply Project Governance Committee. The committee may recommend which contractor(s) should be retained for the Contract(s), and issue any recommendations concerning the terms of the final Contract(s). Cal-Am's recommendation is that Cal-Am enter into contracts with Garney Pacific, Inc., Monterey Peninsula Engineering, A Partnership, and Mountain Cascade, Inc.

Attached as **Exhibit 3-B** is the Proposal Evaluation Report. In addition, the following related documents can be viewed at www.watersupplyproject.org in the Documents/Procurement section: (1) a copy of all responsive proposals received for the work, except for any proprietary information provided by proposers; (2) a written description of the process Cal-Am undertook to select the recommended contractor; (3) a summary of the considerations that Cal-Am deems pertinent to support its recommendation; and (4) any other information that Cal-Am believes will assist the Governance Committee in its review of the recommended Contract and contractor.

Recommendation: The committee should review CAN #11 and the associated documents and develop a recommendation to Cal-Am. The recommendation should be submitted in writing to Ian Crooks by December 21, 2015.

Exhibits:

3-A California American Water Company Notification #11

3-B Proposal Evaluation Report

Additional attachments available for review on MPWSP website at www.watersupplyproject.org in the Documents/Procurement section: responsive proposals; description of Cal-Am's selection process; summary of considerations Cal-Am deems pertinent to support its recommendation; and other information that will assist the committee in its review.



MONTEREY PENINSULA WATER SUPPLY PROJECT GOVERNANCE COMMITTEE

CAL-AM NOTIFICATION # 11

TO: Jason Burnett, Chair, MPWSP Governance Committee
FROM: Ian Crooks, Engineering Manager, California American Water
DATE: December 11, 2015
RE: Cal-Am Notification # 11 – Execution of Construction Contracts for the Monterey Peninsula Water Supply Project Conveyance Facilities

This Cal-Am Notification is submitted to you pursuant to, and in compliance with, Section V.B. of the Amended and Restated Agreement to Form the Monterey Peninsula Water Supply Project Governance Committee (the “Agreement”), dated November 5, 2013, entered into by and among the Monterey Peninsula Regional Water Authority (“MPRWA”), the Monterey Peninsula Water Management District (“MPWMD”), the County of Monterey (“County”), and the California-American Water Company (“Cal-Am”). Capitalized terms used but not defined herein shall have the meaning set forth in the Agreement.

Cal-Am intends to execute contracts valued in excess of \$1 million, relating to the construction of the conveyance facilities (the “Contracts”). Pursuant to Section V.D., Category B.2., of the Agreement, the Governance Committee may recommend which contractor(s) should be retained for the Contracts, and issue any recommendations concerning the terms of the final Contracts.

Cal-Am has determined these matters are ripe for presentation to, and recommendation by, the Governance Committee. Cal-Am's recommendation is that Cal-Am enter into the Contracts with Garney Pacific, Inc., Monterey Peninsula Engineering, A Partnership, and Mountain Cascade, Inc. The Governance Committee may, under Category B.2: (1) recommend which contractor(s) should be retained under the Contracts; and, (2) issue any recommendations concerning the terms of the final Contracts.

Cal-Am will provide the following information to the Governance Committee pursuant to Section V.D., Category B.2, by posting various documents, including Cal-Am's Proposal

Evaluation Report and Statement of Qualifications Analysis, on the Monterey Peninsula Water Supply Project website on December 11, 2015: (1) a copy of all responsive proposals received for the work, except for any proprietary information provided by proposers; (2) a written description of the process Cal-Am undertook to select the recommended contractor; (3) a summary of the considerations that Cal-Am deems pertinent to support its recommendation; and (4) any other information that Cal-Am believes will assist the Governance Committee in its review of the recommended Contract and contractor. This information can be accessed at www.watersupplyproject.org in the Documents/Procurement section.

Pursuant to Section V.B. of the Agreement, the Governance Committee shall issue its recommendations, if any, to Cal-Am within ten (10) calendar days following receipt of this Cal-Am Notification. The recommendations should be in writing and sent to Ian Crooks of Cal-Am at ian.crooks@amwater.com.



