

**MONTEREY PENINSULA WATER
SUPPLY PROJECT
DESALINATION INFRASTRUCTURE**



REQUEST FOR PROPOSALS

for
Design and Construction of Desalination Infrastructure
for the
Monterey Peninsula Water Supply Project

Issue Date: [June 17, 2013]

Due Date: [September 17, 2013]

Pacific Grove, California

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SECTION 1

INTRODUCTION

1.1. EXECUTIVE SUMMARY

California-American Water Company (“CAW”) through this Request for Proposals (“RFP”) is soliciting sealed Proposals from pre-qualified respondents (“Proposers”) for a contract to design, permit, and construct certain desalination infrastructure associated with the Monterey Peninsula Water Supply Project (the “Project”). The solicitation of Proposals is the second step in a two-step procurement process being implemented by CAW for the Project. In the first step CAW issued a Request for Qualifications (“RFQ”) for the Project on April 1, 2013. Statements of Qualifications (“SOQs”) were received from respondents on May 1, 2013. CAW evaluated nine SOQs in accordance with the RFQ and has pre-qualified the following four respondents to the RFQ as eligible to submit proposals in response to this RFP (“Proposals”):

[Insert Shortlisted Firms Here]

The Project is a central component of the Monterey Peninsula Water Supply Project (“MPWSP”). The purpose of the MPWSP is to replace a significant portion of the existing water supply from the Carmel River, as directed by the State Water Resources Control Board (“SWRCB”). CAW is proposing a three-pronged approach to replace the water supply reductions ordered by the SWRCB. The three prongs consist of: (1) desalination, (2) groundwater replenishment (“GWR”), and (3) aquifer storage and recovery (“ASR”). This RFP is being issued to procure significant elements of the desalination portion of the MPWSP including the plant.

The desalination portion of the MPWSP will consist of several components. Those elements that will be included as part of the Project being procured by this RFP including the desalination plant are described in Section 2.3. Those elements of the desalination portion of the MPWSP that will not be developed pursuant to this RFP including the slant wells are described in subsection 2.3.6.

The GWR project is being led by the Monterey Regional Water Pollution Control Agency (“PCA”). Depending on the availability of water from the GWR project, the desalination plant will be sized at either 9.6 million gallons daily (“mgd”) or 6.4 mgd as described in Section 2.8. As CAW will not know whether or not the GWR project will proceed until sometime in 2015 (but prior to construction commencement), this RFP seeks Proposals for a 9.6 mgd plant and also requires that Proposers identify how their design, anticipated operation and maintenance costs (including the maximum electricity utilization), and price would be impacted in the event that a 6.4 mgd plant were to be required as further described in Section 2.8 below.

CAW has secured an approximately 46-acre parcel of land located just to the northwest of the Monterey Regional Water Pollution Control Agency’s wastewater treatment plant as the site for the proposed desalination plant (the “Project Site”). A description of the Project Site is included

in Appendix 1 of the draft DB Agreement included with this RFP. CAW is also working to secure permanent easements on an approximately 376-acre parcel of land located due west of the Project Site for the slant intake wells.

The Project budget is estimated to be within a range of \$70,000,000 to \$100,000,000. CAW, the Monterey Peninsula Regional Water Authority, the Monterey Peninsula Water Management District, and the County of Monterey have formed an oversight committee (the “Governance Committee”) to ensure efficient and effective public input into the development and operation of the MPSWP. The Governance Committee was formed pursuant to an agreement of the Governance Committee members dated March 8, 2013 (the “Governance Committee Agreement”).

Additional information concerning the Project history, the Project Site conditions, background technical and environmental documents, the Governance Committee Agreement, and public outreach are available on the project website at www.watersupplyproject.org (the “Project Website”).

CAW expects to enter into a contract for the Project (the “DB Agreement”) with the Proposer that submits the most advantageous Proposal (the “DB Entity”) as determined by CAW with input from the Governance Committee.

This RFP provides background information for the Project, a description of the overall procurement process, the Proposal submission requirements, and the evaluation criteria that will be used to select a firm to perform the Contract Services (as defined in Section 2.1 of this RFP). This RFP also includes a draft DB Agreement and Appendices attached as Schedule 1. Unless otherwise defined in this RFP, all capitalized words, abbreviations and terms used herein shall have the meanings set forth in Article I of the draft DB Agreement.

1.2. PROPOSAL

IN ORDER TO BE CONSIDERED RESPONSIVE TO THIS RFP, PROPOSERS SHALL PROVIDE ALL REQUESTED INFORMATION IN ACCORDANCE WITH THE REQUIREMENTS OF THIS RFP.

CAW is soliciting a detailed Proposal with specific forms and textual requirements from the Proposers. Proposals shall comply with the submittal requirements for Proposals outlined in Section 4 of this RFP. Proposers are encouraged to present high value technical and business solutions to CAW. Accordingly, Proposers are strongly encouraged to be innovative while utilizing proven technology and design of the Project, within the requirements established by this RFP including the Design and Construction Requirements set forth in Appendix 2 of the draft DB Agreement. Proposers shall provide adequate information with respect to its proposed designs, systems and components in order to demonstrate that: (1) all Governmental Approvals can be obtained and the Project can be completed within the Project schedule; (2) the Project will be designed and constructed in accordance with the Design and Construction Requirements set forth in Appendix 2 of the draft DB Agreement as well as all other Contract Standards; and (3)

the completed Project will meet the standards for Acceptance in accordance with the draft DB Agreement. Proposers shall provide sufficient design detail in compliance with the submission requirements set forth in Section 4 of this RFP to enable CAW to evaluate the technical merits of the Proposal. Proposers must prepare a base Proposal (“Base Proposal”) which fully complies with the Design and Construction Requirements set forth in Appendix 2 of the draft DB Agreement (including the ability to downscale to a 6.4 mgd desalination plant) (the “Base Project”). As described in subsections 2.9.1 and 4.4.4, Proposers are also required to respond to the UV disinfection and post-stabilization alternatives set forth on Proposal Form 13B and 13C and are encouraged to identify voluntary alternatives on Proposal Form 13D to reduce life cycle cost or improve operation which deviate from the Design and Construction Requirements set forth in Appendix 2 of the draft DB Agreement. Each deviation must be separately identified and accompanied by an explanation of the benefits, price adjustment associated with such deviation, and its anticipated effect on operation and maintenance costs. Proposers are encouraged to raise any contemplated deviations from the Design and Construction Requirements included in Appendix 2 of the draft DB Agreement at the individual Proposer pre-Proposal technical meeting.

1.3. PROPOSAL SUBMITTAL

Proposals shall be submitted and received by CAW, pursuant to Section 4.3 of this RFP, **NO LATER THAN 3:00 P.M., PACIFIC STANDARD TIME (“PST”), ON SEPTEMBER 17, 2013.** All Proposals shall be submitted in sealed packages and in accordance with the requirements of Section 4.3 of this RFP.

By submitting a Proposal, Proposers acknowledge and agree to the following conditions:

- All Proposals submitted in response to this RFP will become the property of CAW and will be subject to disclosure as and to the extent provided in Section 3.8 of this RFP.
- CAW’s selection of a Proposal, to the extent that approval or determination of adequacy of any systems, processes, procedures, or representations contained in a Proposal may be inferred, shall not waive or limit any assumptions of risk, provision of indemnity, or other obligations of the DB Entity under the DB Agreement, as may be executed between a Proposer and CAW.
- Proposers shall comply with the communications protocol set forth in Section 3.6 of this RFP with respect to all communications concerning this RFP.
- Proposals shall comply with all requirements of Section 4 of this RFP. Failure to comply with Section 4 of this RFP may result in a Proposer being deemed unresponsive by CAW.

- The qualification of the Proposers to receive this RFP and provide a Proposal does not waive or abridge CAW's right to find that any Proposer or Proposal is non-responsive to the requirements of this RFP or to find that a Proposer is less qualified than another Proposer and have their evaluation scoring reflect such finding.
- After selection of a Proposal, the selected Proposer shall be required to execute the DB Agreement following the conclusion of successful negotiations with the selected Proposer.

SECTION 2

GENERAL INFORMATION

2.1. PURPOSE OF SOLICITATION

CAW is soliciting Proposals from the Proposers identified in Section 1.1 of this RFP to perform the Design-Build Work for the Project as required by the draft DB Agreement. The services described in this paragraph are referred to herein as the “Contract Services.”

CAW intends to select a qualified Proposer that provides CAW the benefits discussed below and that best meets CAW’s objectives set forth in Section 2.2 of this RFP. CAW will select the most advantageous Proposal by applying the evaluation criteria contained in Section 5 of this RFP to the Proposals. It is anticipated that CAW will not know whether it will require a 9.6 mgd or 6.4 mgd plant at the time of selection, therefore, information submitted regarding both plant sizes will be evaluated.

By utilizing a design-build project delivery approach, CAW expects to secure substantial benefits. These expected benefits include efficient and cost-effective design and construction, optimal risk allocation, an optimal Project schedule, competitive design selection, clear assignment of responsibilities to a single contracting entity, and optimal life cycle costs. Other expected benefits include the full and appropriately-balanced integration of key design, construction, and QA/QC personnel in all aspects of the Project development.

2.2. MPWSP BACKGROUND AND OBJECTIVES

CAW has served the Monterey Peninsula since it acquired properties from California Water and Telephone Company in 1966. CAW’s Monterey service area is located in the semi-arid central California coastal area that is currently entirely dependent on local rainfall for its water supply; imported water is not an available option. By reason of its geography and rainfall patterns, the area is prone to severe droughts. Wells located along the Carmel River that draw water from the Carmel River Aquifer are the primary source of water for CAW. An additional source of water for CAW is a network of eight wells located in the Seaside Basin, which CAW shares with a number of users and purveyors. The CAW Monterey service area, also known as the Monterey District, includes six incorporated cities, the Monterey Airport District, the unincorporated areas of Carmel Highlands, Carmel Valley, and Pebble Beach, and other unincorporated areas in Monterey County. The City of Marina, unincorporated Castroville, and other areas of unincorporated Monterey County lie north of the CAW service area. The proposed water supply is needed to replace existing supplies that are constrained by recent legal decisions affecting the Carmel River and Seaside Groundwater Basin water resources: SWRCB Order No. WR 95-10 (“Order 95-10”) and the Monterey County Superior Court adjudication of water rights in the Seaside Groundwater Basin. Both rulings reduce CAW’s use of its two primary sources of supply for the Monterey District and provide the most immediate impetus for the MPWSP. In addition, in October 2009, the SWRCB issued a Cease and Desist Order (“CDO”) claiming that

CAW had not complied with Order 95-10, requiring CAW to terminate unauthorized diversions from the Carmel River, and that these diversions constitute a trespass of water. The CDO imposed a deadline of December 31, 2016, for CAW to reduce its diversion of water from the Carmel River by approximately 70%. The MPWSP is the result of a multi-year planning effort that has considered several different proposed projects and various related documents. Since 1989, several options have been proposed that proponents have hoped would meet the water supply needs of the Monterey Peninsula and address the impacts on the Carmel River underlying Order 95-10, as well as the Seaside Basin adjudication. The objectives that were considered during development of the MPWSP projects are as follows:

- Satisfy CAW's obligations to meet the requirements of Order 95-10;
- Diversify and create a reliable drought-proof water supply;
- Protect the Seaside Groundwater Basin for long-term reliability;
- Protect the local economy from the effects of an uncertain water supply;
- Minimize water rate increases by creating a diversified water supply portfolio;
- Minimize energy requirements and greenhouse gas emissions per unit of water delivered to the extent possible;
- Provide facilities that can accommodate sea level changes;
- Explore opportunities for regional partnerships; and
- Provide flexibility to incorporate alternative water supply sources, such as GWR.

CAW submitted an application to the CPUC for the MPWSP in April 2012. As part of this application, an Environmental Impact Report ("EIR") will be prepared by the California Public Utilities Commission ("CPUC") pursuant to the California Environmental Quality Act ("CEQA"). The EIR will analyze and assess the potential environmental impacts of a proposed new water supply project for the Monterey Peninsula. The desalination infrastructure portion of the MPWSP will produce desalinated water, convey it to the existing CAW distribution system, and increase the system's use of storage capacity in the Seaside Groundwater Basin. The MPWSP consists of several distinct components: a source water intake system consisting of slant wells; a 9.6 mgd desalination plant; a brine discharge system; product water conveyance pipelines and storage facilities; and an ASR system. In addition, the Monterey Regional Water Pollution Control Agency ("PCA") is pursuing a 3,500 acre foot per year GWR project that if implemented will reduce the size of the Project's desalination plant from 9.6 mgd to 6.4 mgd as further discussed in Section 2.8.

The CPUC, as the Lead Agency under CEQA, is actively working on the EIR and expects to issue a Draft EIR in July 2013, followed by a Final EIR ("FEIR") in November 2013. With the FEIR date approaching, CAW would like to have the DB Entity for the Project in place so as to begin the design and permitting of the desalination infrastructure as soon as possible upon issuance of the FEIR. A final order from the CPUC approving the entire MPWSP is expected in the first quarter of 2014.

The Project being procured by this RFP consists of certain elements of the desalination infrastructure component of the MPWSP as further described in subsections 2.3.2 - 2.3.5.

2.3. PROJECT DESCRIPTION

2.3.1 Generally

The DB Entity will be asked to provide all necessary design, permitting, construction, commissioning, start-up and testing services to bring the Project described in subsections 2.3.2 through 2.3.5 of this RFP on-line as close as possible to the CDO deadline of December 31, 2016. Certain permits that relate to the entire MPWSP, such as the Coastal Development Permit, will not be the responsibility of the DB Entity; however, certain information from the DB Entity will be required to assist CAW in obtaining such permit. Refer to Appendix 3 of the draft DB Agreement for a list of permits that will be the responsibility of CAW. All other permits and approvals necessary for the Project will be the responsibility of the DB Entity. The DB Entity will not finance, own, operate, or maintain the Project.

The desalination plant will be required to achieve specified performance standards during Acceptance Testing. CAW personnel will operate the plant during Acceptance Testing. Prior to testing, the DB Entity will be required to train CAW staff in accordance with Appendix 4 of the draft DB Agreement. Proposers shall submit their training protocol for the Project as part of their Proposals in accordance with CAW's training standards set forth in Appendix 4. The specific standards that will be required to be met during Acceptance Testing are set forth in Appendices 2 and 7 of the draft DB Agreement. A portion of the technical evaluation points under this RFP will be dedicated to the demonstrated ability of the Proposer's facilities to meet required performance standards, both at Acceptance Testing and during commercial operations. Proposers are informed that the RFP seeks the best Proposals as evaluated over the life cycle of the Project. The evaluation of Proposals will take into account capital costs as well as anticipated operation and maintenance costs.

Detailed information on the Project description, estimated costs, and Project size is contained in the Attachments in the Supplemental Testimony of Richard C. Svindland which can be found under the "Download" area of the Project Website.

2.3.2 Desalination Plant

The desalination plant is to be constructed at the Project Site, an approximately 46 acre site of currently vacant land owned by CAW described in Section 2.6 of this RFP and Appendix 1 of the draft DB Agreement. Structures and facilities at the Project Site are expected to consist of the following: pre-treatment filtration process; filter backwash supply system; filtered feedwater receiving tanks; waste washwater storage, clarification, and recycling facilities; desalination process; post-treatment stabilization process and chemical systems; reverse osmosis concentrate equalization discharge, aeration, equalization and pumping facilities; desalinated/finished water storage tanks and pumping station; electrical systems; buildings to house process and non-process facilities.

The following subsections describe in concept each of these facilities:

Pretreatment Process

Feedwater supplied from the beach wells is to be piped to pressure or gravity granular media filters for removal of iron and manganese and small particles that could otherwise foul the downstream cartridge filters and/or reverse osmosis (“RO”) membranes.

Filter Backwash Supply System

The granular media pretreatment filters are to be backwashed periodically using process filtrate as backwash supply.

Waste Backwash Storage/Settling Basin

Wastewater from the granular media backwashing process is to flow from the filters by gravity to storage, clarification, prior to being recycled upstream of the granular media filters.

Feedwater Receiving Tanks

Filtered water will be directed to two above-ground feedwater receiving tanks upstream of the RO process. Transfer pumps will draw filtered water from the feedwater receiving tanks and deliver to the RO trains.

Reverse Osmosis Desalination Process

Reverse osmosis is a separation process that uses semi-permeable membranes to remove salts and other impurities to produce desalinated water (which is also called “product water” or “permeate”). Pretreated seawater is forced at high pressures through the membranes, and the water molecules, smaller than almost all impurities, including salts, are selectively able to pass through the membranes. The remaining impurities and residual water are discharged as concentrate. The RO system is comprised of a number of parallel trains, each equipped with a cartridge filter, high pressure pump, membranes and pressure vessels, and energy recovery devices,

UV Disinfection

The use of ultraviolet light (“UV”) disinfection may be included in the Project to provide additional disinfection credit in addition to the RO process and the contact with chlorine in the finished water storage tanks. The UV disinfection system, if included, is to be located after the RO process but prior to post-stabilization.

Post-Stabilization and Chemical Systems

Hardness, alkalinity, and pH of the product water is to be adjusted after the RO process to protect piping and plumbing materials and to make the water compatible with the water quality of other sources of supply in the CAW system. Facilities are to be included at the desalination plant to add carbon dioxide (to adjust alkalinity), followed by filtration through calcite beds (to adjust hardness), and addition of sodium hydroxide (to adjust pH). Hydrated lime (calcium hydroxide) may be used instead of calcite in the post-stabilization process. Sodium hypochlorite will also be added for disinfection.

Concentrate Equalization Storage Basin

A 6-million-gallon open-lined basin is to be provided to equalize the flow of RO concentrate in the event of an interruption of concentrate discharge to the ocean outfall. This storage will provide time for the plant to remain in operation for a short period of time to allow plant personnel to adjust or cease production and for system personnel to increase production from other sources.

Desalinated Water Storage Tanks and Pumping Stations

Following post-treatment, desalinated water is to flow by gravity to on-site storage tanks, called “clearwells”. The clearwells will provide disinfection contact time with free chlorine, equalization volume, and emergency storage. Finished water pumps are to deliver water from the clearwells to the transmission piping and distribution system.

Non-Process Facilities

A space to house visitor reception, offices, restrooms, locker rooms, break rooms, conference rooms, control room, laboratory, equipment storage and maintenance area, and electrical service equipment for the adjacent desalination/post-treatment/chemical building is required.

Electrical Power Supply

Electrical power to the MPWSP intake wells and the desalination plant is to be supplied by the existing power grid and potential connection to the adjacent MRWPCA landfill gas electric power generating facilities. Other than a standby electric generator, no new power plant or other industrial emissions sources are to be constructed.

2.3.3 Brine Conveyance Pipeline

The brine conveyance pipeline is needed to convey brine or concentrate from the desalination plant to the headworks of the Monterey Regional Water Pollution Control Agency’s outfall, where it will mix with effluent from Monterey Regional Water Pollution Control Agency’s Regional Treatment Plant and be discharged to the ocean through the existing outfall diffusers.

For this Project, Proposers are to assume the pipeline terminates at the fence line of the Project Site.

2.3.4 Salinas Valley Desalinated Water Return Pipeline

The return pipeline is needed to convey desalinated water to the Salinas Valley Groundwater Basin. For this Project, Proposers are to assume the pipeline terminates at the fence line of the Project Site.

2.3.5 Desalinated Water Conveyance

Desalinated water will be pumped by the desalinated water pump station at the desalination plant into a 36-inch diameter product water pipeline. For this Project, the DB Entity should assume the pipeline terminates at the fence line of the desalination plant property.