CALIFORNIA
AMERICAN WATER

PROPOSAL EVALUATION REPORT

Monterey Peninsula Water Supply Project
Request for Proposals
for the
Construction of Conveyance Facilities

December 7, 2015

I. Executive Summary

This report summarizes the evaluation of the Monterey Peninsula Water Supply Project Conveyance Facilities Request for Proposals (“RFP”) dated August 17, 2015 as amended and received by California American Water. The review of these proposals resulted with the selection of the most advantageous/preferred Proposer. Proposals were submitted in response to the RFP on November 4, 2015 by the following firms (listed alphabetically):

Garney Pacific, Inc. (“Garney”)
Granite/Rados, A Joint Venture (“Granite/Rados”)
Monterey Peninsula Engineering, a Partnership (“MPE”)
Mountain Cascade, Inc. (“MCI”)
Ranger Pipelines, Inc. (“Ranger”)
W.A. Rasic Construction Co., Inc. (“Rasic”)

While all six Proposers are qualified and submitted responsive Proposals, the Proposals submitted by Garney, MPE, and MCI were determined to be the most advantageous with respect to the bid packages identified in Table 1 below. This determination was based upon several factors as described in more detail in this report; however, the primary factors favoring the selected Proposers are significant cost effectiveness, acceptance of the terms and conditions of the draft Contract, and a strong overall technical approach to completing the work within the schedule.

TABLE 1 – Preferred Proposers

Proposer	Package No.
Garney	1,3,5
MPE	4,6,7
MCI	2

II. Evaluation Process

A Selection Committee was established by California American Water to evaluate the Proposals and select the most advantageous Proposer(s) based upon the criteria detailed in Section 5 of the RFP. The Selection Committee consists of the following California American Water employees:

- *Deana Donohue, Vice President, Engineering*
- *Jeff Dana, Vice President, Finance & Treasurer*
- *Lori Girard, Corporate Counsel*
- *Ian Crooks, Engineering Manager*
- *Chris Cook, Assistant Engineering Manager*

The Selection Committee has individually reviewed the Proposals; identified and discussed advantageous and non-advantageous elements of each Proposal; identified areas where clarification was needed; and reviewed, discussed, and evaluated the Proposals (including any clarifications provided), based upon the criteria and weighting included in the RFP. The evaluation categories are described in Attachment 1, and a breakdown of the overall weighting for each criterion and subcriterion is listed in Table 2 below.

TABLE 2 – Evaluation Criteria

CATEGORY	WEIGHTING
TECHNICAL CRITERIA	40 points
Project Delivery (including WMDVBE and Local Resources Utilization), Construction Management, and Quality Control	25
Schedule	10
Safety	5
BUSINESS AND FINANCIAL CRITERIA	60 points
Cost Effectiveness of Proposal	50
Business Terms and Conditions	8
Proposer Financial Qualifications	2

For each bid package, the Selection Committee scored each category based on the points allocated to that category as set forth in the RFP. The highest possible points were assigned to the best Proposal in each category. The remaining Proposals in each category were then scored based upon the relative value of each Proposal as compared to the best Proposal. The Selection Committee has applied this rationale to the scoring of the quantifiable evaluation categories (i.e. cost effectiveness of Proposals) as well as the other not-so-readily quantifiable evaluation categories. Applying the same scoring methodology for each evaluation category ensures that the relative value of a point in each category is the same and that each category actually receives the weighting intended.

For each bid package, the Selection Committee then ranked the total points for each category on a scale of 1 to 6 (or 5 where there were only 5 Proposals submitted), with 1 being the highest total points and 6 (or 5) being the lowest total points among all Proposers. If more than one Proposer received the same score, for example, 2 Proposers received the same highest total points for Project Delivery, each of those Proposers received a 1 and the next ranked Proposer received a 3.

III. Proposal Evaluation and Scoring

As summarized in Table 3 below, the final total scores for each Proposer for each bid package are as follows:

TABLE 3 – Final Evaluation Scores

Proposer	Bid Package No.						
	1	2	3	4	5	6	7
Garney	98	84	98	75	98	83	43
Granite/Rados	80	82	80	84	75	80	74
MPE	N/A	74	N/A	92	N/A	92	92
MCI	77	91	72	73	74	65	42
Ranger	80	80	69	66	83	82	51
Rasic	83	67	69	55	68	63	16

The rankings for each category for all bid packages are set forth in Attachment 2.

1. Technical Criteria (40 Points)

Technical Criteria counted for 40 points of the total Proposer Score. As summarized below and after careful consideration, Granite/Rados received the highest score in this category, followed by Garney.

A. Project Delivery, Construction Management, and Quality Control (25 Points)

Each Proposer and its key personnel were determined to be qualified and competent. Garney, Granite/Rados, MCI, Ranger, and Rasic all have significant experience with large scale water projects of similar contract value. MPE has significant local experience with pipeline and pump station projects.

The key personnel identified in all Proposals in general have many years' experience in their respective areas of expertise. Granite/Rados and MPE also have significant local experience, including experience on projects with California American Water. All Proposers submitted plans to meet the WMDVBE Utilization and Local Resource Utilization goals. In particular, Garney and Rasic listed local and WMDVBE companies that they have already committed to using for meeting or exceeding the Project percentage goals.

The technical section of all Proposals demonstrated a strong understanding of the Project. The highest level of detail was provided by Garney and Granite/Rados, with the other Proposers providing sufficient detail to demonstrate the capability to construct the portions of the Project for which they submitted bid packages.

B. Schedule (10 Points)

All Proposals demonstrated the Proposer's ability to meet the specified Project timelines. Each Proposer submitted Gantt charts providing sufficient detail, with the most detail provided by Garney, Granite/Rados, and Rasic.

C. Safety (5 Points)

All Proposers demonstrated a commitment to safety. Garney submitted a sound safety plan and has the best safety ratings (EMR, ORIR) of all Proposers. Granite/Rados provided the most in depth safety plan, with the Project Health and Safety Plan scope and implementation steps clearly described.

2. Business and Financial Criteria (60 Points)

The Business and Financial Criteria counted for 60 points of the Proposer's total score. As summarized below and after careful consideration, for bid packages 1, 3, and 5, Garney received the highest score. MPE received the highest score for bid packages 4, 6, and 7, and MCI received the highest score for bid package 2.

A. Cost Effectiveness of Proposal (50 Points)

Garney, MCI and MPE scored the highest in this category for having the lowest cost Proposals for the bid packages identified above. A comparison of the cost effectiveness of the Proposals is set forth in Attachment 3. It should be noted that Garney did not include electrical or instrumentation and control ("EI&C") costs associated with bid packages 6 and 7 (terminal reservoir and pump stations), and instead indicated that it would be best to provide costs for EI&C when the design drawings and specifications are completed. Consequently, to create a fair comparison, the EI&C costs included in the other Proposals were deducted before scoring.

It should also be noted that in response to requests for clarification: (a) Garney indicated its bid package prices would remain the same regardless of whether it was awarded one or more bid packages, and of whether bid package 5 was constructed prior to other bid packages; (b) Granite/Rados indicated if it was awarded only bid package 2, its pricing for that package would be \$4,459,000.00; (c) MCI indicated if it was awarded only bid package 2, its pricing would remain the same; and (d) MPE indicated its pricing for bid packages 4, 6, and 7 would remain the same regardless of whether it was awarded one or more of those bid packages.

B. Business Terms and Conditions (8 Points)

This criterion addresses the material advantages and disadvantages of each Proposer's markup to the draft Contract, including the extent to which the Proposer accepted the terms and conditions set forth in the draft Contract or proposed less favorable terms and conditions. It should be noted that the pricing of Proposals is based on the draft Contract as modified by the Proposer. Therefore, it is reasonable to anticipate that if California American Water were to require a Proposer to accept a material risk that it has taken exception to in its markup, the Proposer could require an increase in its pricing to accept such risk.

Garney, MPE, and Ranger took no exceptions to the draft Contract and tied for the highest score. Although both Granite/Rados and Rasic took few exceptions to the draft Contract, Rasic scored higher on this criterion. Most significantly, Granite/Rados proposed that California American Water assume an unquantified amount of additional risk by increasing spend on the Project prior to issuance of the Notice to Proceed. A material exception proposed by Rasic would limit its indemnification obligation to California American Water's consultants and subcontractors.