2.3.6 MPWSP Non-Project Desalination Components

In addition to the components of the desalination infrastructure that constitutes the Project, CAW, simultaneous with the implementation of the Project, will separately be implementing significant desalination infrastructure that will be necessary for the plant to be Acceptance Tested and to operate commercially. These improvements include development of the slant intake wells, construction of the raw water conveyance system to the Project Site, construction of the desalinated water conveyance system from the Project Site to CAW’s water distribution system, construction of the brine conveyance pipeline from the Project Site to the discharge point and construction of a pipeline from the Project Site to return a portion of the desalinated water to the Salinas Valley Groundwater Basin. CAW anticipates that these improvements will be commenced and completed prior to the time that the plant will be ready to be Acceptance Tested. The draft DB Agreement will address any delays to the DB Entity caused by the failure of CAW to timely implement these non-Project components. An anticipated schedule for implementation of these non-Project components is provided below:

	<u>Start</u>	<u>Finish</u>
CAW PROJECT	4/23/2012	12/7/2017
<u>File with CPUC</u>	4/23/2012	4/23/2012
<u>Permitting</u>	4/23/2012	1/8/2015
CPUC Approval	4/23/2012	1/10/2014
Pre-Application Activities	4/23/2012	12/28/2012
Application Preparation and Submittal	12/31/2012	8/28/2013
Permit Processing	11/15/2013	1/8/2015
<u>Feedwater Test Well</u>	4/23/2012	11/13/2014
Permitting	4/23/2012	6/14/2013

**Request for Proposals for California American Water
Monterey Peninsula Water Supply Project
Desalination Infrastructure**

Site Acquisition	4/23/2012	3/22/2013
Design	3/25/2013	7/26/2013
Driller Procurement	7/29/2013	9/6/2013
Construction	11/1/2013	3/6/2014
Operation	3/7/2014	11/13/2014
<u>DB Delivered Items</u>	4/1/2013	12/7/2017
DB Contract Procurement	4/1/2013	10/31/2013
Design/Construction/ Startup	1/9/2015	12/7/2017
<u>DBB Delivered Items</u>	12/31/2012	7/24/2017
Design Contract Procurement	12/31/2012	10/25/2013
Design	1/13/2014	7/13/2015
Bid	7/14/2015	8/24/2015
Construction/Startup	8/25/2015	7/24/2017
DECISION ON GWR	10/1/2015	10/1/2015
<u>GWR PROJECT</u>	3/1/2013	3/1/2017
Environmental Planning	3/1/2013	5/22/2014
Pilot Plant Testing and Develop Final Design	7/1/2013	1/2/2015
Final Design	3/3/2014	6/19/2015
Construction	3/2/2015	3/1/2017

2.4. AVAILABLE REPORTS AND MATERIALS

Certain Project and Project Site-related and relevant background information is available for review by the Proposers at the Project Website. The following documents are (or will be) available for review on the Project Website:

- Phase I Environmental Site Assessment, October 2012
- Geotechnical Baseline Report (pending completion)
- Topographic Site Survey
- Coastal Development Permit Application for the Monterey Bay Regional Desalination Project, March 31, 2011
- CPUC Application A.12-04: Application of California-American Water Company (U210W) for Approval of the Monterey Peninsula Water Supply Project and Authorization to Recover all Present and Future Costs in Rates.

- Governance Committee Agreement
- California-American Water Company, Coastal Water Project, Final Environmental Impact Report, October 30, 2009
- Coastal Water Project Pilot Report, May 2010

2.5. ACCURACY OF RFP AND RELATED DOCUMENTS; RELIANCE ON ORAL COMMENTS

Except as specifically set forth in the draft DB Agreement, CAW neither makes any representation or warranty with respect to nor assumes any responsibility for the appropriateness, completeness or the accuracy of this RFP or any of the related documents, addenda or information provided in connection with this RFP, including the available reports and materials provided on the Project Website. Under no circumstances shall a Proposer to this RFP rely on oral statements made on behalf of CAW or any of their respective agents, employees, contractors, advisors or consultants. To the best of its ability, CAW has tried to provide timely and up-to-date information; however, CAW cannot guarantee the accuracy or completeness of all data provided. Thus, Proposers are cautioned to use their best judgment in determining how to use the data and information provided, and whether or not further independent research and due diligence is required for the preparation of their Proposals and the subsequent delivery of the Design-Build Work under the DB Agreement. Except as specifically provided in the DB Agreement (e.g. the Geotechnical Baseline Report), no information derived from any part of the foregoing documents, this RFP or from CAW or any of their respective agents, employees, contractors, advisors or consultants shall relieve the DB Entity from any risk or from fulfilling all terms of the DB Agreement.

2.6. PROJECT SITE

2.6.1 Project Site Description

The Project Site is to be located on an approximately 46 acre site of currently vacant and undisturbed land owned by CAW. The Project Site is primarily situated within an agricultural area of Monterey County near the City of Marina. The Project Site is generally located to the north of Charles Benson Road, south of the Salinas River, east of State Route 1 and Del Monte Boulevard and west of Nashau Road, near the City of Marina, unincorporated County of Monterey, California. The Last Chance Mercantile and the Monterey Regional Waste Management District adjoin the Project Site to the east.

The Project Site consists of APN (assessor's parcel number) 229-011-021. The Project Site ranges from approximately 40 feet above mean sea level (msl) to 100 feet msl and slopes to the northeast towards the Salinas River. An unimproved roadway is in the central portion of the Project Site.

Refer to Appendix 1 of the draft DB Agreement for additional details and information about the Project Site.

2.6.2 Project Site Preparation

CAW does not intend to perform any Project Site preparation work prior to entering into the DB Agreement with the DB Entity.

2.6.3 Project Site Access during the Proposal Period

CAW will provide appropriate opportunities to each Proposer, at its own cost and expense, to visit the Project Site. Proposers may only access the Project Site after obtaining written authorization from CAW and may be required to enter into a site access agreement with CAW as a condition of such authorization. Access shall be allowed only by appointment on weekdays between 8:00 a.m. and 5:00 p.m. PST.

2.6.4 Geotechnical Testing

CAW will undertake geotechnical testing at the Project Site and will post the data (the “Geotechnical Baseline Report”) from such testing on the Project Website when such testing is concluded. CAW will attempt to post such report as early as possible during the Proposal preparation process. Proposers shall assume subsurface geotechnical conditions at the Project Site as reflected in the Geotechnical Baseline Report set forth in Appendix 1 of the draft DB Agreement. Each Proposer shall in its Proposal describe its foundation design and associated assumptions which shall in part be based upon the Geotechnical Baseline Report posted on the Project Website. The draft DB Agreement will provide relief for differing subsurface conditions discovered during the geotechnical investigations undertaken following execution of the DB Agreement which could not have been reasonably anticipated from the Geotechnical Baseline Report (as well as relief from other specified site conditions identified in the draft DB Agreement) which materially and adversely affect the DB Entity. In light of such risk allocation, foundation designs and associated stated assumptions which do not appear reasonable to CAW may be evaluated accordingly. CAW will attempt to accommodate requests from Proposers to perform their own independent geotechnical testing during the procurement process.

2.7. PILOT TESTING STUDY

As it is anticipated that the slant wells will not be installed and raw water will not be available until the construction phase of the Project is underway, there is no requirement by CAW or opportunity for pilot testing to occur. Pilot testing was conducted in 2008-2009 at the Moss Landing Power Plant, and the pilot report (Coastal Water Project Pilot Report, May 2010) is included in the list of reference documents. Proposers should make conservative allowances for the unknowns associated with the lack of pilot testing data from the future slant wells. Raw Water can be supplied from the Sand City desalination plant for pilot testing up to 500 gallons per week. Proposers are encouraged to make their own arrangements for local Pacific Ocean water testing if they deem appropriate.

2.8. FACILITY CAPACITY

The Base Project shall be designed such that the capacity that can be treated and delivered with the largest single pump or RO train out of service (the “Rated Capacity”) shall be either 9.6 mgd or 6.4 mgd depending on the outcome of the GWR project as described in Section 2.2 of this RFP. A decision on the Rated Capacity will be made by the Construction Commencement Date. Section 2 of Appendix 2 of the draft DB Agreement identifies items that shall be designed to have a Rated Capacity of 9.6 mgd regardless of the final decision on Rated Capacity. Section 2 of Appendix 2 of the draft DB Agreement also includes a table describing the items that shall be designed to be capable of being downsized if the final decision is for a Rated Capacity of 6.4 mgd. Proposers are to propose on Proposal Form 13A the reduction to the Fixed Design-Build Price if CAW elects a 6.4 mgd Rated Capacity.

2.9. SCOPE OF SERVICES

The required scope of services is set forth in detail in the draft DB Agreement and is summarized below.

2.9.1 Design and Construction Requirements

The Design and Construction Requirements are set forth in Appendix 2 of the draft DB Agreement. The proposed design of the Design-Build Improvements must be in compliance with the Design and Construction Requirements set forth in Appendix 2.

Notwithstanding the Design and Construction Requirements or any other information or requirement provided by CAW in connection with this RFP, the DB Entity shall be fully responsible for the design and construction of the Project and for ensuring that the Project meets the Acceptance Criteria in accordance with the DB Agreement.

The design described in Appendix 2 of the draft DB Agreement represents the Base Project. Proposals must include the Base Proposal and pricing of the Base Project (as well as for the 6.4 mgd, UV disinfection and post-stabilization alternatives set forth on Proposal Forms 13A, 13B, and 13C). Proposals that do not include the Base Project in compliance with Appendix 2 of the draft DB Agreement (and the required alternatives on Proposal Forms 13A, 13B, and 13C) will be rejected. CAW will also entertain voluntary alternative proposals for each element of the Project (“Voluntary Alternative Proposals”). Each such Voluntary Alternative Proposal shall be set forth using Proposal Form 13D and shall include detail sufficient for CAW to evaluate each element of the Voluntary Alternative Proposals individually including price impact, comparison of its advantages and disadvantages to the Base Project, and its anticipated effect on operation and maintenance costs and contact information to allow CAW to perform diligence where such alternative has been implemented. CAW may elect to choose any or all such Voluntary Alternative Proposals at its sole discretion. Proposers are encouraged to raise any contemplated significant deviation from the Design and Construction Requirements included in Appendix 2 of the draft DB Agreement at the individual Proposer pre-Proposal technical interview.

CAW encourages Proposers to include additional environmentally beneficial and sustainable design concepts with their Proposals that are consistent with the EIR.

2.9.2 Basic Performance Requirements

The DB Agreement will require the DB Entity to provide a quality assurance and quality control program during the design and construction phases of the Project. In performing the Design-Build Work, the DB Entity shall comply with the Contract Standards, which include all requirements of Applicable Law, Good Engineering and Construction Practice and Good Industry Practice.

The design of the Design-Build Improvements and the quality of the water it produces must meet all the requirements of the California Safe Drinking Water Act and all the drinking water regulations of the California Department of Public Health (“CDPH”), including maximum contaminant limits and notification levels. In addition, the Design-Build Improvements must be designed to meet the requirements established by CAW in Appendix 2 of the draft DB Agreement.

The DB Entity will begin the performance of the Design-Build Work on the Contract Date, but must satisfy all Construction Date Conditions prior to the commencement of physical construction of the Project. The DB Entity will be required to achieve Acceptance of the Project by the Scheduled Acceptance Date as proposed on Proposal Form 12. To achieve Acceptance, the Project must demonstrate that the Acceptance Standards set forth in Appendix 7 of the draft DB Agreement have been achieved pursuant to the testing protocol identified in such Appendix.

2.9.3 Environmental Compliance

The DB Entity will be required to perform its design and conduct its construction activities consistent with the EIR and such that no action or inaction on the part of the DB Entity will result in non-compliance with any mitigation requirements, environmental and cultural constraints and stipulations included in permits, easements and other grants of access to property owned by federal and state governments and by private concerns. The DB Entity will be required to prepare and implement strategies to mitigate unavoidable impacts and otherwise comply with all applicable mitigation requirements.

Additional environmental compliance requirements for the DB Entity are set forth in the implementing regulations of the Clean Water Act, the Endangered Species Act, the National Historic Preservation Act, and the Migratory Bird Treaty Act.

2.9.4 Design

The DB Entity will have full responsibility for design of the Project. Proposals must equal or exceed the minimum requirements set forth in the Appendices of the draft DB Agreement. Each Proposer must verify that its Proposal will achieve the Acceptance Criteria. CAW will require interim and final submittals of the design of the Project. Pursuant to the Governance Committee

Agreement, a value engineering process will be undertaken at the 30% design level. The design prepared by the DB Entity will be required to incorporate the Design and Construction Requirements set forth in Appendix 2 of the draft DB Agreement. Design information included in the selected Proposer's Proposal will be incorporated into Appendix 2 prior to execution of the final DB Agreement.

2.9.5 Equipment Procurement

Appendix 2 of the draft DB Agreement provides lists of manufacturers for particular types of equipment and systems to be incorporated into the Project. To ensure that CAW's quality objectives are met, the Proposer must comply with these requirements and unless a Voluntary Alternative Proposal is accepted by CAW which modifies such requirements, the DB Entity must not deviate from such requirements during design and construction.

2.9.6 Construction

The DB Entity will have full responsibility for construction of the Project, including safety of the Project Site and the construction work and all means and methods of construction. All construction work will be required to conform to the Design and Construction Requirements set forth in Appendix 2 of the draft DB Agreement and the General Design-Build Work Requirements included in Appendix 4 of the draft DB Agreement. The DB Entity will be required to perform all construction work in compliance with the Contract Standards, including all environmental and other stipulations, conditions and mitigation requirements set forth in the various requirements and permits, approvals and grants of rights to CAW property access and use. The DB Entity will be required to provide for the observation of its construction work by CAW and regulatory agencies.

2.9.7 Commissioning and Pre-Acceptance Test Testing

Pre-Acceptance start-up of equipment and systems shall be performed as described in Appendix 4 of the draft DB Agreement. Prior to Acceptance Testing of the Project, the DB Entity will be required to perform a series of equipment and systems testing tasks and activities intended to demonstrate individual systems, equipment and components of the Project with respect to operability and compliance with applicable requirements, including the Design and Construction Requirements included in Appendix 2 of the draft DB Agreement.

A 24-hour initial plant performance test of the complete Project described in Appendix 4 of the draft DB Agreement must be successfully completed by the DB Entity before Acceptance Testing is initiated. In addition, a 14-day run-in period will be required in accordance with Appendix 4 of the draft DB Agreement.

2.9.8 Acceptance Testing

The DB Entity will be required to successfully complete Acceptance Testing of the Project using CAW personnel in accordance with the approved Acceptance Test Plan as a condition of

achieving Acceptance. The DB Entity will closely monitor CAW staff during testing. Acceptance Testing standards and criteria are included in Appendix 7 to the draft DB Agreement. The period for Acceptance Testing will be sixteen (16) days. CAW may elect to delay the DB Entity's performance of the Acceptance Test in the event that improvements to be performed by CAW that are necessary for operation of the Project are not completed. If such delay is elected by CAW, the DB Entity will be entitled to reasonable price relief for the period of such delay, and the Scheduled Acceptance Date will be adjusted for the period of such delay.

2.9.9 Quality Management

To help ensure that a comprehensive and effective Design-Build Quality Management Plan is implemented by the DB Entity to achieve CAW objectives and that the contractual requirements pertaining to quality are met, certain minimum requirements for the Design-Build Quality Management Plan are set forth in Appendix 5 of the draft DB Agreement. Proposers must include a Design-Build Quality Management Plan meeting the minimum requirements of Appendix 5 as part of their Proposals. The plan will include management and organization; personnel qualification and training; procurement items and services; documents and records; computer hardware and software; planning; implementation of work processes; assessment and response; and quality improvement.

2.9.10 Operation and Maintenance Training

The DB Entity will be required to train CAW employees prior to Substantial Completion, as more fully described in Appendix 2 of the draft DB Agreement.

2.9.11 Specialized Maintenance Design-Build Work

A number of specialized maintenance service contracts will be required to be provided by the DB Entity for certain systems and major equipment installed as part of the Project. The specific contracts that will be required are described in Appendix 2 of the draft DB Agreement.

2.9.12 Proven Technologies

CAW will consider only the application and implementation of proven technologies or technologies identified by CAW as allowable exceptions. For the purposes of this Project, a proven technology is any technology or process related to water treatment, disinfection, and solids handling that has been installed and operated at a water treatment facility and concurrently meets all of the following at that facility:

1. is supplied by a sea water source,
2. is serving potable water to the public to a community water supply,
3. is available for inspection by CAW,

4. meets all CDPH technology limitations and requirements for issuance of permits,
5. for filtration technologies, is a listed filtration technology or alternative filtration technology on CDPH approved filtration technology listings,
6. if other than a membrane technology, is currently in operation and has been operating for at least the last two years prior to June 1, 2013, under similar untreated water quality conditions (or for solids handling technologies, with similar solids characteristics), and has been operating at a modular size at least as large, and rate of operation at least as great as that proposed,
7. if a membrane technology, the proposed membrane unit process, is in operation at the same modular size and design flux as proposed, and, if it has been operating for less than two years prior to June 1, 2013, under similar or less favorable untreated water quality conditions, the Proposer has provided as part of its Proposal a rationale for proposed use of this technology in this application as well as detailed operating data and performance history demonstrating its efficacy and applicability for this Project.

Notwithstanding the foregoing, any Proposer may request that CAW consider an exception to the definition of a proven technology and receive feedback regarding such request at the pre-Proposal technical interview described in Section 3.1 of this RFP. Any such exception must meet the following requirements:

1. The treatment technology must be commercially available and in current commercial operation at a modular or process size similar to or greater than the proposed Rated Capacity,
2. The treatment technology must qualify for permitting based on all CDPH technology limitations and requirements for issuance of permits
3. The reference project must be available for independent inspection by CAW, and
4. The submittal must include the following documentation:
 - name, location, and description of water treatment facility(ies) where treatment process or technology is currently operating,
 - years of operation,
 - detailed operating data and performance history demonstrating its efficacy and applicability for this Project,
 - rationale for proposed use of this technology or process in this application, and

- technical report demonstrating that the technology proposed meets CDPH requirements for issuance of a permit.

CAW will review any such proposed treatment technologies or processes and will determine whether it is objectionable or non-objectionable to CAW. If an exception requested by a Proposer is found to be non-objectionable by CAW, the Proposer will be permitted to propose such allowable exception. In order to facilitate CAW review of any proposed treatment technologies, Proposer should provide sufficient detailed information to CAW prior to the pre-Proposal technical interview. Permission to submit any treatment technology will not shift any risk to CAW.

Proposers are responsible for determining CDPH requirements as part of their Proposals. The DB Entity will be solely and exclusively responsible and liable for the design, construction, and demonstration of testing standards of the proposed Project. The Proposer bears the risk of CDPH approval or rejection of its design.

Following the pre-Proposal interview process, CAW may eliminate any technology or any aggressive design of a technology or a treatment process train which it deems objectionable for any reason. Any Proposer proposing a technology or treatment process train at the pre-Proposal interview which is determined to be objectionable by CAW will be informed in writing following the pre-Proposal interview process of such determination.

CAW has determined that the following technologies or chemicals are not allowed as part of the Project:

- Any desalination technology other than reverse osmosis
- Post-treatment systems using calcium chloride
- Any water treatment or sludge handling technology that is not either (a) proven or (b) an allowable exception, which has been proposed by the Proposer and found non-objectionable by CAW
- Any residual disinfectant in treated water other than free chlorine
- Chlorine gas, either under pressure or as a liquefied gas

2.9.13 Governmental Approvals

The DB Entity will be responsible for identifying all required Governmental Approvals and the schedule for obtaining such Approvals on Proposal Form 23. The DB Entity will be responsible for obtaining and maintaining all Governmental Approvals necessary for the performance of the Design-Build Work except for those Governmental Approvals identified in Appendix 3 of the draft DB Agreement which will be the responsibility of CAW. The cost and expense of obtaining all required Governmental Approvals (other than CAW-designated Governmental

Approvals identified in Appendix 3), including all application fees, will be the DB Entity's responsibility and therefore priced into the Fixed Design-Build Price.

The DB Entity will provide CAW adequate time to review and comment on any submittals as set forth in the draft DB Agreement.

The DB Entity must comply with all Governmental Approvals, including CAW-designated Governmental Approvals, in performing the Design-Build Work. Proposers are encouraged to contact and meet with regulatory agencies, and utilities with respect to any matters relating to the Governmental Approvals that may be required for this Project or for their preparation of their Proposals.

CAW recognizes that the activities necessary to secure the Governmental Approvals are extensive. As the owner, operator, and permit holder of the Project, CAW has an interest in the ability of the DB Entity to successfully obtain the necessary Governmental Approvals for the design, construction and testing of the Project. Therefore, as set forth in the draft DB Agreement, CAW will cooperate with the DB Entity and will review and comment on permit applications and supporting materials submitted by the DB Entity in the permitting processes. In no event, however, shall CAW's assistance to the DB Entity in the permitting process result in any liability to CAW or release the DB Entity from its obligation to obtain all Governmental Approvals necessary for the design, construction, and testing the Project.

2.9.14 Post-Acceptance Obligations

It is important to CAW that the Project perform in accordance with the performance standards set forth in Appendix 7 of the draft DB Agreement throughout its useful life. In an effort to ensure such performance, CAW will require that all equipment be warranted for at least one year after the Acceptance Date, and CAW is considering requiring the DB Entity to obtain extended equipment warranties for certain major pieces of equipment for multiple years beyond the Acceptance Date.

CAW intends to discuss appropriate contractual mechanisms to achieve CAW's post-Acceptance objectives with each Proposer during the pre-Proposal interviews. Following such interview process CAW will formulate a reasonable approach based upon the discussions with Proposers and will issue an addendum which reflects the DB Entity's post-Acceptance obligations. While the final approach has not been determined at this time, CAW will not require the DB Entity to operate the Design-Build Improvements following Acceptance.

2.10. DRAFT DB AGREEMENT

2.10.1 Purpose and Scope

The scope of services described in Section 2.9 is reflected in the draft DB Agreement included as Schedule 1 to this RFP. The draft DB Agreement along with its corresponding Appendices shall serve as the intended form of the contract between CAW and the DB Entity. Specific

information from the selected Proposal will be incorporated into the final DB Agreement including, but not limited to, drawings, specifications, equipment lists, pricing, and the Proposed Scheduled Acceptance Date.

The DB Agreement will contain the entire agreement between the parties with respect to the Design-Build Work. Once executed, the DB Agreement will completely and fully supersede all other agreements of CAW and the DB Entity.

2.10.2 Proposed Changes to the DB Agreement or Appendices

Proposers may request changes to the terms and conditions of the draft DB Agreement included with this RFP in writing prior to or during the pre-Proposal contractual interview. Proposers are encouraged to submit any such requests in advance of the interview as described in Section 3.1. Following the interviews, CAW will issue an addendum which reflects changes to the draft DB Agreement based upon issues raised during the pre-Proposal interviews that CAW is willing to accommodate.

CAW requests Proposers to base their Proposals on the terms and conditions set forth in the draft DB Agreement included with this RFP as amended by addendum. Acceptance of the terms and conditions of the draft DB Agreement will be a factor in the evaluation of Proposals, as detailed under Section 5 of this RFP. CAW recognizes, however, that Proposals may be conditioned on the mutual resolution of particular issues. To the extent that a Proposer intends to condition its Proposal on particular changes of the draft DB Agreement, such changes shall be identified through submission of a markup version of the draft DB Agreement in a Microsoft Word document using track changes. Proposers are cautioned that significant deviations from the terms and conditions set forth in the draft DB Agreement may result in fewer or no points being awarded to the Proposer under the business terms and conditions evaluation criterion. In addition, to the extent that proposed changes to the terms and conditions substantially change the nature of the transaction or the scope of services, CAW may reject the Proposal in its sole discretion as non-responsive to the requirements of this RFP.

In evaluating proposed terms and conditions, CAW will assume that the Proposer's markup includes all suggested changes and that the Proposer accepts all terms and conditions that are not specifically addressed in the tracked changes draft. Except with respect to changes in law occurring between the Proposal date and the Contract Date, CAW does not intend to discuss or negotiate any issue, term or condition that is not specifically identified in the Proposer's markup. In the event that the Proposer selected for negotiations raises any such issue, term or condition, CAW reserves the right to suspend or terminate negotiations with the selected Proposer and to commence negotiations with the next highest ranked Proposer. The process for the negotiation of the DB Agreement is further described in Section 3.11 of this RFP.

2.11. UTILIZATION OF WOMEN, MINORITY, AND DISABLED VETERAN OWNED BUSINESS ENTERPRISES

CAW acknowledges the contributions of women, minority and disabled veteran business enterprises (“WMDVBE”) to California’s economy, in part, through CPUC General Order 156. In accordance with CPUC General Order 156, CAW is committed to promote and facilitate full participation in these programs. Please also refer to the 2012 Annual Report to the CPUC on Diversity and Inclusion. This report can be found on the Project Website.

CAW has established a combined WMDVBE participation goal for the Project of twenty-one and one-half percent (21.5%) of the Fixed Design-Build Price.

Proposers must prepare and submit a WMDVBE Subcontracting Commitment Utilization and Reporting Plan (“WMDVBE Utilization Plan”) as part of its response to this RFP. The WMDVBE Utilization Plan is a written commitment to contract with WMDVBEs that have been certified through the CPUC’s Supplier Clearinghouse, as part of the Project.

CAW will require that the DB Entity monitor and report the continued implementation of the WMDVBE program goals, as stated in the WMDVBE Utilization Plan, throughout performance of the DB Agreement.

2.12. UTILIZATION OF LOCAL CONTRACTORS AND SUPPLIERS

CAW acknowledges the benefit that the local community receives through utilization of local contractors, laborers, and suppliers.

Proposers must prepare and submit a local resources utilization and reporting plan (“Local Resources Utilization Plan”) as part of its response to this RFP. The Local Resources Utilization Plan is a written commitment to contract with local contractors, subcontractors, sub-consultants, vendors, suppliers, and labor forces.

CAW will require that the DB Entity monitor and report the continued implementation of the Local Resources Utilization Plan throughout performance of the contract.

2.13. LABOR COMPLIANCE AND PREVAILING WAGE

Proposers must comply with all applicable requirements of the California Labor Code, the Department of Fair Employment and Housing regulations set forth in CCR, title 2, sections 8101 *et seq.* Proposer Nondiscrimination and Compliance (2 CCR §§ *et seq.*), and with all applicable federal labor requirements.

CAW has the responsibility for financing the Project. CAW anticipates that a portion of the funding will come from the State’s revolving loan program. Prevailing wages must be paid on projects receiving such funding.

Pursuant to Section 1773 of the California Labor Code, the general prevailing wage rates in the county in which the Design-Build Work is to be performed is determined by the Director of the California Department of Industrial Relations (“DIR”). The general prevailing wage rates for this Project are available from the DIR’s website at <http://www.dir.ca.gov>, copies of which are on file at the offices of CAW and are available to any interested party upon request. Future effective general prevailing wage rates, which have been predetermined and are on file with the DIR, are referenced but not printed in the general prevailing wage rates.

Pursuant to Public Resources Code section 75075 and Labor Code section 1771.5(b), the Project is subject to a statutory requirement to adopt and enforce a labor compliance program for the monitoring and enforcement of prevailing wage requirements.

2.14. EQUAL EMPLOYMENT OPPORTUNITY

Proposers shall not, in connection with the RFP, the Proposal or the DB Agreement, discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, marital status or disability. Proposers shall take affirmative action to ensure that neither employees nor applicants for employment are discriminated against on the basis of race, color, religion, sex, national origin, age, marital status, ethnic group identification, sexual orientation, residence or disability. The areas requiring such affirmative action shall include, but not be limited to, the following: layoffs or terminations; pay rates or any other form of compensation; employment; job assignments; promotions; demotions; transfers; recruitment or recruitment advertising; and selection for training, including apprenticeships, pre-apprenticeships and on-the-job training.

2.15. LICENSING REQUIREMENTS

Proposers, including all major participants of a Proposer’s team, shall possess all licenses applicable to the Project at the time of Proposal submittal. No Proposer may propose on work of a kind for which Proposer is not properly licensed, and any such proposal received will be rejected. The Proposal shall contain evidence that the Proposer, including all major participants, is properly licensed in accordance with the laws of the State of California. Attachment 3 to Proposal Form 1 requires license information for each entity. Members of the Proposer’s team that are not major participants must be licensed no later than the time of execution of a subcontract with the DB Entity. All joint ventures must have a joint venture license in compliance with Sections 7029 and 7029.1 of the California Business and Professions Code prior to execution of the DB Agreement.

2.16. EXAMINATION OF CONTRACT DOCUMENTS AND PROJECT SITE

2.16.1 Proposer's Responsibilities

It is the responsibility of each Proposer before submitting a Proposal to:

1. Examine, with appropriate care and diligence, the RFP (including any addenda), and material posted on the website and inform itself with respect to any and all conditions that may in any way affect the amount or nature of its Proposal or the performance of the Design-Build Work, if Proposer enters into the DB Agreement with CAW. The Transmittal Letter (Proposal Form 1) includes an acknowledgment that Proposer has received and reviewed all materials posted thereon. Any failure of Proposer to so examine and inform itself shall be at Proposer's sole risk, and CAW will provide no relief for any error or omission thereto;
2. Become familiar with the Project Site and the general, local or other conditions that may affect cost, progress, performance or furnishing of the Design-Build Work;
3. Become familiar with and satisfy all Applicable Law that may affect cost, progress, performance or furnishing of the Design-Build Work; and
4. Promptly notify CAW of all conflicts, errors, ambiguities, or discrepancies that Proposer has discovered in the RFP.

2.16.2 Site Visits

CAW will make an escorted visit to the Project Site available to Proposers as set forth in subsection 2.6.3. The duration of the Project Site visit will be between four (4) and eight (8) hours, at the discretion of CAW. CAW will provide written notification of the meeting location and other logistical information following a request for a visit.

During Project Site visits, Proposers may ask questions and CAW may provide responses. However, any responses provided by CAW during Project Site visits shall not be relied upon and will not be binding or legally effective. Only official addenda issued by CAW are binding.

2.16.3 Site Conditions

Before submitting a Proposal, each Proposer will be responsible to obtain such additional or supplementary examinations, investigations, explorations, tests, studies and data concerning conditions at or contiguous to the Project Site or otherwise, which may affect cost, progress, performance or furnishing of the Design-Build Work or which relate to any aspect of the means, methods, techniques, sequences or procedures of construction to be employed by Proposer and safety precautions and programs incident thereto or which Proposer deems necessary to prepare

its Proposal for performing and furnishing the Design-Build Work in accordance with the time, price and other terms and conditions of the DB Agreement. With respect to subsurface geotechnical conditions, the Proposer may rely on the Geotechnical Baseline Report in the preparation of its Proposal. If a Proposer undertakes any testing at the Project Site, the Proposer must restore the Project Site to its pre-existing condition following the completion of its testing.

2.16.4 Work at the Site by Others

CAW will make available to Proposers through the Project Website information relating to the nature of work that is to be performed at the Project Site by CAW or others (such as utilities) that relates to the Project.

2.16.5 Hazardous Materials and Other Specified Conditions

The provisions of subsection 2.16.3 above do not apply to Regulated Site Conditions and Specified Subsurface Conditions as defined in Article I of the draft DB Agreement.

2.17. CHANGES IN PROPOSER'S ORGANIZATION

For any Proposer to remain qualified to submit a Proposal after it has been shortlisted, the Proposer's organization as represented in its SOQ must remain intact for the duration of this procurement, unless otherwise approved in writing by CAW. Each Proposal shall include a completed Proposal Form 6, Verification of Statement of Qualifications Information.

If a Proposer wishes to change the organization represented in its SOQ (by adding, removing, or substituting an equity ownership interest, major participant or Key Personnel identified in its SOQ, or by changing the role of one of these entities or individuals), Proposer must submit to CAW a written request to change its organization.

CAW is under no obligation to approve such requests and may approve or disapprove in writing a portion of the request or the entire request at its sole discretion.

2.18. SECURITY FOR PERFORMANCE

The DB Entity will be required to provide the following security for performance in connection with the Project: Guaranty Agreement, payment and performance bonds in an amount equal to the Design-Build Price, warranty bond in an amount equal to twenty percent of the Design-Build Price, and a Letter of Credit in the amount of \$1,000,000.

2.19. LIMITATION ON LIABILITY

The DB Agreement will include a limitation on liability provision limiting the DB Entity's liability to CAW to the amount of the Design-Build Price. The limitation on liability will not apply to cost overruns, third party indemnifications, losses or liabilities to third parties or fines or penalties paid to regulatory agencies.

2.20. PROPOSAL BOND

Each Proposal shall include a cashier's check, certified check, or a bond (the "Proposal Bond") made payable to the "California-American Water Company," in an amount equal to at least twenty percent (20%) of the proposed Fixed Design-Build Price. CAW will not consider any Proposal unless one of the forms of Proposer's security is enclosed therewith. If Proposer's security is a Proposal Bond, it must be executed using Proposal Form 22.

Each Proposal Bond will be retained until the DB Agreement has been fully executed, after which the Proposal Bond for each unsuccessful Proposer, except those Proposal Bonds which have been forfeited, will be returned to the respective Proposers. The Proposal Bond for the successful Proposer shall be returned at such time as Proposer has satisfied all conditions of execution set forth in the DB Agreement.

The Proposal Bond shall be executed as surety by a corporation authorized to issue surety bonds in the State of California, with a rating of A- or better and a Financial Size Category of VIII or better by A.M. Best Company.

Proposer understands and agrees that CAW shall have the right to draw on the Proposal Bond in its entirety if the Proposer:

1. withdraws, repudiates or otherwise indicates in writing that it will not meet all or any part of its commitments made in its Proposal;
2. is selected for negotiation of the DB Agreement, but fails to negotiate in good faith, or otherwise fails to meet the conditions of award and execution as set forth in this RFP; or
3. the occurrence of any other forfeiture event or condition set forth in the Proposal Bond.

Each Proposer, by submittal of its Proposal, shall be deemed to have agreed to the foregoing.

SECTION 3

DESCRIPTION OF PROCUREMENT PROCESS

3.1. PROCUREMENT PROCESS SCHEDULE

A summary schedule of the major activities associated with this solicitation process is presented below. This procurement schedule is based on CAW’s intent to execute a draft DB Agreement to be effective on November 15, 2013. The deadline is based on CAW’s objective to initiate operation of the Project by, or as close to, January 1, 2017 as possible.

RFP Process	Approximate Date
RFP and draft DB Agreement issued to Pre-qualified Respondents	June 17, 2013
Mandatory RFP Pre-proposal conference	July 9, 2013
Interviews with Proposers to discuss technical issues	July 9 – July 12, 2013
Interviews with Proposers to discuss legal/contractual issues	July 15 – July 18, 2013
Proposer comments on draft DB Agreement and written questions due	July 31, 2013
CAW issues revised DB Agreement and distributes answers to written questions	August 16, 2013
Project Proposals due	September 17, 2013
Proposal Interviews	September 30 – October 3, 2013
Selection of preferred Proposer	October 9, 2013
Final draft DB Agreement and all Proposals to Governance Committee for recommendation	October 21, 2013
Agreement Execution	November 15, 2013

Proposers are encouraged, but not required, to submit written questions on legal/contractual and technical issues at least three business days in advance of each of their July 9 - July 18, 2013 interviews with CAW in order to facilitate those discussions. Where written comments or submittals are required, all such documents shall be submitted no later than 3:00 p.m. PST on the day specified. CAW reserves the right to modify any or all of the above dates at its sole discretion at any time during this procurement process.

3.1.1 Pre-Proposal Interviews

As set forth in the schedule included in Section 3.1 above, CAW will hold pre-Proposal technical and legal/contract interviews with each short-listed Proposer. These interviews are intended to, among other things, allow Proposers to raise proposed alternatives to the Minimum Design Requirements, to discuss proposed changes to the draft DB Agreement, and to discuss appropriate mechanisms to ensure/optimize post-Acceptance operations so that CAW's long-term objectives are achieved. Following the interview process, CAW will (i) inform each individual Proposers if the alternative technology discussed at its interview would be entertained as a Voluntary Alternative Proposal and (ii) issue an addendum to reflect changes to the draft DB Agreement based upon the interview including any post-Acceptance obligations. Proposers are encouraged to submit information regarding any proposed changes in advance of the interviews at least three business days in advance of an interview in order to maximize the value of the discussions at the interview.

3.2. SELECTION COMMITTEE

The Selection Committee will review the Proposals submitted, review the evaluation information provided by the technical, financial and legal advisors, conduct interviews with each Proposer, and rank the Proposals using the criteria detailed in Section 5 of this RFP.

3.3. CAW RIGHTS AND OPTIONS

This RFP constitutes an invitation to the Pre-qualified Respondents to submit Proposals to CAW. CAW reserves, holds without limitation and may exercise, in its sole discretion, the rights as set forth below. Such rights are in addition to and shall not serve to limit any of the specific rights and conditions set forth in this RFP. By responding to this RFP, Proposers acknowledge and consent to the following CAW rights:

1. CAW reserves the right to waive any defect, technicality or any other minor informality or irregularity in any Proposal.
2. CAW reserves the right to eliminate any Proposer that submits an incomplete or inadequate response, or is not responsive to the requirements of this RFP, or is otherwise deemed to be unqualified during any stage of the procurement process.
3. CAW reserves the right to prepare and issue such amendments and addenda to this RFP prior to the deadline for receipt of all Proposals, including any amendments or addenda that may expand or cancel any portion or all of the work described in this RFP.
4. CAW reserves the right to receive questions concerning this RFP from Proposers and to provide such questions, and CAW's responses, if any, to all Proposers.

5. CAW reserves the right to request clarifications of information submitted in the Proposals.
6. CAW reserves the right to modify or terminate the procurement process by written notice to the Proposers for any reason whatsoever.
7. CAW reserves the right to change or alter the schedule for any events associated with this procurement process upon notice to the Proposers, including, without limitation, the date for receipt of Proposals or any other deadlines and dates set forth in this RFP.
8. CAW reserves the right to issue subsequent RFPs.
9. CAW reserves the right to conduct investigations with respect to the experience of any team member included in a Proposal and to request additional evidence to support any such information.
10. CAW reserves the right to visit and examine any of the facilities referenced in the Proposals or SOQs and to observe and investigate the operations of such facilities.
11. CAW reserves the right to interview one or more of the Proposers, in CAW's sole discretion, in order to obtain clarification of information provided by the Proposer.
12. CAW reserves the right to amend the Contact Services described in the draft DB Agreement, at any time, to omit services therein or to include services not currently contemplated therein.
13. CAW reserves the right to hold public hearings for consideration of the merits of any or all Proposers or Proposals.
14. CAW reserves the right to determine the selected Proposer with whom to negotiate the DB Agreement.
15. CAW reserves the right to discontinue negotiations with the selected Proposer and commence negotiations with the next ranked Proposer.
16. CAW reserves the right to enter into, or decline to enter into, the DB Agreement with the selected Proposer following negotiations.
17. CAW reserves the right, for any reason, to decide not to award a DB Agreement as a result of this procurement process.
18. CAW reserves the right to decide on the most appropriate method for Project implementation, which may include discontinuation of this procurement process and development of the Project via another process elected by CAW.

3.4. EXPENSE OF PROPOSAL PREPARATION

CAW accepts no liability for the costs and expenses incurred by the Proposers in responding to this RFP, responding to clarification requests and attending discussion meetings, preparing any re-submittals, attending potential interviews and negotiations, and any other activities included as part of this procurement process. Each Proposer that enters into the procurement process shall prepare the required materials and submittals at its own expense and with the express understanding that it cannot make any claims whatsoever for reimbursement from CAW or from any of its employees, advisors or representatives for the costs and expenses associated with the process, including, but not limited to, costs of preparation of the Proposal, loss of anticipated profits, loss of opportunity or for any other loss, cost or expense.

3.5. ADDENDA TO RFP

During the period provided for the preparation of Proposals, CAW may issue addenda clarifying or modifying this RFP. Such addenda will be numbered consecutively and will be distributed to Proposers. All RFP addenda will be issued by, or on behalf of, CAW and will constitute a part of this RFP. A list of addenda will be kept on the Project Website. CAW recommends that prior to submitting its Proposal, a Proposer should contact the Procurement Manager to verify the number and subject of the addenda that have been issued. The Proposer shall be responsible for obtaining all addenda prior to submitting a Proposal.

3.6. COMMUNICATIONS PROTOCOL

To ensure fairness during the procurement process, until the DB Agreement is executed or all Proposals are rejected, Proposers and their employees, representatives and agents shall not contact any CAW employee (other than the Procurement Manager); any ineligible firm identified in the RFQ; any County of Monterey official, representative or staff member; any Monterey Peninsula Regional Water Authority official, representative, technical advisory committee member or staff member; or any Monterey Peninsula Water Management District official, representative or staff member on any matter relating to the Project, the MPWSP or this procurement process. Proposers, however, may contact, discuss with, or inquire of any permitting agency, including those identified above, about the Project or the MPWSP but only for the limited purpose and within the limited scope of obtaining information relating to the permitting requirements for the Project. Failure to adhere to these requirements may result in disqualification from the procurement process.

All formal questions regarding interpretations or clarification of the meaning of any part of this RFP or other documents provided by CAW shall be made in writing or by email to Lori Girard (the "Procurement Manager") at the following address:

CALIFORNIA AMERICAN WATER
511 FOREST LODGE ROAD, SUITE 100
PACIFIC GROVE, CA 93950
Attn: Lori Girard, Corporate Counsel

The Proposers shall submit questions and requests for clarifications no later than 5:00 p.m. PST on the date indicated in Section 3.1 of this RFP. All questions and clarification requests shall be in writing, and Proposers are encouraged to submit such questions and clarification requests in advance of the above deadline. Only answers issued by formal written addenda or as posted on the Project Website shall be binding upon CAW. Oral and other interpretations or clarifications shall not be binding and Proposers shall not rely on any such responses.

3.7. USE OF TECHNICAL INFORMATION

By submitting a Proposal, Proposers agree that regardless of whether CAW awards the DB Agreement, CAW shall have the right to use (or permit the use of) all information submitted pursuant to this RFP, including the data, information, concepts and ideas contained therein, without any requirement of providing compensation to the Proposer, for all purposes associated with the continued development, implementation, operation or expansion of the Project. Notwithstanding the foregoing, other than the use of data, information, concepts and ideas contained in the selected Proposer's Proposal for the Project, CAW agrees that any such use of Proposals by CAW without the applicable Proposer's consent shall be at the sole risk of CAW.