MCI appeared to take several exceptions to the draft Contract. In response to a request for clarification, MCI indicated that if it was awarded only bid package 2, it would withdraw all of its exceptions to the draft Contract.

C. Proposer Financial Qualifications (2 Points)

All of the Proposers are financially capable of undertaking the portions of the Project for which they submitted bid packages. Granite/Rados scored highest in this category due to its relative size, high equity percentage, current ratio, and

working capital. Garney was a close second due to its size, profitability, and working capital.

IV. Conclusion

After careful evaluation of the Proposals based upon the evaluation criteria and weighting set forth in the RFP, the Selection Committee has determined that Garney, MPE, and MCI have submitted the most advantageous Proposals. As such, California American Water will commence negotiations with: (a) Garney for bid packages 1, 3, and 5; (b) MPE for bid packages 4, 6, and 7; and (c) MCI for bid package 2.

ATTACHMENTS

Attachment 1 – Description of Evaluation Categories

Attachment 2 – General Rankings

Attachment 3 – Cost Effectiveness of Proposals

Attachment 1 – Description of Evaluation Categories

Technical Criteria Evaluation Categories:

Project Delivery, Construction Management, and Quality Control – This category was evaluated based on the following:

- Contractor/Project Team
- Project Delivery Experience and Proposed Approach
- Planned versus Actual Project Budget
- WMDVBE Utilization & Local Resources Utilization Plans
- Prevailing Wage and Other Labor Performance Requirements
- Local Project Experience
- Construction Team Experience
- Relevance of Past Projects
- Proven Ability to Deliver on Project Timeline
- QA/QC Experience & Proposed Approach
- Commissioning Experience & Performance Requirements
- Regulatory Compliance / Permitting Experience and Proposed Approach

This category was evaluated based on evidence that the firm has completed (or demonstrated that the firm has the capability to complete) projects of similar size, scope and complexity to the proposed project. This category also includes the organizational chart, demonstrating the proposed participants in the Proposer's team. The organizational chart was reviewed for its clarity in identifying the key teams and key personnel, and in describing the roles and relationships between the team members during construction and commissioning. This category reviews the portfolios of past project profiles for that show the Proposer's experience with similar projects in scope, budget, and schedule. In addition, this category included WMDVBE & Local Resources Utilization Plans, prevailing water and other labor performance requirements, and local firm hire experience.

Schedule – This category was evaluated based on the following:

- Proposed Schedule Meets Requirements
- Level of Analysis for Schedules
- Procurement and Supply Chain Plan
- Testing and Commissioning Plan

This category was evaluated based on review of the firms due diligence and preparation of their proposed project schedule and detailed understanding and ability to execute this project on schedule. Included as part of the schedule evaluation was review of plans for key phases of the project such as procurement & supply chain and testing & commissioning.

Safety Record – This category was evaluated based on the following:

- Safety Rating and History

This category includes the Proposer's past safety record, recognition and demonstration of the Proposer's safety program, identification of key personnel who will be assigned to this project and who will contribute a significant effort in ensuring the safety of the workers and job site(s).

Business and Financial Criteria Evaluation Categories:

Cost Effectiveness – This category evaluates the proposal costs for each of the project bid schedules.

Business Terms and Conditions – This category evaluates the extent to which the Proposer accepts the terms and conditions set forth in the draft Contract included with this RFP or otherwise proposes terms and conditions that are more favorable to California American Water than the terms and conditions set forth in the draft Contract.

Proposer Financial Qualifications - This category includes the evaluation of the Proposer's submitted financial information that establishes that the Proposer has the financial strength to perform the work under the Project. Financial items considered, but not limited to, are revenues, income, balance sheet, credit ratings, bonding capacity, and line of credit. This category includes the evaluation of the Proposer's submitted financial security information showing that Proposer has ability to obtain all required payment and performance bonding as required in the RFP.