3.8. INFORMATION DISCLOSURE TO THIRD PARTIES

Per section V(D) of the Governance Committee Agreement, at the appropriate time CAW will provide the Governance Committee a copy of all responsive SOQs and Proposals received, except for any proprietary information provided by Proposers submitting responsive SOQs and Proposals. If a Proposer identifies proprietary information in its Proposal, CAW will use reasonable efforts to hold in confidence such proprietary information. Notwithstanding the foregoing, CAW will not be responsible or liable in any way for any losses that the Proposer may suffer from the disclosure of information or materials to third parties. Price Proposals shall not be considered proprietary information.

CAW will notify the Proposer of any requests under Applicable Law to disclose any information identified by a Proposer as proprietary. However, it is the responsibility of the Proposer, as the real party in interest, to defend its basis for exemption from disclosure of such information in accordance with Applicable Law.

3.9. CAW RIGHT TO EXAMINE REFERENCE FACILITIES

CAW may examine any of the facilities referenced in the Proposals or in the SOQs. CAW strongly desires not to travel outside of the United States in order to examine a facility. Proposers should therefore identify creative ways for CAW to view facilities (e.g., by means of a video conference, video tape, etc.). The intent of such an examination would be, among other things, to observe and investigate the facility's ongoing quality with respect to operations and maintenance, to observe the quality of construction, to obtain the municipal owner's perspective of how well the Proposer team worked with the owner throughout the project, to evaluate specific equipment or processes used in that project, to determine whether there were problems encountered during start-up and acceptance of the selected facility, to determine if the facility is

meeting the performance criteria for the project, and to determine whether the projected operation and maintenance costs for the project were accurate.

3.10. EVALUATION AND RANKING OF PROPOSALS

The Selection Committee shall evaluate the Proposals in the manner set forth in Section 5 of this RFP. The result of the evaluation shall be a comparative ranking of Proposers.

The evaluation process for Proposals will be similar to that which took place with respect to the SOQs. The Selection Committee will conduct the evaluation and provide the ranking of the Proposals. The Selection Committee will: (i) review the Proposals; (ii) review the evaluation and information provided by CAW's technical, financial and legal advisors; (iii) conduct interviews with each Proposer; and (iv) rank the Proposals using the criteria detailed in Section 5 of this RFP. The Selection Committee will then select the most advantageous Proposer.

The evaluation of the technical and financial qualifications shall be based on the Proposals received in compliance with this RFP (including previously submitted SOQs) and an analysis of other publicly available information with respect to the Proposers. CAW may conduct such investigations, interviews, and site visits as it deems necessary to assist in the evaluation of any Proposal, and to establish to CAW's satisfaction with the responsibility, qualifications, and financial ability of any Proposer.

3.11. NEGOTIATION OF DB AGREEMENT

The Proposer selected for negotiations shall be determined based upon the evaluation and ranking of the Proposals by the Selection Committee consistent with the requirements set forth in this RFP.

Proposers are reminded that, pursuant to Section 3.7 of this RFP, acceptance of any suggestions included in the Proposer's markup of the draft DB Agreement submitted by the Proposer is at CAW's sole discretion and that CAW does not intend to discuss or negotiate any issue, term or condition that is not specifically identified therein. At any time during the negotiation process, CAW may decide that it is in CAW's best interests to terminate negotiations with the selected Proposer. In such event, CAW may elect to commence negotiations with the next highest ranked Proposer, to terminate this procurement, or to re-solicit proposals under this, or a different, RFP. As shown on the schedule set forth in Section 3.1, CAW does not intend to have an extended period of negotiation. The pre-Proposal legal/contractual meetings are intended to provide the Proposers the opportunity to express significant objections to the draft DB Agreement. It is the intent of CAW to revise the draft DB Agreement following such meetings and to issue an addendum to reflect any changes which CAW believes are reasonable and in the best interest of the Project.

SECTION 4

PROPOSAL REQUIREMENTS

4.1. OVERVIEW OF SUBMISSION REQUIREMENTS AND DESIGN CRITERIA FOR PROPOSALS

Proposers shall submit a fully developed Proposal in accordance with the instructions provided in this Section. In addition to textual discussions, Proposers shall submit design drawings, diagrams, reports, and shall complete the Proposal Forms included with this RFP. In preparing all textual discussions contained within the various sections of the Proposal, Proposers should reference applicable design drawings, diagrams, reports, and Proposal Forms to assist CAW in its evaluation of the Proposal.

Proposals shall meet or exceed the Design and Construction Requirements set forth in Appendix 2 of the draft DB Agreement. In order to enable CAW to evaluate the technical merits of a Proposal, Proposers shall provide sufficient information and design details in their Proposals to demonstrate compliance with the Design and Construction Requirements, the Acceptance Criteria and the other Contract Standards.

Proposers shall provide the information requested in this RFP in accordance with the format and content requirements outlined in this Section. Failure of the Proposer to provide all of the requested information and to provide it in the requested format may result in CAW, in its sole discretion, determining that the Proposal is non-responsive to the requirements of this RFP.

4.2. PROPOSAL FORMAT

Each Proposal shall be spiral bound (or similar) and shall consist of four sections in accordance with the format outlined below. Section 3.0 (Technical Proposal) shall be separately bound from Sections 1.0, 2.0 and 4.0 so that the Technical Proposal can be submitted in a separate envelope. Narrative pages shall be 8-1/2 inches by 11 inches, printed on one side only and typed with a minimum 11-point font (unless otherwise stated). All descriptive text on diagrams and figures must be easily readable. Proposers shall incorporate graphics (*e.g.*, process flow diagrams and drawings) as necessary to clearly present their Proposals. All drawings, diagrams and other graphics should be prepared to scale where possible, and if otherwise prepared, such drawing, diagram or graphic shall clearly indicate the manner in which it has been presented. Drawings shall include a title page with drawing names and numbers. Drawings shall be arranged by discipline, bound, and shall be printed on paper sized 11 inches by 17 inches. A clear and concise presentation of information is encouraged within the size limitations established for the Proposal. Proposals shall be in the English language and shall use units of measurement commonly utilized in the United States.

Failure of the Proposer to organize the information as required by this Section of this RFP may result in rejection of the Proposal by CAW, in its sole discretion, deeming the Proposal unresponsive to the requirements of the RFP. Proposers may reduce the repetition of identical

information within the several sections of Proposals by making the appropriate cross-references to other sections of their Proposals and Proposal Forms. Appendices for certain technical information, such as drawings, charts, forms and tables may be used to facilitate Proposal preparation.

The complete Proposal format requirements are outlined as follows:

Section 1.0 Executive Summary

- A. Proposal Form 1: Transmittal Letter
- B. Executive Summary
- C. Project Abstract
- D. Proposal Form 2: Non-Collusion Affidavit
- E. Proposal Form 3: Disclaimer Statement

Section 2.0 Project Team Information

- A. General Project Team Information
- B. Proposal Form 4: Guarantor Acknowledgment
- C. Proposal Form 5: Key Personnel
- D. WMDVBE Utilization Plan
- E. Local Resources Utilization Plan
- F. Proposal Form 6: Verification of SOQ Information
- G. Proposal Form 7: Financial Capacity Data
- H. Proposal Form 8: Surety Letter of Intent to Issue a Performance Bond
- I. Proposal Form 9: Surety Letter of Intent to Issue a Payment Bond
- J. Proposal Form 10: Bank Letter of Intent to Issue a Letter of Credit
- K. Proposal Form 11: Insurance Company Letter of Intent
- L. Additional Financial Information

Section 3.0 Technical Proposal

- A. Overview and Description of the Project
- B. Scope of Geotechnical Investigation
- C. Basis of Design Report Submitted with Proposal
- D. Drawings Submitted with Proposal
- E. Listing of Drawings and Specifications
- F. Preliminary External Architecture Treatment, Renderings, and Landscaping Plan
- G. Approach to Sustainable Building
- H. Proposal Form 12: Preliminary Project Schedule, Scheduled Construction Date, and Scheduled Acceptance Date
- I. Plan for the Performance of the Design-Build Work
- J. Plan for Transition and Acceptance Testing
- K. Alternative Proposals
- L. Proposal Form 23: Governmental Approvals Schedule

Section 4.0 Business and Price Proposal

- A. Summary of Business Proposal
- B. Proposal Form 13: Fixed Design-Build Price
- C. Proposal Form 13A: Fixed Design-Build Price for Reduced Capacity
- D. Proposal Form 13B: Required Alternative Proposals for 9.6 mgd Facility
- E. Proposal Form 13C: Required Alternative Proposals for 6.4 mgd Facility
- F. Proposal Form 13D: Voluntary Alternative Proposals
- G. Proposal Form 14: Estimated Drawdown Schedule for 9.6 mgd Facility
- H. Proposal Form 14A: Estimated Drawdown Schedule for 6.4 mgd Facility

- I. Proposal Form 15: Estimated Operation and Maintenance Costs for 9.6 mgd Facility
- J. Proposal Form 15A: Estimated Operation and Maintenance Costs for 6.4 mgd Facility
- K. Proposal Form 16: Estimated Maximum Electricity Utilization
- L. Proposal Form 17: Maximum Electricity Utilization for Acceptance Testing
- M. Proposal Form 18: Maximum Combined RO Train Permeate Salt Concentrations for Acceptance Testing
- N. Proposal Form 19: Estimated Major Maintenance, Repair, and Replacement Schedule for 9.6 mgd Facility
- O. Proposal Form 19A: Estimated Major Maintenance, Repair, and Replacement Schedule for 6.4 mgd Facility
- P. Proposal Form 20: Estimated RO System Membrane Replacement Schedule for 9.6 mgd Facility
- Q. Proposal Form 20A: Estimated RO System Membrane Replacement Schedule for 6.4 mgd Facility
- R. Proposal Form 21: Acceptance of DB Agreement
- S. Proposal Form 22: Form of Proposal Bond

4.3. PROPOSAL SUBMISSION

4.3.1 Proposal Deadline

All Proposals, including all attachments, shall be delivered in a sealed package addressed to:

CALIFORNIA AMERICAN WATER
511 FOREST LODGE ROAD, SUITE 100
PACIFIC GROVE, CALIFORNIA 93950
Attn: Lori Girard, Corporate Counsel

The package shall be separated using two separate envelopes, one for the Technical Proposal (Section 3.0) and the other for the balance of the Proposal. The Technical Proposal shall include the following information on the outside of the envelopes or boxes: (1) Name of Proposer and (2) “Technical Proposal for Design-Build of the Monterey Peninsula Water Supply Project Desalination Infrastructure”. The separate balance of the Proposal shall include the following information on the outside of the envelope or box: (1) name of Proposer and (2) “Price Proposal

for Design-Build of the Monterey Peninsula Water Supply Project Desalination Infrastructure”. Proposals will not be opened publicly.

The Proposals, including applicable Proposal Forms shall be signed and acknowledged by the Proposer in accordance with the instructions herein. Proposals shall be delivered to and be received by CAW at the above address **on or before 3:00 pm PST on September 17, 2013**. Any Proposal received after that time may be returned unopened to the Proposer.

4.3.2 Number of Copies

One original, five (5) hard copies, and fifteen (15) CD-ROMs of each Proposal shall be submitted. All Proposals shall be complete, with all requested information, data and attachments. One copy of the Proposal must be clearly marked as the original and must contain the original signature forms and other original documents. The remaining copies of the Proposal may be reproductions and Proposers shall number each hard copy in sequential order on the upper right corner of each cover. The original shall be accompanied by CD-ROM version thereof with all files in Microsoft Word® or Portable Document Format (“PDF”), as appropriate, with any drawings and diagrams presented in PDF. The typed, hardbound Proposals shall take precedence over the electronic CD-ROM version in the event of any inconsistencies between the two formats. Proposers shall submit separate CD-ROMs to distinguish between the Price Proposal and the Technical Proposal.

4.4. PROPOSAL CONTENTS

The Proposer shall provide the appropriate information in accordance with the content and format requirements set forth in each of the following submission subsections. In addition to any specific page limits established below with respect to certain subsections of the Proposals, all Proposals shall be subject to an overall page limit of 150 pages, excluding drawings, the Basis of Design Report, financial statements, and Proposal Forms.

Proposers are advised that, if selected, as part of the DB Agreement negotiation phase, portions of the information contained in its Proposal will be included or integrated into the DB Agreement, as negotiated by the parties based on the RFP and Proposal.

4.4.1 Section 1.0: Executive Summary

A. Proposal Form 1: Transmittal Letter

Each Proposal must include one fully executed and notarized Transmittal Letter from the Proposer acknowledging, among other things, that the Proposer has completely reviewed and understands and agrees to be bound by the requirements of this RFP and has received all addenda. Such letter commits the Proposer, if selected, to carry out the provisions of the Proposal. The Transmittal Letter shall be submitted on the Proposer’s letterhead in the form of Proposal Form 1 and signed by a representative of the Proposer who is empowered to sign such material and to commit the Proposer to the obligations contained in the Proposal (the

“Designated Signatory”). The Certificate of Authorization (Attachment 1 to the Transmittal Letter) attesting to such authorization must also be submitted with the Transmittal Letter. If the Proposer is a partnership, the Proposal shall be signed by one or more of the general partners. If the Proposer is a corporation, an authorized officer shall sign his or her name and indicate his or her title beneath the full corporate name. If the Proposer is a joint venture, each firm in the joint venture shall sign the Transmittal Letter. If the Proposer is a limited partnership or a limited liability company, the Proposal shall be executed by the managing partner(s) or managing member thereof. Anyone signing the Proposal or any Proposal Form as agent must file with it legal evidence of his or her authority to execute such Proposal or Proposal Form. The Designated Signatory shall sign all forms that require the signature of the Proposer. The Transmittal Letter must also contain a listing of all firms that are part of the Proposer’s Project team (Attachment 2 to the Transmittal Letter) and a listing of all applicable licenses (Attachment 3 to the Transmittal Letter). A summary of the role for each member of the Proposer’s Project team shall be included.

B. Executive Summary

The Proposer shall submit an executive summary detailing the key aspects of the Proposal. The executive summary should include a clear statement of the Proposer’s understanding of the RFP, identify the Proposer’s key team members and their respective roles with respect to the proposed Project, briefly describe the proposed processes, and summarize the other significant aspects of the Proposal noting how the Proposer meets the requirements of the RFP and the DB Agreement. The executive summary shall not exceed 10 pages, plus the following charts and diagrams:

- Project Team (8½” x 11”, 1 page)
- Site Plan (11” x 17”, 1 page)
- Process Block Diagram (11” x 17”, 1 page)

C. Project Abstract

The Proposer shall also submit a Project abstract outlining the Proposal. The Project abstract shall at a minimum include an identification of the proposed Project team and description of the proposed Design-Build Improvements and overall Project. The Project abstract shall not exceed 4 pages. CAW may use the Project abstract for public relations purposes. Accordingly, the Project abstract should be concise and drafted so that it may be easily understood by persons not having a technical background.

D. Proposal Form 2: Non-Collusion Affidavit

Proposers shall complete and sign Proposal Form 2, which acknowledges that the Proposal has been made and submitted in good faith and without collusion or fraud.

E. Proposal Form 3: Disclaimer Statement

Proposers shall be responsible for independently verifying the accuracy of all the information contained in the RFP. Proposers shall complete and sign Proposal Form 3 which releases CAW and CAW Representatives (as defined therein) from any and all claims arising from any information contained in or otherwise provided in connection with this RFP, except as otherwise specifically provided in the DB Agreement with respect to the occurrence of certain Uncontrollable Circumstances.

4.4.2 Section 2.0: Project Team Information

A. General Project Team Information

The Proposal shall include a description of the Proposer, *i.e.*, the form of business structure (corporation, partnership, joint venture, etc.) that is proposed to serve as the contracting party. A Project organization chart is required which shall include a full-page diagram of the legal relationships between all parties of the Proposer's Project team, including the Guarantor, and a clear description of the ownership structure of all Project team members, including the Guarantor. If the Proposer is a partnership or a joint venture, all members of the Proposer shall be listed. Proposers may not materially modify their ownership structure, as presented in their SOQ.

The Proposal shall identify the portions of the Project that will be undertaken directly by the Proposer and what portions of the Project will be subcontracted and to which firms (collectively, "Significant Subcontractors"). The Project organization chart shall also show all Key Personnel (identified on Proposal Form 5, below) and lines of authority for the Design-Build Period.

The Proposer shall also identify any other entity, including, without limitation, any corporation, partnership, firm, joint venture, or individual to which the Proposer intends to assign material responsibilities under the DB Agreement. At a minimum, the Proposal shall identify the parties that will undertake the various roles required to perform the Design-Build Work.

The proposed contractual relationships between the Proposer, the Guarantor, and all major partners and Significant Subcontractors relative to the various phases of the Project (*e.g.*, design, construction) shall be outlined in the Proposal. CAW reserves the right to request copies of such contracts as part of the Proposal review process.

In addition, Proposers shall indicate the current workload of the key Project team members and shall provide a description of how the Project team will manage the workload in a manner that will assure the timely, cost-effective delivery of the Design-Build Work.

B. Proposal Form 4: Guarantor Acknowledgement

The Proposer must have the Guarantor for the Project, which was identified by the Proposer in its SOQ, complete and sign the Guarantor Acknowledgement (Proposal Form 4). The Guarantor

will be required to sign a Guaranty Agreement with CAW in the form set forth in the draft DB Agreement (Transaction Form A), in which it will irrevocably, absolutely and unconditionally guarantee the performance of all obligations of the DB Entity under the DB Agreement. The Guarantor Acknowledgment shall be submitted on the Guarantor's letterhead in the form of Proposal Form 4 and signed by a representative of the Guarantor who is empowered to sign such material and to commit the Guarantor to the obligations contained in the Acknowledgement. A Certificate of Authorization (Attachment 1 to the Guarantor Acknowledgement) attesting to such authorization must also be submitted with the Guarantor Acknowledgement. If the Guarantor is a partnership, the Guarantor Acknowledgment shall be signed by one or more of the general partners. If the Guarantor is a corporation, an authorized officer shall sign his or her name and indicate his or her title beneath the full corporate name. If the Guarantor is a joint venture, each firm in the joint venture shall sign a separate Guarantor Acknowledgment. If the Guarantor is a limited partnership or a limited liability company, the Guarantor Acknowledgment shall be executed by the managing partner(s) or managing member thereof. If there are multiple Guarantors (which must be jointly and severally liable), each must independently comply with these requirements and submit separate Guarantor Acknowledgments with Certificates of Authorization. Anyone signing as an agent must file with it legal evidence of his or her authority to execute such Guarantor Acknowledgment.

Proposers may provide enhancements to the Guarantor identified in the Proposer's SOQ; however, Proposer's must describe any enhancements provided and detail how the enhancements make the Guarantor equal to or better financially than as set forth in the Proposer's SOQ. CAW, in its sole discretion, may consent or decline to consent to such enhancements.

C. Proposal Form 5: Key Personnel

The Proposer shall complete Proposal Form 5 for all Key Personnel, which shall include the following individual team members (as applicable):

1. Overall Project Manager;
2. Design-Build Manager;
3. Engineer-of-Record, licensed in the State of California, responsible for process design, facilities design, civil, mechanical, structural, electrical and geotechnical disciplines;
4. Architect;
5. Project lead with respect to Governmental Approvals;
6. Lead Water Treatment Process Design Engineer;
7. Reverse Osmosis System Designer;

8. DB Entity Construction Superintendent;
9. Safety Manager;
10. QA/QC Manager;
11. Commissioning Manager.

Additional forms may be provided for other Key Personnel critical to completion of the Project. Where one individual or team member performs several functions, information shall be provided on immediate subordinates. The Proposers shall demonstrate that the Key Personnel include the appropriate mix of skills and disciplines, that there shall be assurance of continuity from Design-Build Work through startup, and commissioning, and that there is definitive authority vested in the appropriate individuals to fully execute the Project. The Proposer shall submit a statement attesting to the Proposer's commitment to keep the individuals so identified for the duration of the intended role in the Project for each individual. This commitment is to last as long as each individual remains in the employ of the Proposer or as otherwise specified in the DB Agreement, subject only to unavoidable personal circumstances affecting the Key Personnel. The Proposal shall identify where Key Personnel will be located during the execution of the Project.

Each Proposer shall recognize that its Key Personnel, along with the Significant Subcontractors and their key employees included in the previously submitted SOQ, were used as a basis for determining short-listed firms for eligibility to submit responses to this RFP. Therefore, any changes to the Proposer's proposed Project team from that presented in the SOQ, shall include a description of the proposed change and how the change makes the Proposer equally qualified or better qualified than indicated by the previously submitted qualifications. Such changes may, at the sole discretion of CAW, result in disqualification of the Proposer if CAW determines that any such changes have adversely affected the Proposer's qualifications from those set forth in the previously submitted SOQ.

D. WMDVBE Utilization Plan

As described in Section 2.11 of this RFP, Proposers must prepare and submit a WMDVBE Utilization Plan as part of its Proposal. The WMDVBE Utilization Plan is a written commitment to contract with WMDVBES that have been certified through the CPUC's Supplier Clearinghouse, as part of the Project. CAW will require that the DB Entity monitor and report the continued implementation of the WMDVBE program goals, as stated in the WMDVBE Utilization Plan, throughout performance of the DB Agreement.

E. Local Resources Utilization Plan

As described in Section 2.12 of this RFP, Proposers must prepare and submit a Local Resources Utilization Plan as part of its Proposal. The Local Resources Utilization Plan is a written commitment to contract with local contractors, subcontractors, sub-consultants, vendors,

suppliers, and labor forces. CAW will require that the DB Entity monitor and report the continued implementation of the Local Resources Utilization Plan throughout performance of the DB Agreement.

F. Proposal Form 6: Verification of SOQ Information

The information previously provided in the Proposer's SOQ shall be evaluated based upon the criteria identified in Section 5 of this RFP on a relative basis among the Proposers. Accordingly, each Proposer must update and reaffirm all aspects of its SOQ; or, if making changes, identify the changes and describe how such changes make the Proposer's qualifications equal or better than its previously submitted qualifications in its SOQ through completion and submission of Proposal Form 6. Any such changes must be consented to by CAW, in its sole determination, and CAW's decision as to whether or not such changes enhance or adversely effect the Proposer's qualifications shall be final.

In connection with Proposal Form 6, a Proposer may update the description of the reference facilities identified in its SOQ or may add additional reference facilities, as necessary to show that the Proposer has the experience necessary to perform the Design-Build Work. CAW may choose as part of the RFP process to visit any of the reference facilities identified in a Proposer's SOQ or any new reference facilities identified by the Proposer in its Proposal. If new reference facilities are added, a brief description of each added reference facility shall be provided, including a description of the Proposer's specific involvement. For each reference facility added, the Proposer shall provide at least the following information, as applicable:

1. the name and location;
2. the name, address, and telephone number of client contact;
3. the owner of the facility or system;
4. if regulated, the name, address, and telephone number of the regulator;
5. a description of the services performed;
6. the applicability and relevance of the reference facility to the Design-Build Work;
7. a description of systems and processes, including design, size and capacity;
8. the history of operations, including start-up date and years of service; and
9. key contact information.

G. Proposal Form 7: Financial Capacity Data

Proposers and Guarantors shall complete and provide Proposal Form 7 in order to provide CAW with updated financial information from that submitted with the SOQ. Proposal Form 7 shall be completed separately by the Proposer and the Guarantor(s) and signed by an authorized official of the Proposer and the Guarantor(s), respectively. The Proposer and the Guarantor shall attach any additional financial information requested in Proposal Form 7, including audited financial statements and associated footnotes. If any information requested on Proposal Form 7 is not available, Proposers and Guarantors shall provide an explanation as to the absence of such information. As required in Proposal Form 7, the Proposer and the Guarantor shall provide independently audited financial statements for the preceding three fiscal years and their most recently available quarterly financial statements and may request such financial information be treated confidentially in accordance with Section 3.8 of this RFP. If the Proposer and Guarantor provided the financial statements as part of its SOQ, the Proposer should only submit updates to those statements. Audited financial statements shall be presented in U.S. dollars and shall include the auditor's report, income statements, balance sheets, cash flow statements, accompanying footnotes and any required supplementary information. These statements shall be presented in U.S. dollars and shall be prepared in accordance with GAAP, including all relevant notes. CAW will accept statements prepared in accordance with a different financial standard (e.g., IAS or European GAAP). However, such statements shall be presented in U.S. dollars, shall include all relevant notes in English and shall be accompanied by a general description of the differences between the principles under which the reports have been prepared and GAAP. If the Proposer does not file financial statements separately from its parent company, CAW will accept financial statements prepared for internal reporting purposes along with the parent's financial statements. If the Proposer is a special purpose entity ("SPE") or if the Proposer intends to utilize a SPE, then the Proposer shall provide at least three years of financial statements of the shareholders or partners of the SPE and, as applicable, the articles of incorporation, deed of partnership or articles of organization of the SPE.

If the Proposer or the Guarantor is required to make periodic filings with the Securities and Exchange Commission ("SEC"), the Proposer and the Guarantor shall submit any additional filings it has made since its submission of the SOQ. This would include filings on Form 10-K and supporting documents, all quarterly reports filed with the SEC on Form 10-Q since the last 10-K was filed, and all reports filed with the SEC on Form 8-K since the last 10-K or 10-Q was filed, whichever is later.

H. Proposal Form 8: Surety Letter of Intent to Issue a Performance Bond

Proposal Form 8 shall be duplicated and provided on the official letterhead of the Proposer's surety company. The Proposer must provide a surety company that complies with the requirements set forth in Section 10.2 of the draft DB Agreement. Proposal Form 8 acknowledges, among other things, that the Proposer's surety company has reviewed and understands the requirements of this RFP and the draft DB Agreement and intends to issue a

Performance Bond in favor of CAW as security for the performance of the DB Entity's Design-Build Work obligations under the DB Agreement, as negotiated between the parties based on the RFP and Proposal.

The Performance Bond shall be issued by a surety company who is admitted to transact surety insurance in the State of California. Should an objection as to the sufficiency of an admitted surety on the Performance Bond be made, or if the Performance Bond is required to be approved, California Code of Civil Procedure paragraph 995.660 shall apply. The Performance Bond shall be in an amount equal to the Design-Build Price. Additional details regarding the Performance Bond requirements are provided in Section 10.2 of the draft DB Agreement. CAW has determined that a dual obligee bonding arrangement is not appropriate for this Project.

I. Proposal Form 9: Surety Letter of Intent to Issue a Payment Bond

Proposal Form 9 shall be duplicated and provided on the official letterhead of the Proposer's surety company. The Proposer must provide a surety company that complies with the requirements set forth in Section 10.2 of the draft DB Agreement. Proposal Form 9 acknowledges, among other things, that the Proposer's surety company has reviewed and understands the requirements of this RFP and the draft DB Agreement and intends to issue a Payment Bond in favor of CAW as security for the performance of the DB Entity's payment obligations in connection with the performance of the Design-Build Work under the DB Agreement, as negotiated between the parties based on the RFP and Proposal.

The Payment Bond shall be issued by a surety company who is admitted to transact surety insurance in the State of California. Should an objection as to the sufficiency of an admitted surety on the Payment Bond be made, or if the Payment Bond is required to be approved, California Code of Civil Procedure paragraph 995.660 shall apply. The Performance Bond shall be in an amount equal to the Design-Build Price. Additional details regarding the Payment Bond requirements are provided in Section 10.2 of the draft DB Agreement.

J. Proposal Form 10: Bank Letter of Intent to Issue a Letter of Credit

Proposal Form 10 shall be duplicated and provided on the official letterhead of the Proposer's bank. The Proposer must provide a bank that complies with the requirements set forth in Section 10.3 of the draft DB Agreement. Proposal Form 10 acknowledges, among other things, that the Proposer's bank has reviewed and understands the requirements of this RFP and the draft DB Agreement and intends to issue a Letter of Credit in the amount of one million dollars (\$1,000,000.00) in favor of CAW as security for the DB Entity's performance under the DB Agreement, as negotiated between the parties based on the RFP and Proposal.

The bank providing the irrevocable Letter of Credit shall be a domestic or foreign commercial bank whose long-term and short-term debt is rated "Aa2" or higher by Moody's and "AA" or higher by Standard & Poor's, and if there is a split rating, then the lower of the two shall apply.

The bank shall maintain an office in San Diego, Los Angeles or San Francisco, California, or New York, New York. The bank shall be subject to the approval of CAW, which shall not unreasonably be withheld or delayed. In the event that the bank no longer meets the above qualifications, the Design-Build Entity will be required to replace the irrevocable Letter of Credit immediately from a bank that meets the requirements stated above.

K. Proposal Form 11: Insurance Company Letter of Intent

Proposal Form 11 shall be duplicated and provided on the official letterhead of the Proposer's insurance company. The Proposer must provide an insurance company that complies with the requirements set forth in Section 9.1 and Appendix 10 of the draft DB Agreement. The Insurance Company Letter of Intent acknowledges, among other things, that the Proposer's insurance company has reviewed and understands the requirements of this RFP and the draft DB Agreement and that the insurance company intends to furnish the Required Insurance set forth in Appendix 10 of the DB Agreement, as negotiated between the parties based on the RFP and Proposal.

L. Additional Financial Information

In order to demonstrate the financial capacity to perform the Design-Build Work, each Proposer shall update the financial information submitted with its SOQ for itself and its Guarantor with respect to the Proposer's and Guarantor's near-term financial prospects. In this section of the Proposal, discuss any recent, current, or anticipated changes in the Proposer's or the Guarantor's method of conducting business, including mergers and acquisitions, take-over or divestitures. Proposers shall state whether there are or may possibly be any events or changes that might significantly alter the financial condition of the Proposer or its Guarantor. This could include any material lawsuits or litigation, significant permit exceedances, and material contract disputes for other projects developed or operated by the Proposer, the Guarantor or any Significant Subcontractor. Note, responses under this section of the RFP that are subject to knowledge qualifiers should reflect the knowledge of the Proposer as well as the Guarantor and any Significant Subcontractor. Additionally, discuss any material financial disclosures, contingent liabilities (including operating performance guarantees for other entities) adjustments, and extraordinary expense items that have been disclosed over the past three-year period. For purposes of this paragraph and this RFP, "material" refers to any litigation or contract dispute where a Proposer's potential exposure is greater than \$1,000,000 or where there is a potential exposure or liability of greater than \$1,000,000 for any reason whatsoever. Proposers shall include all such material information requested in this paragraph in this section of its Proposal.

In addition, in this section of the Proposal, Proposers may provide any other information of the Proposer and the Guarantor that would assist CAW in evaluating the Proposer's and Guarantor's financial capabilities and long-term financial strength in accordance with Section 5 of this RFP.

4.4.3 Section 3.0: Technical Proposal

This section of the Proposal shall present the technical aspects of the Proposer's plan to provide the Design-Build Work. Each Proposer shall provide a description of the proposed Project and the information necessary to convey a clear understanding of the proposed systems and equipment, as well as a description of the approach to the performance of the Design-Build Work in accordance with the requirements set forth in this Section. The Proposer's technical submission shall be in sufficient detail so that CAW can ascertain the Proposer's ability to comply with the performance and quality level requirements set forth in the DB Agreement. The organization of the technical information submitted shall be in a format that can be easily incorporated into the Appendices for the finalization of the DB Agreement.

The Proposer shall follow the Base Project and minimum design criteria as described in Appendix 2. Alternatives to the Base Project that reduce cost and improve operation are encouraged. Alternatives, including pricing and technical supporting information, are to be presented on Proposal Forms 13A through 13D.

The following subsections outline the elements that shall be included in the Proposer's technical proposal to demonstrate compliance with the DB Agreement and this RFP.

A. Overview and Description of the Project

The Overview and Description of the Project shall be limited to no more than ten (10) pages and shall describe the Proposer's approach to design, construction, and commissioning of the Project to provide facilities that will meet performance and reliability requirements. The Overview can address Alternatives Proposals that are presented on Proposal Forms 13A through 13D.

B. Scope of Geotechnical Investigation

The Proposer is to identify the scope of geotechnical investigation including the number of soil borings and the associated laboratory testing program.

C. Basis of Design Report Submitted with Proposal

As part of the Proposal, the Proposer shall submit a preliminary Basis of Design Report (the "BODR") that identifies the details of design criteria and equipment selection for all components of the Project. The BODR shall explain how the proposed design meets the Design and Construction Requirements in Appendix 2 of the draft DB Agreement and shall follow the format provided by such Appendix. If the Proposer desires to provide additional information that would be best conveyed in additional sections, the additional sections are to follow at the end of the BODR. The Proposer shall clearly demonstrate how the proposed design criteria and equipment selection achieve CAW's quality, reliability, and operating cost expectations.

The Proposer is to convey the technical details of their Proposal to CAW through the BODR and the drawings. The BODR must include Project design data which will be utilized in the

development of drawings and specifications. This includes quantities, capacities, rates, and all other pertinent design criteria for each specific section presented in Appendix 2 of the draft DB Agreement. This information must be presented in an organized, easy to read tabular or outline format. Generally, minimal full sentence text is to be used except for introductory explanations, or for sections not conducive to tabular or outline presentation format. The BODR is expected to reference the drawings submitted with the Proposal.

The BODR is not to be a review of alternatives with defense of selected approach. The BODR is not to contain lengthy descriptions of regulations.

The BODR shall include, but is not limited to, the information listed below. The list below is a general description of the information and detail. It is not to be used as an outline in place of Appendix 2 of the draft DB Agreement.

1. Rated Capacity and maximum capacity;
2. Allowance in site planning for future contingencies such as plant expansion or additional processes such as seawater pretreatment;
3. Design and sizing criteria for all treatment and waste handling processes;
4. Pumping design criteria and pump selection. Identify ancillary equipment to be provided with pumps (provide pump curves for units larger than 100 hp);
5. Motor selections including size, speed, materials of construction, enclosure type, efficiency and ancillary equipment;
6. Materials of construction;
7. Piping Schedules with materials of construction, sizing, pressure rating, methods of restraint;
8. Value Schedules with description, location, type, size, quantity, materials of construction, pressure rating, type of actuation, manufacturer, drawing reference and any other pertinent information;
9. Proposed equipment manufacturers;
10. Description of the redundancy for each unit process;
11. Membrane manufacturer computer model runs showing quality and flow rates of all pertinent streams, pressures for varying raw water quality over the range identified for the Project;
12. ERD specification and performance;

13. Membrane CIP scope and operation;
14. Scope of residual wastes/treatment residuals handling;
15. Post Stabilization facilities including post stabilization chemical systems, storage and feed capacities, vessel/tank sizes, materials of construction, and dimensions;
16. Approach to disinfection (virus, *Giardia*, *Cryptosporidium*) in compliance with regulations considering source water quality;
17. Chemical feeder selection and sizing to suit the range of intended operation;
18. Chemical tank sizing, materials of construction, manufacturer;
19. Codes to be followed for architectural design;
20. Identification of architectural materials for floors, walls, ceilings, roofs;
21. Structural design: codes to be followed and design approach for seismic conditions;
22. HVAC design approach including codes and design criteria for heat, cooling, and ventilation;
23. Types and location of HVAC equipment;
24. Control of HVAC equipment;
25. HVAC noise goals;
26. Preliminary heating, ventilation, and air conditioning equipment schedules;
27. Fire suppression systems;
28. Plumbing for plant service water needs including selective use of permeate for chemical mixing;
29. P&ID drawings shall indicate pipe sizing, materials of construction, valves, pumps, as well as instrumentation, following ISA conventions in preparation of P&ID drawings. Local and remote control methods shall be indicated. Discrete and analog input/outs shall be identified;
30. Preliminary IO list for the instrumentation and control system;
31. Instrument schedule listing field devices/instruments, a description, ranges, quantity, model numbers, and manufacturers;

32. Approach to process control descriptions emphasizing reliability, flexibility, operator input, minimizing equipment start/stop cycles, and minimizes energy consumption;
33. Operating cost including power and materials for UV;
34. Maintenance cost (recoating) for tanks larger than 10,000 gallons;
35. Preliminary electrical load table;
36. Preliminary sizing of plant service transformers, 4160 and 480 volt busses, standby generator;
37. Lighting: Approach to interior and exterior lighting; energy efficiency of lighting; life safety lighting; and
38. Electrical grounding, electrical transient protection, and UPS applications.

D. Drawings Submitted with Proposal

The Proposer is to submit drawings as part of its Proposal to describe the Proposer's approach in providing facilities to meet the Project requirements. The drawings are to be sufficiently complete to allow CAW to ascertain the Proposer's ability to comply with the performance and quality level requirements set forth in the draft DB Agreement. Drawings are to be drawn to scale, except for schematics. At a minimum, the following drawing disciplines and drawings are required in the Proposal:

1. General
 - Hydraulic Profiles of Process and Process Wastewater
 - Process Flow Diagram
2. Site/Civil
 - Site Plan
 - Soil Boring Location Plan
 - Grading Plan
 - Piping Plan
3. Structural
 - Foundation Plans (for major structures)

- Plans and Sections (for major structures)
4. Architectural
- Code Classification – Plan
 - Exterior Elevations
 - Plans and Sections
 - Finish Schedules
5. Process/Mechanical
- Raw Water Pumping Station – Plan and Sections
 - Pretreatment Filters- Plan and Sections
 - Feedwater Pumping – Plan and Sections
 - Backwash Pumping Plan and Sections
 - RO Trains (Cartridge Filters, High Pressure Pump, RO Rack) Plans and Sections
 - Post-Stabilization – Plans and Sections
 - Finished Water Pumping – Plans and Sections
 - Chemical Storage and Feed Building – Plans and Sections
 - Pretreatment Waste Handling – Plans and Sections
 - Concentrate Equalization and Discharge – Plans and Sections
6. Instrumentation
- PLC Communication Architecture
 - P&IDs for
 - Pumping Stations,
 - Pretreatment Filtration,
 - Chemical Systems, including post-stabilization

- one (1) RO Train,
 - RO CIP System
 - Finished water quality monitoring
7. Electrical
- Electrical Site Plan
 - Electrical Site Details
 - Overall Single Line Diagram (through 480 volt)
 - Building Plans showing area classifications and NEMA designations

E. Listing of Drawings and Specifications

Proposers shall provide a listing, with titles of drawings that will be completed during the design phase. Drawings shall be arranged by discipline. Proposers shall provide a listing, with titles, of technical specifications, CSI Divisions 2 through 16.

F. Preliminary External Architecture Treatment, Rendering, and Landscaping Plan

The Proposer shall submit drawings and color renderings describing their proposed external architectural treatment. A landscaping plan shall be submitted. A micro-irrigation plan shall also be submitted. The landscaping plan shall identify the number and types of plantings and their irrigation requirements considering the climate/micro-climate of the Project Site. The Proposer shall provide an aerial perspective showing the relationship of the Project components to the surrounding area. The Proposer should expect the target audience to have a diverse background.

G. Approach to Sustainable Building

CAW desires the DB Entity to implement design and construction methods that are recognized as being energy and water efficient and to make use of natural materials when possible. The overall goals and expectations for the facility are similar to the US Green Building Council Silver (or better) LEED Certification; however, CAW does not plan to pursue LEED Certification. The Proposer shall identify construction practices and design features that it will implement that demonstrate efficient use of water and energy. The Proposal shall also address its approach to construction waste recycling and identify natural materials that can be included in the Project that originate from a local or regional source. The primary focus of the sustainable building plan is the administration facilities.

H. Proposal Form 12: Preliminary Project Schedule, Scheduled Construction Date, and Scheduled Acceptance Date

The Proposer shall provide a list of proposed major milestones, durations and completion dates for major activities important to procurement, permitting, design, construction, and commissioning activities in Proposal Form 12. The list shall start with the Contract Date and end upon Final Completion and shall clearly indicate the extent to which the Proposer has included float in the schedule. Proposers shall clearly indicate the number of days from the Contract Date by which the Proposer would submit a completed application for each Governmental Approval listed in Proposal Form 12 (each a “Governmental Approval Application Date”). The dates provided with respect to each such Governmental Approval Application Date shall be included in the DB Agreement in the event the Proposer is the successful Proposer and enters into a DB Agreement with CAW. These major milestones, activity durations, and completion dates will comprise the Preliminary Project Schedule. The Proposer shall provide copies of this Preliminary Project Schedule in both written and electronic formats with the Proposal. The level of detail shall be summary level for major procurement, permitting, design, construction, commissioning and Acceptance testing activities in accordance with the requirements specified in Proposal Form 12. The Proposer shall also guarantee the Scheduled Construction Date and the Scheduled Acceptance Date.