Attachment 2 - General Rankings

BID PACKAGE #1 - FEEDWATER PIPELINE

CATEGORY	Garney	Granite & Rados	Mountain Cascade	MPE	Ranger	Rasic
TECHNICAL CRITERIA (40 pts)	2	1	5	NO BID	4	3
BUSINESS AND FINANCIAL CRITERIA (60 pts)	1	5	4		3	2
OVERALL RANKING	1	3	5		4	2

BID PACKAGE #2 - SVR & BRINE PIPELINES

CATEGORY	Garney	Granite & Rados	Mountain Cascade	MPE	Ranger	Rasic
TECHNICAL CRITERIA (40 pts)	2	1	5*	5*	4	3
BUSINESS AND FINANCIAL CRITERIA (60 pts)	4	5	1	2	3	6
OVERALL RANKING	2	3	1	5	4	6

BID PACKAGE #3 - TRANSFER PIPELINE

CATEGORY	Garney	Granite & Rados	Mountain Cascade	MPE	Ranger	Rasic
TECHNICAL CRITERIA (40 pts)	2	1	5	NO BID	4	3
BUSINESS AND FINANCIAL CRITERIA (60 pts)	1	2	3		5	4
OVERALL RANKING	1	2	3		5	4

BID PACKAGE #4 - ASR PIPELINES

CATEGORY	Garney	Granite & Rados	Mountain Cascade	MPE	Ranger	Rasic
TECHNICAL CRITERIA (40 pts)	2	1	5*	5*	4	3
BUSINESS AND FINANCIAL CRITERIA (60 pts)	4	2	3	1	5	6
OVERALL RANKING	3	2	4	1	5	6

BID PACKAGE #5 - MONTEREY PIPELINES

CATEGORY	Garney	Granite & Rados	Mountain Cascade	MPE	Ranger	Rasic
TECHNICAL CRITERIA (40 pts)	2	1	5	NO BID	4	3
BUSINESS AND FINANCIAL CRITERIA (60 pts)	1	4	3		2	5
OVERALL RANKING	1	3	4		2	5

BID PACKAGE #6 - TERMINAL RESERVOIRS

CATEGORY	Garney	Granite & Rados	Mountain Cascade	MPE	Ranger	Rasic
TECHNICAL CRITERIA (40 pts)	2	1	5*	5*	4	3
BUSINESS AND FINANCIAL CRITERIA (60 pts)	3	4	5	1	2	6
OVERALL RANKING	2	4	5	1	3	6

BID PACKAGE #7 - PUMP STATIONS

CATEGORY	Garney	Granite & Rados	Mountain Cascade	MPE	Ranger	Rasic
TECHNICAL CRITERIA (40 pts)	2	1	5*	5*	4	3
BUSINESS AND FINANCIAL CRITERIA (60 pts)	5	2	4	1	3	6
OVERALL RANKING	4	2	5	1	3	6

lowest price <<< indicates

Bids for 15 Month Construction Schedule

Bid Items	Garney	Granite/Rados Cost	Mountain Cascade	MPE	Ranger	Rasic
1 Feed Water Pipeline	\$ 13,478,181	16,150,446	13,668,160		14,788,380	13,504,030
2 SVR & Brine Return Pipeline	4,324,360	4,459,000	\$ 3,892,480	4,149,500	4,260,590	5,536,560
3 Transfer Pipeline	\$ 23,590,220	28,274,418	26,928,426		32,500,685	31,831,470
4 ASR Pipelines	5,345,836	5,141,003	5,154,427	\$ 4,011,780	6,224,740	7,130,700
5 Monterey Pipeline	\$ 32,864,370	43,626,143	35,458,001		33,356,405	45,928,610
6 Terminal Reservoir excl. EI&C	12,994,201	14,027,612	15,267,513	\$ 11,555,250	12,185,200	17,366,510
7 Booster Pump Stations excl. EI&C	5,873,161	3,769,862	5,256,807	\$ 2,770,425	5,021,100	7,424,735
Total 15 month	\$ 98,470,329	\$ 115,448,484	\$ 105,625,814	\$ 22,486,955	\$ 108,337,100	\$ 128,722,615

18 Month Construction Schedule

Bid Items	Garney	Granite/Rados Cost	Mountain Cascade	MPE	Ranger	Rasic
1 Feed Water Pipeline	\$ 13,478,181	\$ 16,185,446	\$ 13,674,160		\$ 14,788,380	\$ 13,504,030
2 SVR & Brine Return Pipeline	\$ 4,324,360	\$ 4,459,000	\$ 3,894,380	\$ 4,149,500	\$ 4,260,590	\$ 5,536,560
3 Transfer Pipeline	\$ 23,590,220	\$ 28,714,418	\$ 27,455,240		\$ 32,500,685	\$ 32,381,470
4 ASR Pipelines	\$ 5,345,836	\$ 5,221,603	\$ 5,165,974	\$ 4,011,780	\$ 6,224,740	\$ 7,130,700
5 Monterey Pipeline	\$ 32,864,370	\$ 44,306,143	\$ 35,838,956		\$ 33,356,405	\$ 46,313,610
6 Terminal Reservoir excl. EI&C	\$ 12,994,201	\$ 14,252,612	\$ 15,275,290	\$ 11,555,250	\$ 12,185,200	\$ 17,366,510
7 Booster Pump Stations excl. EI&C	\$ 5,873,161	\$ 3,856,862	\$ 5,255,807	\$ 2,770,425	\$ 5,021,100	\$ 7,424,735
Total 18 month (excl. TR/PS EI&C)	\$ 98,470,329	\$ 116,996,084	\$ 106,559,807	\$ 22,486,955	\$ 108,337,100	\$ 129,657,615

24 Month Construction Schedule

Bid Items	Garney	Granite/Rados Cost	Mountain Cascade	MPE	Ranger	Rasic
1 Feed Water Pipeline	\$ 13,478,181	\$ 16,320,446	\$ 13,686,160		\$ 14,788,380	\$ 13,504,030
2 SVR & Brine Return Pipeline	\$ 4,324,360	\$ 4,459,000	\$ 3,898,180	\$ 4,149,500	\$ 4,260,590	\$ 5,536,560
3 Transfer Pipeline	\$ 23,590,220	\$ 29,244,418	\$ 27,483,562		\$ 32,500,685	\$ 33,681,470
4 ASR Pipelines	\$ 5,345,836	\$ 5,251,603	\$ 5,162,294	\$ 4,011,780	\$ 6,224,740	\$ 7,130,700
5 Monterey Pipeline	\$ 32,864,370	\$ 45,126,143	\$ 35,875,927		\$ 33,356,405	\$ 47,223,610
6 Terminal Reservoir excl. EI&C	\$ 12,994,201	\$ 14,527,612	\$ 15,291,532	\$ 11,555,250	\$ 12,185,200	\$ 17,366,510
7 Booster Pump Stations excl. EI&C	\$ 5,873,161	\$ 3,964,862	\$ 6,461,807	\$ 2,770,425	\$ 5,021,100	\$ 7,424,735
Total 24 month (excl. TR/PS EI&C)	\$ 98,470,329	\$ 118,894,084	\$ 107,859,462	\$ 22,486,955	\$ 108,337,100	\$ 131,867,615

Monterey Peninsula Water Supply Project Governance Committee**Meeting Date:** December 16, 2015**Action Item:** 4. **Adopt Minutes of December 1, 2015 Governance Committee Meeting**

Summary: Attached as **Exhibit 4-A** are draft minutes of the December 1, 2015 Governance committee meeting.**Recommendation:** Review the minutes and consider approval.**Exhibits:****4-A** Draft Minutes of December 1, 2015 Committee Meeting

**GOVERNANCE COMMITTEE
FOR THE
MONTEREY PENINSULA WATER SUPPLY PROJECT**

California American Water • Monterey County Board of Supervisors
Monterey Peninsula Regional Water Authority • Monterey Peninsula Water Management District

**EXHIBIT 4-A
DRAFT MINUTES
Regular Meeting
Governance Committee
for the
Monterey Peninsula Water Supply Project
December 1, 2015**