I. Plan for the Performance of the Design-Build Work

Each Proposer shall provide a plan for the performance of the Design-Build Work that addresses, without limitation, the following items:

- Composition and organization of the design-build team
- Team mechanisms of reporting and internal communications plan
- Specific responsibilities, authority and accountability of key personnel and how they will interact with each other and other entities
- Description of how construction and operations organizations will be integrated with the design organization in all phases of design-build to promote constructability, operability, maintainability, value engineering and efficiency of design and construction
- Description of plan for handling communications with the public including the personnel responsible for implementing the plan
- Description of the relationship and communications with CAW and all other appropriate Governmental Bodies
- Geographic location of key staff during each phase of the Project

- Description of approach to site development, including construction staging and laydown areas, earth movement and all other site work
- Description of measures to minimize noise, odors, dust, traffic and other construction-related impacts during the Design-Build Period
- Preliminary construction traffic management plan and a discussion of how construction shall be coordinated and scheduled to avoid impact to any sensitive nearby wetland habitats
- Preliminary spill prevention and control plan for construction
- Description of the approach to obtaining Governmental Approvals needed to construct and operate the Design-Build Improvements
- Description of the Proposer's Design-Build Quality Management Plan meeting the minimum requirements of Appendix 5 of the draft DB Agreement (as more fully described in subsection 2.9.9 of this RFP) and procedures including the authority and independence given to the person(s) tasked with implementing quality assurance and quality control
- Description of approach to procurement and delivery of materials for the project
- Identification of any and all schedule-constraining resources and how the Proposer will manage these resources to prevent them from impacting construction progress including such items as availability of skilled workers, materials, machinery, equipment, and working capital
- Description of the approach to attracting, retaining, and providing incentives to attract and retain skilled laborers necessary to meet labor requirements
- Approach to management of subcontractors
- Description of Proposer's approach to integrating the DB Entity project improvements with CAW's project improvements
- The internal dispute resolution process for on-site disputes between the DB Entity and its employees and/or subcontractors
- Approach to construction safety

J. Plan for Transition and Acceptance Testing

The Proposal shall describe the Proposer's approach for making the transition from the Design-Build Work to the Warranty Period under the DB Agreement. The Proposer shall provide an

overview of its approach for the transition in its Proposal as such transition plans may not be finalized. Requirements for commissioning and for training of CAW's staff are in Appendix 2 of the draft DB Agreement.

K. Alternative Proposals

The Proposer shall identify changes in Project scope and facilities with the reduction in Rated Capacity from 9.6 to 6.4 mgd, providing all necessary texts and drawings. The Proposer shall also provide all necessary texts and documents for any Voluntary Alternative Proposals. The Proposer shall clearly indicate how all provided documents correspond to the pricing information provided on Proposal Forms 13A and 13D. Proposers shall include any changes to the Preliminary Project Schedule, Scheduled Construction Date, and Scheduled Acceptance Date identified on Proposal Form 12, if any, and any changes to the plan for performance of the Design-Build Work identified in subsection I above, if any, for the reduction in Rated Capacity from 9.6 to 6.4 mgd and for any Voluntary Alternative Proposals.

L. Proposal Form 23: Governmental Approvals Schedule

The Proposer shall complete Proposal Form 23 by listing all Governmental Approvals required for design, construction, and operation of the Project which the DB Entity will be required to obtain in accordance with subsection 2.9.13 of this RFP and subsection 3.6(J) of the draft DB Agreement. The listing must state the name of the Governmental Approval, the respective Governmental Body, a brief description of the purpose of the Governmental Approval, and the schedule for obtaining such approval including the typical or legal review time required by each respective Governmental Body.

4.4.4 Section 4.0: Business and Price Proposal

This section of the Proposal shall present the business and pricing aspects of the Proposal. While CAW anticipates entering into the DB Agreement with the selected Proposer in accordance with the schedule set forth in Section 3.1 of this RFP, it is possible that the execution of the DB Agreement will be delayed due to unforeseen circumstances. **By submitting a Proposal, each Proposer agrees that its Proposal shall be held firm for a period of 365 days following the date of the Proposal.** The following subsections outline the information that shall be included in the Proposer's business and price submission.

A. Summary of Business and Price Proposal

Proposers shall provide a summary of the key aspects of its business and price proposal with reference to the applicable Proposal Forms, including the price Proposal Forms discussed below and the Proposal Forms required above with respect to the financial capacity of the proposed Project team.

B. Proposal Form 13: Fixed Design-Build Price

The Proposer shall complete Proposal Form 13 by providing the total Fixed Design-Build Price as well as an approximate breakdown of the Fixed Design-Build Price for the Project with a design capacity of 9.6 mgd as described in Appendix 2 of the draft DB Agreement. The items listed on Proposal Form 13 are not intended to represent a complete listing of all equipment, systems, and infrastructure requirements to design and construct the Project. Proposers shall include additional items and remove inapplicable items, as appropriate, to add clarification of their Proposals.

The Fixed Design-Build Price shall include all costs for performing the Design-Build Work, including obtaining all applicable Governmental Approvals (other than those identified as the responsibility of CAW in Appendix 3 of the draft DB Agreement), designing, constructing, starting-up, commissioning and Acceptance Testing (utilizing CAW personnel) the Project and for all post-Acceptance obligations set forth in the draft DB Agreement. The Fixed Design-Build Price shall also include the costs associated with the Required Insurance, Performance Bond and Payment Bond, Letter of Credit, as well as any other costs associated with the Design-Build Period necessary to achieve Final Completion. Proposers shall propose their Fixed Design-Build Price with the understanding that there is no intention on the part of CAW to request further “best and final offers” and that this proposed Fixed Design-Build Price (subject to adjustment as set forth in this subsection and the DB Agreement) will be included in the DB Agreement without further negotiation.

The total Fixed Design-Build Price and each line item price shall be inclusive of all applicable Taxes (including California sales taxes on purchases of materials at the applicable tax rate). The DB Entity will be responsible for paying all such Taxes in accordance with Applicable Law. The DB Entity’s responsibility to pay all such Taxes shall include the obligations to pay any interest or penalties that may be assessed as a result of DB Entity’s late payment or failure to pay such Taxes, and shall survive Final Completion and Acceptance of the Design-Build Work and termination or completion of the DB Agreement. CAW may be exempt from certain Taxes for services, machinery, equipment, material, and apparatus, tools or supplies in connection with the Design-Build Work. Without altering the DB Entity's full responsibility to properly determine and pay such Taxes, CAW will provide Proposers upon receipt of written request, for use at the risk of the Proposer, a copy of any guidelines developed by CAW with respect to sales and use tax exemptions that may be available in whole or in part in California. Such guidelines are for informational purposes only and may not necessarily reflect the current status of state tax exemptions or current status interpretations of these exemptions. DB Entity will be required to furnish evidence satisfactory to CAW that the DB Entity has paid all Taxes.

The proposed Fixed Design-Build Price shall be subject to adjustment solely in accordance with subsection 5.1(C) of the draft DB Agreement. In the event that the Construction Date occurs after October 1, 2015, as a result of delay caused by CAW, the portion of the Fixed Design-Build Price corresponding to “Construction Price” on Proposal Form 13 shall be subject to adjustment

based on the change in the National Engineering News Record Construction Cost Index for the period starting on October 1, 2015, and ending on the Construction Date.

C. Proposal Form 13A: Fixed Design-Build Price for Reduced Capacity

The Proposer shall complete Proposal Form 13A by providing the reduction to the proposed Fixed Design-Build Price identified on Proposal Form 13 if CAW elects to reduce the Rated Capacity to 6.4 mgd. The Proposer shall identify changes in Project scope and facilities with the reduction in Rated Capacity from 9.6 to 6.4 mgd and associated reduction in the Fixed Design-Build Price.

D. Proposal Form 13B: Required Alternative Proposals for 9.6 mgd Facility

The Proposer shall complete Proposal Form 13B by providing the reduction to the proposed Fixed Design-Build Price identified on Proposal Form 13 (Rated Capacity of 9.6 mgd) for the UV disinfection alternative and the post-stabilization alternative. Proposers shall identify each line item that would be affected by the required alternatives. Adjusted pricing should correspond to the description of the design changes to be described in Section A of the Technical Proposal. The Fixed Design-Build Price identified on Proposal Form 13 will be adjusted by the pricing provided by the Proposer on Proposal Form 13B for any alternatives accepted by CAW.

E. Proposal Form 13C: Required Alternative Proposals for 6.4 mgd Facility

The Proposer shall complete Proposal Form 13C by providing the reduction to the proposed Fixed Design-Build Price identified on Proposal Form 13A for the UV disinfection alternative and the post-stabilization alternative. Proposers shall identify each line item that would be affected by the required alternatives. Adjusted pricing should correspond to the description of the design changes to be described in Section A of the Technical Proposal. The Fixed Design-Build Price identified on Proposal Form 13A will be adjusted by the pricing provided by the Proposer on Proposal Form 13C for any alternatives accepted by CAW.

F. Proposal Form 13D: Voluntary Alternative Proposals

The Proposer is encouraged to identify and submit Voluntary Alternative Proposals on Proposal Form 13D that reduce life cycle costs or improve the performance of the Project. These Voluntary Alternative Proposals are to be independent of one another, and each such Voluntary Alternative Proposal shall include detail sufficient for CAW to evaluate each element individually including price and a comparison of its advantages and disadvantages to the Base Project. CAW may elect to choose any or all such Voluntary Alternative Proposals at its sole discretion. The Fixed Design-Build Price identified on Proposal Form 13 will be adjusted by the

pricing provided by the Proposer for any Voluntary Alternative Proposals that are accepted by CAW.

G. Proposal Form 14: Estimated Drawdown Schedule for 9.6 mgd Facility

The Proposer shall complete the Estimated Drawdown Schedule for the 9.6 mgd facility on Proposal Form 14. The proposed Estimated Drawdown Schedule will be evaluated and used to finalize the DB Agreement.

H. Proposal Form 14A: Estimated Drawdown Schedule for 6.4 mgd Facility

The Proposer shall complete the Estimated Drawdown Schedule for the 6.4 mgd facility on Proposal Form 14A. The proposed Estimated Drawdown Schedule will be evaluated and used to finalize the DB Agreement.

I. Proposal Form 15: Estimated Operating and Maintenance Costs for 9.6 mgd Facility

The Proposer shall complete Proposal Form 15 by providing estimated operating and maintenance costs over 10 years for the 9.6 mgd facility, excluding major maintenance, repair and replacement and RO system membrane replacement which are to be included in Proposal Forms 19 and 20 respectively. Proposers shall include all major assumptions associated with the provided estimates.

J. Proposal Form 15A: Estimated Operating and Maintenance Costs for 6.4 mgd Facility

The Proposer shall complete Proposal Form 15A by providing estimated operating and maintenance costs over 10 years for the 6.4 mgd facility, excluding major maintenance, repair and replacement and RO system membrane replacement which are to be included in Proposal Forms 19 and 20 respectively. Proposers shall include all major assumptions associated with the provided estimates.

K. Proposal Form 16: Estimated Maximum Electricity Utilization

The Proposer shall identify on Proposal Form 16 the estimated maximum electrical utilization (“EMEU”) for the Project with an average salinity of 33.6 ppt and an average temperature of 12 °C. This estimate includes all the power used to operate the Project including all facilities, including ancillary facilities, from downstream of the slant well pump station through the Finished Water pump station. The EMEU identified by the Proposer will be used by CAW in evaluating the cost effectiveness of the Proposal. Proposers shall include all major assumptions associated with the EMEU provided in Proposal Form 16.

L. Proposal Form 17: Maximum Electricity Utilization for Acceptance Testing

The Proposer shall identify on Proposal Form 17 the maximum electricity utilization (“MEU”) for Acceptance Testing. The MEU represents the maximum amount of electricity in kilowatt-hours that will be used by the Project (including the UV disinfection system) per thousand gallons of Finished Water produced during the Acceptance Test. During the Acceptance Test, the electricity utilization shall be calculated using the revenue grade electrical consumption meters required for the Project, or the electrical utility’s billing meters, and the volume of Finished Water treated and delivered to the distribution system over the sixteen (16) day period of the Acceptance Testing. The MEU shall include all the power used to operate the Project including all facilities, including ancillary facilities, from downstream of the slant well pump station through the Finished Water pump station. The MEU is to be indexed to Raw Water salinity and temperature. Proposers shall include all major assumptions associated with the MEU provided in Proposal Form 17.

M. Proposal Form 18: Maximum Combined RO Train Permeate Salt Concentrations for Acceptance Testing

The Proposer shall complete Proposal Form 18 by providing the maximum combined RO train permeate salt concentrations that the RO system shall achieve during the Acceptance Test. The maximum concentrations identified by the Proposer will be used by CAW as Acceptance Standards and Requirements during the Acceptance Test. During the Acceptance Test, the concentrations shall be measured over the sixteen (16) day period of the Acceptance Testing. The maximum concentrations will be indexed to the raw water salinity and temperature. The Proposer shall provide explanation for the logic used in completing the form. Proposers shall include all major assumptions associated with the numbers provided for the Acceptance Test as well as the RO model run for the design and most challenging conditions as defined in Proposal Form 18.

N. Proposal Form 19: Estimated Major Maintenance, Repair, and Replacement Schedule for 9.6 mgd Facility

The Proposer shall complete Proposal Form 19 by providing an estimated schedule and costs for all major maintenance, repair and replacements (excluding the RO system membrane replacement) over 10 years for the 9.6 mgd facility. CAW will use the schedule and cost information provided to evaluate the cost effectiveness of the Proposal. Cost data shall not be escalated to account for inflation. The Proposer shall provide explanation for the logic used in the major maintenance, repair and replacement schedule. Proposers shall include all major assumptions associated with the provided estimates.

O. Proposal Form 19A: Estimated Major Maintenance, Repair, and Replacement Schedule for 6.4 mgd Facility

The Proposer shall complete Proposal Form 19A by providing an estimated schedule and costs for all major maintenance, repair and replacements (excluding the RO system membrane replacement) over 10 years for the 6.4 mgd facility. CAW will use the schedule and cost information provided to evaluate the cost effectiveness of the Proposal. Cost data shall not be escalated to account for inflation. The Proposer shall provide explanation for the logic used in the major maintenance, repair and replacement schedule. Proposers shall include all major assumptions associated with the provided estimates.

P. Proposal Form 20: Estimated RO System Membrane Replacement Schedule for 9.6 mgd Facility

The Proposer shall complete Proposal Form 20 by providing an estimated schedule and costs for all RO system membrane replacement over 10 years for the 9.6 mgd facility. CAW will use the schedule and cost information provided to evaluate the cost effectiveness of the Proposer's proposal. Cost data shall not be escalated to account for inflation. The Proposer shall provide explanation for the logic used in the RO membrane replacement schedule. Proposers shall include all major assumptions associated with the provided estimates.

Q. Proposal Form 20A: Estimated RO System Membrane Replacement Schedule for 6.4 mgd Facility

The Proposer shall complete Proposal Form 20A by providing an estimated schedule and costs for all RO system membrane replacement over 10 years for the 6.4 mgd facility. CAW will use the schedule and cost information provided to evaluate the cost effectiveness of the Proposer's proposal. Cost data shall not be escalated to account for inflation. The Proposer shall provide explanation for the logic used in the RO membrane replacement schedule. Proposers shall include all major assumptions associated with the provided estimates.

R. Proposal Form 21: Acceptance of DB Agreement

The Proposer shall complete Proposal Form 21 by agreeing to all of the terms and conditions of the draft DB Agreement except for those suggested changes submitted as an attachment to Proposal Form 21. As indicated in subsection 2.8.2 of this RFP, while CAW requests Proposers to base their Proposals on the terms and conditions set forth in the draft DB Agreement included with this RFP, CAW recognizes that Proposals may be conditioned on the mutual resolution of specific issues identified in Proposal Form 21. Any requested changes that are conditions of the Proposal must be clearly identified as such. Please refer to Sections 2.8 and 3.11 of this RFP for a discussion concerning CAW's expectations concerning the DB Agreement and the negotiation process.

S. Proposal Form 22: Form of Proposal Bond

Proposal Form 22 shall be duplicated and provided on the official letterhead of the Proposer's surety company. The Proposer must submit an executed Proposal Bond in an amount equal to 20% of the proposed Fixed Design-Build Price and that complies with the requirements of Section 2.20.

4.5. PROPOSAL FORMS GENERALLY

To be deemed responsive to this RFP, Proposers shall provide all the requested information and complete all details provided in the Proposal Forms attached to this RFP. All Proposal Forms shall be completed in ink or typewritten and submitted in accordance with the instructions set forth in this Section 4 of this RFP.

The Proposal Forms require Proposer-specific information to be inserted in order to be properly completed. Once the Proposer is selected, certain Proposal-specific information submitted in their Proposal and the Proposal Forms may be included as part of the DB Agreement, as appropriate.

Electronic versions of the Proposal Forms in Microsoft Word® format have been provided to Proposers on the Project Website.

SECTION 5

EVALUATION OF PROPOSALS

5.1. EVALUATION OF PROPOSALS

Proposals will be evaluated by the Selection Committee based on the Proposer's ability to meet the performance requirements of this RFP and the DB Agreement, including all corresponding Appendices thereto, in a cost-effective manner. All Proposals must be complete and in conformance with the submission requirements established in this RFP.

Proposals will first be individually evaluated for completeness and for conformance with the requirements set forth in this RFP, including compliance with the Design and Construction Requirements set forth in Appendix 2 to the DB Agreement. Any Proposal that the Selection Committee determines is incomplete or otherwise not in conformance with the submission requirements of this RFP may be deemed non-responsive and thereby rejected in its entirety by the Selection Committee. Alternatively, in its discretion, CAW may request that a Proposer submit any information necessary to make its Proposal complete and/or in conformance with requirements. Proposals deemed responsive and in conformance with the submission requirements of this RFP will be evaluated by the Selection Committee through the application of the evaluation criteria to the Proposal, as described in Section 5.2 of this RFP.

5.2. EVALUATION CRITERIA

The specific criteria to be used by the Selection Committee in the evaluation of the Proposals include both technical criteria and business/financial criteria. Technical criteria are allotted a total of 40 points (out of 100) and include: (1) Project Delivery, (2) Technical Reliability and Viability, (3) Operability, and (4) Technical Qualifications, each as further detailed below. Business and Financial criteria are allotted a total of 60 points (out of 100) and include (1) Cost Effectiveness (*i.e.*, price), (2) Financial Qualifications (including but not limited to information provided in the Proposer's previously submitted SOQ), and (3) Business Terms and Conditions, as further detailed below. In addition, the Selection Committee will evaluate each Proposer based on the interviews to be conducted with each Proposer.

5.2.1 Weighting of Evaluation Criteria

The specific weighting for each evaluation criterion is as follows:

Technical Criteria	40 points
Project Delivery	
Technical Reliability and Viability	
Operability	
Technical Qualifications	
Other	

Business and Financial Criteria	60 points
Cost Effectiveness of Proposal	
Business Terms and Conditions	
Proposer/Guarantor Financial Qualifications	
Other	
Total	100 points

5.2.2 Project Delivery

Proposers shall be evaluated under the Project delivery criterion based upon the Proposer's ability to successfully implement the proposed Design-Build Work and to meet CAW's desired schedule for the implementation of the Project. The Selection Committee will conduct an assessment of the Proposer's schedule and approach for obtaining applicable Governmental Approvals, the potential need for and timing of supplemental environmental review, the ability of the proposed design to meet all regulatory requirements of all applicable Governmental Bodies, and the proposed methods for coordination with applicable providers of utilities.

Proposer's approach to project planning, purchasing, coordination of subcontractors, sequencing and managing the construction activities to meet the schedule will be evaluated, as well as the expertise and management capability to integrate the required expertise of the Project team members for the overall benefit of the Project. Particular attention will also be given to the Proposer's understanding and inclusion in the schedule of the requirements necessary to test equipment, commission the Project and conduct the Acceptance Test. CAW will evaluate the Proposer's approach to avoiding adverse environmental impacts, protecting natural resources, and mitigating environmental impacts. This evaluation also includes an assessment of information provided by the Proposer with its SOQ and any additional information provided in its Proposal regarding material lawsuits or litigation, significant Governmental Approval delays, and material contract disputes in other projects with which the Proposer has been involved, or is currently involved.

Evaluating the Proposal with respect to Project delivery also includes an assessment of current and projected workloads of the Proposer, the proposed Design-Build Quality Management Plan, the constructability of the proposed design and the Proposer's ability to meet the construction schedule for the proposed Project. The Proposer's approach to developing, managing, and scheduling the construction, commissioning, start-up and Acceptance Test activities will also be evaluated.

The Proposer's strategy for identifying all required Governmental Approvals, preparing applications for such Governmental Approvals, and timely obtaining all Governmental Approvals for construction and testing of the proposed Project shall also be assessed. This assessment shall include an analysis of the Proposer's understanding of the regulatory review and Governmental Approval processes of all Governmental Bodies having jurisdiction with respect to the Project.

Safety experience rates for the last three years shall also be considered in this evaluation.