- Call to Order:** The meeting was called to order at 10:05 pm in the conference room of the Monterey Peninsula Water Management District offices.
- Members Present:** Jason Burnett, representative for Monterey Peninsula Regional Water Authority
Jeanne Byrne, representative for Monterey Peninsula Water Management District (alternate to Robert S. Brower, Sr.)
Robert MacLean, representative for California-American Water
- Members Absent:** David Potter, Monterey County Board of Supervisors
Robert S. Brower, Sr., Monterey Peninsula Water Management District
- Pledge of Allegiance:** The assembly recited the Pledge of Allegiance.
- Public Comments:** Michael Warburton, representing the Public Trust Alliance (PTA), stated that this is the wrong project, in the wrong place, at the wrong time. The only reason it has the remotest chance of looking like it might be the right project is by not looking at the most obvious things shaping the Monterey Peninsula community. Less than 1% of the agricultural use of the Salinas River can solve the urban water problem. The committee is looking at concentrating half a billion dollars of public infrastructure in an increasingly vulnerable coastal zone. At the same time the Monterey Peninsula will be repairing and replacing its transportation infrastructure, this project will require that it replace its drinking water infrastructure. The scale of business interruption that will happen on the Peninsula to bury the pipeline is unnecessary and it's time to begin speaking about some of these things. *Burnett advised Warburton that the EIR on the Pure Water Monterey Project has been certified. The project would bring water from Salinas to the Monterey Peninsula.* Warburton responded that none of that water can be used in the wealthy parts of the community based on the distribution points.

Presentations

1. **Progress Report from California-American Water on the Monterey Peninsula Water Supply Project Including Updates on Production from Test Slant Well; Desalination Project Design; and Design and Procurement of Conveyance Facilities**

Ian Crooks reported that the slant test well is operational and performing better than expected. Salinity is approaching 90%. In April when pumping began the salinity was 70%. At the next committee meeting Crooks will present a trend line. When production wells are installed and operating at full production, the salinity levels should increase beyond 90%. He stated that the amount of water pumped from the inland areas is minimal – most of the water produced is coming from the ocean side of the well. The percentage of water that comes from the inland areas must be returned to the basin.

Public Comment: **(a) George Riley** expressed a concern that the test well would have been operated less than 18 months when the California Public Utilities Commission (CPUC) and California Coastal Commission (CCC) consider permits for this project. He stated that long-term effects of pumping cannot be confirmed because the test period was interrupted. He asked how the EIR/EIS could be completed, and how water rights issues could be settled without an uninterrupted pumping database. **(b) Michael Warburton**, PTA, asked if there was any update on how the location for the test well was determined. If desal will be done anywhere in California it might make sense to locate the investigation and test somewhere where the project is necessary. Every agency and group seems to be trying not to look at the obvious solution for the water problems in the community. There are three rivers flowing in and known technology which could be fortified against the weather problems. It seems crazy to sink a well in a marine sanctuary that is of principal economic significance in the area. There are a lot of environmental impacts that are not addressed. It would be good if the scientists or engineers could give an assurance that this is a good location for the test well.

Svindland reported that the working group met and all test well data from start-up of the well in April through June has been used to recalibrate the model. The data will be incorporated into the new draft EIR. Cal-Am expects that the recalibrated model will result in more realistic assumptions. The test well should be operational until permits are issued and it may be used as a production well for the desalination project. **MacLean** noted that all test well data is on the desal project website and is available to the public. **Burnett** stated that it is important to collect as much data as possible to inform decision makers, but there can be no delay in moving forward, especially since there is more data than expected and the data shows higher production with greater salinity than was anticipated. The settling parties supported the test well, and a decision must be made on awarding the RFP.

Action Items

2. **Review and Develop Recommendation on California American Water Notification #10 – Execution of Construction Contract for the Monterey Peninsula Water Supply Project Source Water Slant Wells**

Crooks provided information on Notification #10. His presentation can be viewed on the Governance Committee website.