5.2.3 Technical Reliability and Viability

CAW shall undertake a technical assessment of the proposed facilities based on the Project specific information provided by the Proposers. The evaluation will consider the clarity and completeness of the technical information submitted with the Proposal. Proposals that lack information will be evaluated accordingly. The evaluation shall include factors such as reliability and flexibility to treat anticipated variability in raw water quality, treatment performance versus the finished water requirements set forth Appendix 2 of the draft DB Agreement. In addition, Proposals will be evaluated for the quality of materials, type and quality of equipment included, and inclusion of adequate redundancy features.

CAW shall conduct an assessment of the technical viability factors such as, but not limited to:

- Ability of the proposed facilities to consistently deliver finished water at the sustained Rated Capacity of 9.6 mgd.
- Ability of the proposed processes, including the reverse osmosis and post-stabilization processes, to reliably meet the requirements of the Contract Standards over the life of the project.
- Sufficient scope of geotechnical investigation, and structural/architectural design approach.
- Flexibility of the proposed design to allow for scaling down to a Rated Capacity of 6.4 mgd.
- Flexibility of the proposed design to allow for future modifications or additions to meet future regulatory requirements.
- Architectural appearance, aesthetics, and environmental sustainability.

Alternative Proposals will be evaluated on technical reliability and viability. High value alternatives will improve scores while low value alternatives, or poorly documented alternatives, may result in a lower overall score in this category.

5.2.4 Operability

The operability evaluation will identify provisions that are evident in the Proposer's approach that assist in the operation and maintenance of a facility and ultimately improve safety, reduce labor, and improve reliability of equipment and processes.

Safety related items that are important to operability are numerous and include eliminating or minimizing confined space entry (i.e. underground pits and vaults), providing stairs instead of ladders, preventing tripping and slipping hazards, actively managing arc flash energy during

design to reduce the subsequent hazards to staff and PPE requirements, providing arc flash warning labels, providing secondary containment of chemicals, care in location of control panels, locating electrical equipment away from water and environmental hazards, and providing color coded piping and proper signage to make workers aware of chemical and electrical hazards.

The operability evaluation includes review of the Proposer's plans for Project Site and plant security, design of electrical power system, design of instrumentation and control system, process controls to minimize lag time to improve control loop performance, ergonomic design of equipment/building locations, location and design of operator sampling stations, design of on-site laboratory facilities, and unit process specific issues. Design considerations for plant maintenance include: sufficient access to equipment, recognition of the space consumed by small piping or electrical conduits at equipment, suitable provisions for cranes and hoists, lighting for maintenance, and access to electrical outlets. Design considerations for maintenance of piping in galleries include providing clear passageway to access piping, controlling condensation, locating piping to allow for maintenance, providing suitable lighting, and providing good drainage to keep floors dry.

Alternative Proposals will be evaluated on technical reliability and viability. High value alternatives will improve scores while low value alternatives, or poorly documented alternatives may result in a lower overall score in this category.

5.2.5 Technical Qualifications

Each Proposer's updated or reaffirmed technical qualifications will be reviewed to verify that the Proposer has the qualifications deemed relevant by CAW with respect to the Project's design and construction to assure proper performance of the Design-Build Work should the Proposer be selected to enter into the DB Agreement. CAW, in its sole discretion, shall determine if any changes to the previously submitted SOQ information enhances or adversely affects the technical qualifications of the Proposer. Proposers shall be evaluated based upon their experience and qualifications in providing the proposed Design-Build Work. The demonstrated experience and competency of Key Personnel assigned to the Project, including the commitment of Key Personnel to remain with the Project, shall also be evaluated.

5.2.6 Cost Effectiveness of Proposal

The Proposals shall be evaluated based on the proposed Fixed Design-Build Prices for the 9.6 mgd and 6.4 mgd plants as well as a life cycle cost basis including the proposed Fixed Design-Build Prices, electrical costs, membrane replacement costs, chemical costs, operating costs associated with UV disinfection, tank maintenance costs, and other replacement/repair costs,. The cost effectiveness evaluation will be weighted equally for the 9.6 mgd Proposal and the 6.4 mgd Proposal. The net present value ("NPV") life-cycle costs of the Proposals shall be calculated over an assumed 20-year operation period, primarily based upon the following factors:

Fixed Design-Build Price –The Proposer's proposed Fixed Design-Build Price and the Estimated Drawdown Schedule included on Proposal Forms 13, 13A, 13B, 13C, 13D, 14,

and 14A will be used to calculate a NPV for each Proposal. Escalation of the proposed Fixed Design-Build Price will be based on the escalation provisions of the draft DB Agreement.

Annual Operating Costs – Annual operating costs will include the projected maintenance requirements and chemical costs. Estimated annual electricity costs will be calculated based upon the Proposer’s Estimated Maximum Electricity Utilization included on Proposal Form 16 based upon an assumed rate of \$0.10 per kilowatt-hour. The costs of membrane replacement will be estimated using the Proposer’s replacement schedules and costs provided included on Proposal Forms 20 and 20A.

Net Present Value –. A base case set of assumptions, including an escalation (inflation) rate of 3%, and a discount rate of 5%.

Other Factors:

Contract Date of November 15, 2013;

Scheduled Acceptance Date of December 31, 2016; and

Average annual Flow Rates of 9.6 mgd and 6.4 mgd.

Notwithstanding the foregoing assumptions, CAW reserves the right to make appropriate adjustments and to perform sensitivity analyses to assess the effect on the estimated net present value costs on the assumptions used in the analysis.

Voluntary alternatives that the Proposer presents will be evaluated on cost effectiveness. High value alternatives will improve scores while low value alternatives, or poorly documented alternatives may result in a lower overall score in this category. Proposers should not assume that CAW will request changes to Proposals or require all Proposers to provide best and final offers or Proposals. CAW may correct any mathematical errors it finds in the Proposals for purposes of preparing the cost effectiveness analysis even if this increases the cost associated with the Proposal.

5.2.7 Business Terms and Conditions

CAW will evaluate the extent to which the Proposer accepts the terms and conditions set forth in the draft DB Agreement included with this RFP or otherwise proposes terms and conditions that are more favorable to CAW than the terms and conditions set forth in the draft DB Agreement. Suggested changes, including, particularly, changes that are indicated to be conditions of the Proposal, will be carefully considered and evaluated to determine whether the suggested changes, taken as a whole, would result in a less favorable DB Agreement to CAW. Proposers are reminded that proposed changes to the terms and conditions that are conditions of the Proposal and that substantially change the nature of the transaction or the scope of services may result in the rejection of a Proposal as non-responsive to the requirements of this RFP,

notwithstanding the relative weight assigned to the proposed business terms and conditions in this RFP.

5.2.8 Financial Qualifications

CAW will evaluate the financial strength and qualifications of the Proposer and the Guarantor (if applicable) based on the financial information provided by the Proposer in the SOQ and any changes and updates from the SOQ and any other financial information required by this RFP. Only changes that make the Proposer or Guarantor equal or better than as set forth in the Proposer's SOQ shall be acceptable to CAW. CAW, in its sole discretion, shall determine if any such changes enhance or adversely effect the financial qualifications of the Proposer or Guarantor.

The overall relative financial strength of the Proposer and the Guarantor shall be assessed based on the criteria referenced above. This evaluation shall include a careful consideration of the adequacy of the Proposer and the Guarantor's financial resources backing the performance of all of the Proposer's obligations under the DB Agreement. Accordingly, this evaluation shall focus on the following key factors:

- The financial capacity of the Proposer and the Guarantor to assure the full and timely performance of the DB Entity's obligations under the DB Agreement;
- The clarity of the roles, responsibilities and risk allocation among the Proposer's team and the Guarantor;
- The Proposer's ability to provide a Performance Bond, Payment Bond, Warranty Bond, and \$1,000,000 Letter of Credit, in accordance with the draft DB Agreement;
- Support for liability assumption by the Proposer and the Guarantor up to the limits of liability set forth in the draft DB Agreement;
- The trailing financial performance of the Proposer and the Guarantor, with specific consideration of company size, tangible net worth, liquidity, leverage, profitability, and cash flow; and
- The presence or absence of material changes in the financial condition of the Proposer and Guarantor, which, in the opinion of CAW, could affect the Proposer's ability to meet the obligations of the DB Agreement over the Term.

In cases where the Guarantor has not received a rating from a rating service, CAW's assessment of financial strength shall be a key consideration in its financial qualifications analysis. In the event a Guarantor has not received a rating from a rating service, Proposers shall provide an explanation as to the absence of such rating with its Proposal.

CAW anticipates that each of the Proposers will have sufficient financial strength for the Project based on the information provided in connection with the prequalification process initiated prior to the issuance of this RFP. Accordingly, the evaluation of financial strength at this stage in the process is intended to evaluate the relative financial strength of each Proposer in relation to the other Proposers. However, Proposers are advised that information indicating inadequate financial strength for the Project or evidence of financial distress or potential financial distress may result in the rejection of a Proposal, notwithstanding the relative weight assigned to financial qualifications in this RFP.

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Desalination Infrastructure**

PROPOSAL FORMS

PROPOSAL FORM 1
TRANSMITTAL LETTER

(to be typed on Proposer's Letterhead)

[Date]

[_____

_____]

Re: Monterey Peninsula Water Supply Project Desalination Infrastructure
Design-Build Project

Dear Sir/Madam:

_____ (the "Proposer") hereby submits its Proposal in response to the Request for Proposals for the Monterey Peninsula Water Supply Desalination Infrastructure Design-Build Project (the "RFP") issued by California-American Water Company ("CAW") on June 17, 2013, as amended.

As a duly authorized representative of the Proposer, I hereby certify, represent, and warrant, on behalf of the Proposer team, as follows in connection with the Proposal:

1. The Proposer acknowledges receipt of the RFP and the following addenda:

<u>No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer. Attachment 1 to this Transmittal Letter is a Certificate of Authorization which evidences my authority to submit the Proposal and bind the Proposer.
3. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that CAW will rely on such information and statements in selecting the most advantageous Proposal to CAW and executing the DB Agreement.

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4. Attachment 2 to this Transmittal Letter sets forth the Proposer's Design-Build Team and identifies each team member's proposed role with respect to the Project. Attachment 3 to this Transmittal Letter provides licensing information for each Design-Build Team member.
5. The Proposer's obligations under the DB Agreement, as negotiated between the parties based upon the RFP and the Proposal, will be guaranteed absolutely and unconditionally by _____, as evidenced by the Guarantor Acknowledgment submitted as Proposal Form 4. The Guarantor Certificate of Authorization submitted as Attachment 1 to the Guarantor Acknowledgment evidences the Authorized Signatory's authority to submit the Guarantor Acknowledgment and bind the Guarantor.
6. Proposal Form 9 evidences the intent of _____, the Proposer's qualified surety company, to issue the Performance Bond as security for the performance of the Proposer's Design-Build Work obligations under the DB Agreement, as negotiated between the parties based upon the RFP and the Proposal.
7. Proposal Form 10 evidences the intent of _____, the Proposer's qualified surety company, to issue the Payment Bond as security for the performance of the Proposer's Design-Build Work payment obligations under the DB Agreement, as negotiated between the parties based upon the RFP and the Proposal.
8. Proposal Form 11 evidences the intent of _____, the Proposer's qualified bank, to issue the Letter of Credit as security for the performance of the Proposer's Design-Build Work obligations under the DB Agreement, as negotiated between the parties based upon the RFP and the Proposal.
9. Proposal Form 12 evidences the intent of _____, the Proposer's qualified insurer, to provide the Required Insurance under the DB Agreement, as negotiated between the parties based upon the RFP and the Proposal.
10. Neither the Proposer, the Guarantor, nor any Project team member is currently suspended or debarred from doing business in the State of California;
11. There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse affect on the ability of the proposed Company or Guarantor to perform their respective obligations under the DB Agreement or Guaranty Agreement, as applicable, or the other transactions contemplated hereby, or which, in any way, would have a materially adverse affect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any agreement or instrument entered into by the Proposer in connection with the transactions contemplated hereby.
12. No corporation, partnership, individual or association, officer, director, employee, manager, parent, subsidiary, affiliate or principal shareholder of the Proposer has been adjudicated to be in violation of any state or federal anti-trust or similar statute within the

**Request for Proposals for California American Water
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preceding five years, or previously adjudged in contempt of any court order enforcing such laws.

13. The Proposer, the Guarantor and all Project team members have reviewed all of the engagements and pending engagements of the Proposer, the Guarantor and all Project team members and no potential exists for any conflict of interest or unfair advantage.
14. No person or selling agency has been employed or retained to solicit the award of the DB Agreement under an arrangement for a commission, percentage, brokerage or contingency fee or on any other success fee basis, except bona fide employees of the Proposer or the Guarantor.
15. The principal contact person who will serve as the interface between CAW and the Proposer for all communications is:

NAME: _____
TITLE: _____
ADDRESS: _____

PHONE: _____
FAX: _____
EMAIL: _____

16. The key technical and legal representatives available to provide timely response to written inquiries submitted and to attend meetings requested by CAW are:

Technical Representative:

NAME: _____
TITLE: _____
ADDRESS: _____

PHONE: _____
FAX: _____
EMAIL: _____

Legal Representative:

NAME: _____
TITLE: _____
ADDRESS: _____

PHONE: _____
FAX: _____
EMAIL: _____

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17. The Proposer has carefully examined all documents constituting the RFP and the addenda thereto.
18. The DB Agreement in the form issued with this RFP is agreed to, except where changes have been requested in Proposal Form 19 and such changes have been indicated as conditions of the Proposal.
19. If selected, the Proposer agrees to negotiate in good faith to enter into a DB Agreement that reflects the substantive terms and conditions of the RFP and the Proposal.
20. The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal.

Having carefully examined the RFP and all other documents bound therewith, together with all addenda thereto, all information made available by CAW, and being familiar with the Project (as described in the RFP and the DB Agreement) and the various conditions affecting the work, the Proposer hereby offers to furnish all labor, materials, supplies, equipment, facilities and services which are necessary, proper or incidental to carry out such work as required by and in strict accordance with the RFP and the Proposal, all for the prices set forth in the Proposal Forms.

Name of Proposer

Name of Designated Signatory

Signature

Title

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Note: If this Proposal is being submitted by a corporation, the Proposal shall be executed in the corporate name by the president or other corporate officer with authority to bind the corporation, and the corporate seal shall be affixed and attested to by the clerk. A certificate of the secretary of the corporation evidencing the officer's authority to execute the Proposal shall be attached.

If this Proposal is being submitted by a joint venture or general partnership, it shall be executed by all partners, and any partner that is a corporation shall follow the requirements for execution by a corporation, as set forth above.

If this Proposal is being submitted by a limited partnership or a limited liability company, it shall be executed by the managing partner(s) or managing member thereof, and such entity shall also submit proof of authority to so execute the Proposal, in a form satisfactory to CAW. Any partner or member that is a corporation shall follow the requirements for execution by a corporation, as set forth above.

(Notary Public)

State of _____

County of _____

On this _____ day of _____, 2013, before me appeared [DESIGNATED SIGNATORY], who is [INSERT TITLE] of [INSERT PROPOSER], a [INSERT STATE AND ENTITY TYPE], personally known to me to be the person described in and who executed this Transmittal Letter and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Notary Public in and for the State of _____
(Seal)

(Name Printed)

Residing at _____

Commission Number _____

Attachment 1

CERTIFICATE OF AUTHORIZATION*

I, _____, a resident of [INSERT CITY] in the State of [INSERT STATE], DO HEREBY CERTIFY that I am the Clerk/Secretary of [INSERT PROPOSER NAME], a [corporation] duly organized and existing under and by virtue of the laws of [INSERT STATE]; that I have custody of the records of such [corporation]; and that as of the date of this certification, [INSERT DESIGNATED SIGNATORY NAME] holds the title of [INSERT TITLE] of the [corporation], and is authorized to execute and deliver in the name and on behalf of the [corporation] the Proposal submitted by the [corporation] in response to the Request for Proposals for Monterey Peninsula Water Supply Project Desalination Infrastructure Design-Build Project, issued by California-American Water Company on June 17, 2013, as amended; and all documents, letters, certificates and other instruments which have been executed by such officer on behalf of the [corporation] in connection therewith.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the [corporate] seal of the [corporation] this _____ day of _____ 2013.

(Affix Seal Here)

Clerk/Secretary

** Note: Separate certifications shall be submitted if more than one corporate officer has executed documents as part of the Proposal. Proposers shall make appropriate conforming modifications to this Certificate in the event that the signatory's address is outside of the United States.*

Attachment 2

PROJECT TEAM MEMBER LIST

Name of Project team (if any): _____

Proposals shall identify the names and roles of the Proposer, the DB Entity, the Guarantor, the firm that will design the Project, the firm that will construct the Project, and any other Significant Subcontractors and all other Project team members identified to date:

NAME:

ROLE:

Name of Proposer

Name of Designated Signatory

Signature

Title

Attachment 3

PROJECT TEAM LICENSE LIST

Attach corresponding copies of applicable licenses

License No.	Classification	Name of Licensee⁽¹⁾	Renewal Date	Active (Yes/No)

Note:
⁽¹⁾ Include information for Design Firm and Engineer.

**Request for Proposals for California American Water
Monterey Peninsula Water Supply Project
Desalination Infrastructure**

(Notary Public)

State of _____

County of _____

On this _____ day of _____, 2013, before me appeared [DESIGNATED SIGNATORY], who is [INSERT TITLE] of [INSERT PROPOSER], a [INSERT STATE AND ENTITY TYPE], personally known to me to be the person described in and who executed this Transmittal Letter and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Notary Public in and for the State of _____

(Seal)

(Name Printed)

Residing at _____

Commission Number _____

PROPOSAL FORM 3

DISCLAIMER STATEMENT

The information contained in or otherwise provided in connection with the Request for Proposals for the Monterey Peninsula Water Supply Desalination Infrastructure Design-Build Project (the “RFP”) issued by California-American Water Company (“CAW”) on June 17, 2013, as amended, has been prepared by CAW and, while such information is believed to be accurate and reliable, except as otherwise expressly set forth in the RFP, CAW makes no representation as to such accuracy or reliability. In no way shall any such information constitute a representation or warranty by CAW or any of its officials, employees, agents, consultants, attorneys, representatives, contractors, or subcontractors (the “CAW Representatives”). The Proposer hereby releases and forever discharges CAW and the CAW Representatives from any and all claims which such Proposer has, had or may hereafter have arising out of any information contained in or otherwise provided in connection with the RFP. Any party who intends to submit a response to this RFP is specifically invited to independently verify the accuracy of the information contained herein.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 4
GUARANTOR ACKNOWLEDGMENT

(to be typed on Guarantor's Letterhead)

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for the Monterey Peninsula Water Supply Desalination Infrastructure Design-Build Project (the "RFP") issued by California-American Water Company ("CAW") on June 17, 2013, as amended. The RFP requires the selected Proposer to enter into a DB Agreement to: (1) provide all necessary design, permitting, construction, commissioning, start-up, and testing services for the Project; (2) cause the Project to meet certain Performance Guarantees; and (3) perform the other related services and ancillary services described in the RFP if the Proposer is approved by CAW for final negotiations and execution of the DB Agreement. The Project is located in the County of Monterey, California.

The Guarantor has reviewed the RFP and the Proposal, which together will form the basis of the DB Agreement. The Guarantor hereby certifies that it will irrevocably, absolutely and unconditionally guarantee the performance of all of the obligations of the Proposer under the DB Agreement, as negotiated based on the RFP and the Proposal, in the event that the Proposer is selected for final negotiations and execution of the DB Agreement, and that it will execute a separate Guaranty Agreement in the form presented as Transaction Form A of the draft DB Agreement, as negotiated based on the RFP and the Proposal.

Name of Guarantor

Name of Authorized Signatory

Signature

Title

** If more than one Guarantor is proposed, each firm shall be jointly and severally obligated and shall independently provide an executed copy of this Guarantor Acknowledgment. If a Guarantor is a joint venture, each firm in the joint venture shall be jointly and severally obligated and shall independently provide an executed copy of this Guarantor Acknowledgment.*

Attachment 1

GUARANTOR CERTIFICATE OF AUTHORIZATION*

I, _____, a resident of [INSERT CITY] in the State of [INSERT STATE], DO HEREBY CERTIFY that I am the Clerk/Secretary of [INSERT GUARANTOR], a [corporation] duly organized and existing under and by virtue of the laws of the State of [INSERT STATE]; that I have custody of the records of such [corporation]; and that as of the date of this certification, [INSERT AUTHORIZED SIGNATORY NAME] holds the title of [INSERT TITLE] of the [corporation], and is authorized to execute and deliver in the name and on behalf of the [corporation] the Guarantor Acknowledgment submitted by the corporation as part of [INSERT PROPOSER] (the Proposer's) response to the Request for Proposals for the Monterey Peninsula Water Supply Project Desalination Infrastructure Design-Build Project, issued by California-American Water Company on June 17, 2013, as amended; and all documents, letters, certificates and other instruments which have been executed by such officer on behalf of the [corporation] in connection therewith.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the [corporate] seal of the [corporation] this _____ day of _____, 2013.