Public Comment: **(a) George Riley** stated that he signed the settlement agreement, but later withdrew his support for the slant well portion due to the time period for collection of test well data. He expressed concern about the possibility of stranded costs that must be paid by the local rate payers, such as occurred with the failed Regional Water Supply Project. State agencies that support subsurface intakes require a feasibility analysis. The Huntington Beach project feasibility study was far more robust regarding the test well, than the data anticipated for the local project. There are still unresolved feasibility questions, and the settlement agreement states that Cal-Am makes the determination regarding feasibility. Riley opined that Cal-Am's desal project is on the fast track, is over budget, and that not enough attention has been paid to the quality of the feasibility criteria. **(b) Michael Warburton**, PTA, stated that as the project moves forward and decision making frameworks are discussed, there is talk of risk. One risk that has not been discussed is that alternative projects are not being evaluated, particularly non-desal projects. It looks like the responsible agencies and public officials are avoiding looking at certain things. They are actually paying costs to avoid looking at them. This involves legal expenses. It is becoming more and more expensive to avoid looking at the real risks and conditions. There is time – circumstances have changed since the settlement agreement was signed. They have changed so significantly that I totally changed my position. Five years ago I said that a publicly operated and financed desalination project might be the most reasonable answer, and this is not. I have learned a lot while looking at climate science and experiences of local governments. It is an expensive proposition to maintain this Rube Goldberg scheme. **(c) Jim Cullem**, Executive Director, Monterey Peninsula Regional Water Authority, stated that one of the project criteria was to address concerns of coastal locations such as the occurrence of a tsunami. The project was set-back from the coastline to account for possible beach erosion. He requested that Cal-Am identify how quickly the wellhead equipment could be removed in the event of a tsunami or other event. He suggested that the design group could be prepared to address this issue.

Committee comments: **Burnett:** If the Certificate of Public Convenience and Necessity is issued within 12 months, there would be twelve months of data available. The Salinas Valley interests need test well data. If the well should continue after project construction in order to provide sufficient data, I would support that. The stranded costs for the source water slant wells has been limited to a quarter-million dollars. He requested that Cal-Am report back to the Governance Committee with regular updates on the project progress. **MacLean:** In his experience, twelve months of pilot well operation is required, and twelve months is the goal. The question is, will the test well results show any seasonal variability. Subsurface intake has the advantage of screening intake water from ocean variability. To require two years of pumping data would forestall commencement of project construction. The test well permit allows for two years of operation, and Cal-Am has not decided when to shut off the well after construction begins. The time is now to move ahead on this project, as Cal-Am must comply with the Cease and Desist Order. It is critical for Cal-Am to contract with a driller so that construction could begin immediately upon project approval. If the test well continues to operate, and there is a change in circumstances that would cause Cal-Am to not want to continue project construction, he hoped that decision would be made with the Governance Committee. If Cal-Am issued a notice to proceed with construction, and other parties disagreed, legal counsel would review the Governance agreement to determine how to proceed.

On a motion by Burnett and second of Byrne, the committee recommended that California American Water (Cal-Am) enter into a contract with Boart Longyear Company (Boart). In addition, the committee recommended that Cal-Am provide periodic updates on project progress and allow the committee to comment: (1) prior to authorizing expenditures by Boart for planning and permitting activity; (2) prior to authorizing expenditures by Boart for pre-mobilization activity including preparation of the drilling rig; and (3) prior to issuance of a notice-to-proceed to Boart for commencement of construction activities. The committee recognizes that Cal-Am has authority over the construction schedule; therefore, if the committee or any member of the public disagrees with Cal-Am's actions, the issue could be brought before the California Public Utilities Commission. The motion was approved on a vote of 2 – 0 by Burnett and Byrne. Potter was absent.

3. Adopt Minutes of September 16, 2015 Governance Committee Meeting

On a motion by Byrne and second of Burnett, the minutes were adopted unanimously on a vote of 2 – 0 by Byrne and Burnett. Potter was absent. No public comment was presented to the committee on this item

Discussion Items

5. Suggest Items to be Placed on Future Agendas

Contract for Conveyance Facilities

Report from Cal-Am on potential risks to the test well due to weather patterns

Public Comment: **(a) George Riley** asked if Cal-Am had adopted project costs to be submitted in the application to the State on December 15, 2015. **(b) Michael Warburton**, PTA, stated that changed circumstances are not just to be considered in the social context, but also the physical context. In terms of changed circumstances, some updated costs are being provided on December 15, 2015. However, the entire economics of the cost of public infrastructure changed with the arrival of superstorm Sandy. What is happening is that you will obtain test well data for an El Nino year. There is a responsibility involved in what changed circumstances mean. I'm appearing before this Board saying that the physical world and the government have changed profoundly, and for you to maintain that nothing has changed is an increasingly expensive argument to make.

Adjournment: The meeting was adjourned at approximately 11 am.

Arlene M. Tavani,
Clerk to the MPWSP Governance Committee