(Affix Seal Here)

Clerk/Secretary

**Note: Separate certifications shall be submitted if more than one corporate officer has executed the Guarantor Acknowledgment as part of the Proposal. Proposers shall make appropriate conforming modifications to this Certificate in the event the signatory's address is outside of the United States.*

PROPOSAL FORM 5

KEY PERSONNEL¹

(Copy and complete this form for Key Personnel. Attach additional pages along with organizational charts for the Design-Build Period)

General Information²

Name: _____

Firm: _____

Title: _____

Year employed by firm: _____ years

Total Professional Experience: _____ Years

Professional Registration and Licenses (type/number/state/year)³ _____

Project-Specific Information

Title/Assignment _____

Description of Role/Responsibilities:

Commitment⁴ **Permitting** _____ % **Construction** _____ %

Design _____ % **Startup and Testing:** _____ %

Footnotes:

¹ Proposers shall duplicate this form for all Key Personnel. Refer to subsection 4.4.2 of the RFP for a list of the minimum personnel for which this form shall be completed.

² Please indicate any staff that has changed from that provided in the Statement of Qualifications in accordance with subsection 4.4.2 of the RFP. Attach pages as necessary.

³ Where applicable, key design and construction personnel must provide either: (1) proof of current California licensure; or (2) if not currently licensed in California, a detailed plan to obtain a required California license no later than the Contract Date.

⁴ Commitment indicates the amount of time (in percent) that the individual would be available to work on the Project during the permitting, design, construction, start-up and testing phases of the Project. Indicate by "N/A" where the individual is not proposed to be involved in a particular phase of the Project.

PROPOSAL FORM 6

VERIFICATION OF STATEMENT OF QUALIFICATION INFORMATION

1. Check the appropriate box:

The Statement of Qualifications is reaffirmed in its totality.

The Statement of Qualifications is reaffirmed but subject to changes described on the attached pages.

2. If the Proposer attaches any pages with changes, it must (1) specifically identify the affected portion of its Statement of Qualifications and (2) describe how the change makes its Proposal qualifications equal or better than as submitted with the Statement of Qualifications.

3. Proposers shall disclose all changes with respect to its Statement of Qualifications regardless of whether or not the Proposer believes such changes enhance its qualifications from those previously submitted. CAW, in its sole discretion, will determine whether any such changes enhance or adversely affect the Proposer's qualifications from those initially submitted in its Statement of Qualifications. Changes that adversely affect the Proposer's qualifications, as determined by CAW and not consented to by CAW, may result in disqualification of the Proposer.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 7

FINANCIAL CAPACITY DATA

Provide information requested for the Proposer and Guarantor.
 This form may be duplicated if necessary.

Name of Company: _____

Please indicate if Company is the
 Proposer or the Guarantor: _____

Section I Financial Data Summary

	<u>FY 2010</u>	<u>FY2011</u>	<u>FY2012</u>
Income Statement			
Operating Revenues			
Operating Expenses			
Depreciation and Amortization			
Earnings Before Tax (EBT)			
Earnings Before Interest and Taxes (EBIT)			
Net Income			

Balance Sheet			
Current Assets			
Other Assets			
Intangible Assets			
Total Assets			
Current Liabilities			
Total Long-Term Debt			
Other Liabilities			
Total Liabilities			
Net Worth			
(Total Assets – Total Liabilities)			
Tangible Net Worth			
(Total Assets – Total Liabilities – Intangible Assets)			

Statement of Cash Flow			
Total Cash Flow			
Cash Flow from Operations			
Cash Flow from Financing Activities			
Cash Flow from Investing Activities			

Section II Financial Ratios

	<u>FY 2010</u>	<u>FY2011</u>	<u>FY2012</u>
Liquidity Measures			
Current Ratio (Current Assets/Current Liabilities)			
Quick Ratio (Current Assets-Inventory/Current Liabilities)			
Working Capital as a % of Revenue (Current Assets-Current Liabilities/Revenue)			
Leverage Measures			
Debt/Equity Ratio (Total Liabilities/Shareholder's Equity)			
Debt/Tangible Net Worth			
Debt/(Debt + Net Worth)			
Debt Service Coverage Measures			
Cash Flow from Operations/Debt Service			
EBT/Interest			
EBIT/Interest			
Profitability Measures			
Operating Profit Margin (Operating Income/Net Sales)			
EBIT/Revenue			
Return on Capital (EBIT/Total Assets)			

Section III Credit Rating Summary¹

Bond Ratings

(please list all bond issues within the last three years with issue date and rating

	<u>Moody's</u>	<u>Standard & Poors'</u>	<u>Fitch</u>	<u>Dun & Bradstreet</u>	<u>Value Line</u>
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

Credit and Other Ratings (please list all credit and other ratings within the last two years along with date of rating):

	<u>Rating Date</u>	<u>Name of Rating Agency</u>
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Footnote:

¹ In the event that no credit rating is available for the Proposer and Guarantor from a nationally recognized rating agency, then the Proposer and Guarantor, as applicable, shall provide:

- (a) a current (30 days or less) Dun & Bradstreet report (or an independent report of similar quality and content) attached to this Proposal Form; and
- (b) a narrative discussion of the long-term credit strength of the Proposer and Guarantor.

Proposers and Guarantors shall also provide an explanation or state the reasons that no such credit rating from a nationally recognized credit rating agency is available.

Section IV Other Financial Information

Please provide the Proposer's and Guarantor's audited financial statements for the past 3 fiscal years, including auditor's opinion, footnotes and other required supplementary information as well as the Proposer's and Guarantor's most recently available quarterly statements pursuant to Section 4 of the RFP.

Note: All data is to be provided in U.S. Dollars and in English.

Name of Proposer/Guarantor

Name of Designated/Authorized Signatory

Signature

Title

PROPOSAL FORM 8

SURETY LETTER OF INTENT TO ISSUE A PERFORMANCE BOND

(to be typed on Surety's Letterhead)

[Date]

[

_____]

Re: Monterey Peninsula Water Supply Project Desalination Infrastructure
Design-Build Project

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for the Monterey Peninsula Water Supply Desalination Infrastructure Design-Build Project (the "RFP") issued by California-American Water Company ("CAW") on June 17, 2013, as amended. The RFP requires the successful Proposer to enter into a DB Agreement to: (1) provide all necessary design, permitting, construction, commissioning, start-up and testing services for the Project; (2) cause the Project to meet certain Performance Guarantees; and (3) perform the other related services and ancillary services described in the RFP, if the Proposer is approved by CAW for final negotiations and execution of the DB Agreement.

The Surety has reviewed the Proposer's Proposal and the RFP, which together will form the basis of the DB Agreement. The Surety hereby certifies that, subject to its review of the final terms and conditions of the DB Agreement, it intends to issue on behalf of the Proposer, as security for the performance of the Proposer's Design-Build Period obligations under the DB Agreement, as negotiated between the parties based on the Proposal and the RFP, a Performance Bond meeting the requirements of Section 10.2 of the draft DB Agreement in an amount equal to the Fixed Design-Build Price (plus a reasonable amount to be determined by the parties for any estimated Fixed Design-Build Price Adjustments) for the benefit of CAW, in the event the Proposer is selected for final negotiations and execution of the DB Agreement.

Name of Surety

Name of Authorized Signatory

Signature

Title

PROPOSAL FORM 9

SURETY LETTER OF INTENT TO ISSUE A PAYMENT BOND

(to be typed on Surety's Letterhead)

[Date]

[

_____]

Re: Monterey Peninsula Water Supply Project Desalination Infrastructure
Design-Build Project

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for the Monterey Peninsula Water Supply Desalination Infrastructure Design-Build Project (the "RFP") issued by California-American Water Company ("CAW") on June 17, 2013, as amended. The RFP requires the successful Proposer to enter into a DB Agreement to: (1) provide all necessary design, permitting, construction, commissioning, start-up and testing services for the Project; (2) cause the Project to meet certain Performance Guarantees; and (3) perform the other related services and ancillary services described in the RFP, if the Proposer is approved by CAW for final negotiations and execution of the DB Agreement.

The Surety has reviewed the Proposer's Proposal and the RFP, which together will form the basis of the DB Agreement. The Surety hereby certifies that, subject to its review of the final terms and conditions of the DB Agreement, it intends to issue on behalf of the Proposer as security for the performance of the Proposer's payment obligations in connection with its design and construction obligations under the DB Agreement as negotiated between the parties based on the Proposal and the RFP, a Payment Bond meeting the requirements of Section 10.2 of the draft DB Agreement in an amount equal to the Fixed Design-Build Price (plus a reasonable amount to be determined by the parties for any estimated Fixed Design-Build Price Adjustments) for the benefit of CAW in the event the Proposer is selected for final negotiations and execution of the DB Agreement.

Name of Surety

Name of Authorized Signatory

Signature

Title

PROPOSAL FORM 10

BANK LETTER OF INTENT TO ISSUE A LETTER OF CREDIT

(to be typed on Surety's Letterhead)

[Date]

[

_____]

Re: Monterey Peninsula Water Supply Project Desalination Infrastructure
Design-Build Project

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for the Monterey Peninsula Water Supply Desalination Infrastructure Design-Build Project (the "RFP") issued by California-American Water Company ("CAW") on June 17, 2013, as amended. The RFP requires the successful Proposer to enter into a DB Agreement to: (1) provide all necessary design, permitting, construction, commissioning, start-up and testing services for the Project; (2) cause the Project to meet certain Performance Guarantees; and (3) perform the other related services and ancillary services described in the RFP, if the Proposer is approved by CAW for final negotiations and execution of the DB Agreement.

The Bank has reviewed the Proposer's Proposal and the RFP, which together will form the basis of the DB Agreement. The Bank hereby certifies that, subject to its review of the final terms and conditions of the DB Agreement, it intends to issue on behalf of the Proposer as security for the performance of the Proposer's payment obligations in connection with its design and construction obligations under the DB Agreement as negotiated between the parties based on the Proposal and the RFP, a Letter of Credit in the amount of one million dollars (\$1,000,000.00) meeting the requirements of Section 10.3 of the draft DB Agreement for the benefit of CAW in the event the Proposer is selected for final negotiations and execution of the DB Agreement.

Name of Bank

Name of Authorized Signatory

Signature

Title

PROPOSAL FORM 11

INSURANCE LETTER OF INTENT

(to be typed on Insurance Company's Letterhead)

[Date]

[

_____]

Re: Monterey Peninsula Water Supply Project Desalination Infrastructure
Design-Build Project

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for the Monterey Peninsula Water Supply Desalination Infrastructure Design-Build Project (the "RFP") issued by California-American Water Company ("CAW") on June 17, 2013, as amended. The RFP requires the Selected Proposer to enter into a DB Agreement to: (1) provide all necessary design, permitting, construction, commissioning, start-up and testing services for the Project; (2) cause the Project to meet certain Performance Guarantees; and (3) perform the other related services and ancillary services described in the RFP if the Proposer is approved by CAW for final negotiations and execution of the DB Agreement.

The Insurance Company has reviewed both the Proposal and the RFP, which together will form the basis of the DB Agreement. The Insurance Company hereby certifies that it intends to provide all Required Insurance set forth in Appendix 11 of the draft DB Agreement, as negotiated between the parties based on the Proposal and the RFP, in the event the Proposer is

Name of Insurance Company

Name of Authorized Signatory

Signature

Title

PROPOSAL FORM 12

PRELIMINARY PROJECT SCHEDULE, SCHEDULED CONSTRUCTION DATE AND SCHEDULED ACCEPTANCE DATE

The Proposer shall submit a Preliminary Project Schedule with the Proposal that includes important design, procurement and construction activities and milestones from the Contract Date through Final Completion. This Preliminary Project Schedule shall be submitted in both written and electronic formats. The level of detail shall be in summary level for major procurement, permitting, design and construction activities. Major milestones throughout the Design-Build Period shall be included. The Proposer shall also guarantee the Scheduled Construction Date and the Scheduled Acceptance Date.

The Preliminary Project Schedule shall consist of, but not be limited to, the following:

- (i) Important design activities and milestones
- (ii) Important procurement activities and milestones
- (iii) Important construction activities and milestones
- (iv) It shall indicate the sequence of Design-Build Work and the time of starting and completing each part.

The Preliminary Project Schedule shall identify each applicable Governmental Approval and the estimated calendar time required to submit a complete Governmental Approval application, and the estimated calendar time required to obtain the Governmental Approval. The Proposer shall specify the “Governmental Approval Application Dates” to be set forth in subsection 4.5(J) of the draft DB Agreement. In addition, the Proposer shall summarize and provide a list of proposed major milestones and completion dates including, but not limited to:

- Contract Date
- Basis of Design Report
- 40-50% Facility Specifications & Drawings complete
- 80-90% Facility Specifications & Drawings complete
- 100% Governmental Approvals received
- On-site delivery of all major equipment
- Guaranteed Scheduled Construction Date
- Completion of major structures

**Request for Proposals for California American Water
Monterey Peninsula Water Supply Project
Desalination Infrastructure**

- Commissioning and functional testing commencement
- Substantial Completion Date (including CDPH approval)
- Run-in Period commencement
- Acceptance Test
- Guaranteed Scheduled Acceptance Date
- Final Completion

The Proposer shall use the following format to provide this information:

TABLE 12-1 MAJOR ACTIVITIES AND MILESTONES¹		
ACTIVITY NUMBER	ACTIVITY/MILESTONE	DATE²

Name of Proposer

Name of Designated Signatory

Signature

Title

Footnotes:

¹ List each major activity and milestone separately.

² Indicate the end of activity or date milestone achieved.

PROPOSAL FORM 13
FIXED DESIGN-BUILD PRICE

The total amount of the Fixed Design-Build Price, in US dollars, for the 9.6 mgd water treatment plant, including UV disinfection and allowances (as described in Appendix 12 of the draft DB Agreement), in accordance to the Design and Construction Requirements identified in Appendix 2 of the draft DB Agreement, is:

_____ Dollars (\$_____)

The Fixed Design-Build Price shall be subject to adjustment solely in accordance with subsection 5.1(C) of the draft DB Agreement.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 13

**FIXED DESIGN-BUILD PRICE
(CONTINUED)**

**SUMMARY OF FIXED DESIGN-BUILD PRICE for 9.6
MGD WATER TREATMENT PLANT¹**

PROJECT DEVELOPMENT AND DESIGN

Engineering	\$ _____
Permitting	\$ _____
Other (Specify) _____	\$ _____
Subtotal Project Development and Design Costs	\$ _____

**CONSTRUCTION – Provide breakdown by CSI Format,
Div 1-16**

Division 1 – General Requirements	\$ _____
Division 2 – Site Construction, Including Yard Piping and Valves	\$ _____
Division 3 – Concrete	\$ _____
Division 4 – Masonry	\$ _____
Division 5 – Metals	\$ _____
Division 6 – Wood and Plastic	\$ _____
Division 7 – Thermal and Moisture Protection	\$ _____
Division 8 – Doors and Windows	\$ _____
Division 9 – Finishes	\$ _____
Division 10 – Specialties	\$ _____
Division 11 – Equipment	\$ _____
Division 12 – Furnishings	\$ _____
Division 13 – Special Construction (including Instrumentation and Control and RO System)	\$ _____
Division 14 – Conveying Systems	\$ _____
Division 15 – Mechanical	\$ _____
Division 16 – Electrical	\$ _____
Subtotal Construction Costs²	\$ _____

¹ Proposers shall modify this form to break down the Fixed Design-Build Price by major structure/system included in the Proposal.

² The amount set forth on this line item shall constitute the Construction Cost Component which is subject to escalation in accordance with the draft DB Agreement.

START-UP AND ACCEPTANCE TESTING

Commissioning and Start-up Activities \$ _____

Acceptance Testing Activities \$ _____

Subtotal Start-up and Acceptance Testing Costs \$ _____

OTHER DIRECT AND INDIRECT COSTS

Performance Bond and Payment Bond \$ _____

Required Design-Build Period Insurance \$ _____

Letter of Credit \$ _____

Other (Specify): _____ \$ _____

Subtotal Other Direct and Indirect Costs \$ _____

TOTAL FIXED DESIGN-BUILD PRICE³ \$ _____

³ The sum of the subtotals must equal the proposed Fixed Design-Build Price set forth above. The Fixed Design-Build Price is binding and will be incorporated directly into the final DB Agreement. The breakdown of the Fixed Design-Build Price provided above is for information and evaluation purposes only.

PROPOSAL FORM 13A

FIXED DESIGN-BUILD PRICE FOR REDUCED CAPACITY

Prior to the Construction Date, CAW may elect to reduce the Rated Capacity to 6.4 mgd. The total amount of the Fixed Design-Build Price, in US dollars, for the 6.4 mgd water treatment plant, including UV disinfection and allowances (as described in Appendix 12 of the draft DB Agreement), in accordance to the Design and Construction Requirements identified in Appendix 2 of the draft Design-Build Agreement, is:

_____ Dollars (\$_____)

The Fixed Design-Build Price shall be subject to adjustment solely in accordance with subsection 5.1(C) of the draft DB Agreement.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 13A

**FIXED DESIGN-BUILD PRICE FOR REDUCED CAPACITY
(CONTINUED)**

**SUMMARY OF FIXED DESIGN-BUILD PRICE for 6.4
MGD WATER TREATMENT PLANT¹**

PROJECT DEVELOPMENT AND DESIGN

Engineering	\$ _____
Permitting	\$ _____
Other (Specify) _____	\$ _____
Subtotal Project Development and Design Costs	\$ _____

**CONSTRUCTION – Provide breakdown by CSI Format,
Div 1-16**

Division 1 – General Requirements	\$ _____
Division 2 – Site Construction, Including Yard Piping and Valves	\$ _____
Division 3 – Concrete	\$ _____
Division 4 – Masonry	\$ _____
Division 5 – Metals	\$ _____
Division 6 – Wood and Plastic	\$ _____
Division 7 – Thermal and Moisture Protection	\$ _____
Division 8 – Doors and Windows	\$ _____
Division 9 – Finishes	\$ _____
Division 10 – Specialties	\$ _____
Division 11 – Equipment	\$ _____
Division 12 – Furnishings	\$ _____
Division 13 – Special Construction (including Instrumentation and Control and RO System)	\$ _____
Division 14 – Conveying Systems	\$ _____
Division 15 – Mechanical	\$ _____
Division 16 – Electrical	\$ _____
Subtotal Construction Costs²	\$ _____

¹ Proposers shall modify this form to break down the Fixed Design-Build Price by major structure/system included in the Proposal.

² The amount set forth on this line item shall constitute the Construction Cost Component which is subject to escalation in accordance with the draft DB Agreement.

START-UP AND ACCEPTANCE TESTING

Commissioning and Start-up Activities \$ _____

Acceptance Testing Activities \$ _____

Subtotal Start-up and Acceptance Testing Costs \$ _____

OTHER DIRECT AND INDIRECT COSTS

Performance Bond and Payment Bond \$ _____

Required Design-Build Period Insurance \$ _____

Letter of Credit \$ _____

Other (specify) \$ _____

Subtotal Other Direct and Indirect Costs \$ _____

TOTAL FIXED DESIGN-BUILD PRICE³ \$ _____

³ The sum of the subtotals must equal the proposed Fixed Design-Build Price set forth above. The Fixed Design-Build Price is binding and will be incorporated directly into the final DB Agreement. The breakdown of the Fixed Design-Build Price provided above is for information and evaluation purposes only.

PROPOSAL FORM 13B

REQUIRED ALTERNATIVE PROPOSALS FOR 9.6 MGD FACILITY

UV Disinfection Alternative - REQUIRED

- a. CAW may elect to not construct the UV disinfection system. The decision depends on the future results of source water quality testing. If CAW elects to not construct the UV disinfection facilities, the decision will be made by October 1, 2013.
- b. Deduct to the Fixed Design-Build Price proposed on Proposal Form 13 **for the UV Disinfection Alternative:**
\$ _____

Post Stabilization Alternatives - REQUIRED

- a. Identify the type of Post-Stabilization process included in your Proposal (either Hydrated Lime Saturation System or Calcite Contactors System):

- b. If the Hydrated Lime Saturation System is listed in (a), identify the adjustment to the Fixed Design-Build Price proposed on Proposal Form 13 for **construction of the Hydrated Lime System.**
 - i. Description of Proposal Alternative for Hydrated Lime System:
 - o Attach sheets and drawings as needed to describe scope
 - ii. Deduct to the Fixed Design-Build Price for Hydrated Lime System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price
- c. If the Hydrated Lime Saturation System is listed in (a), identify the adjustment to the Fixed Design-Build Price for **construction of a Calcite Contactor System** instead of a Hydrated Lime Saturation System.
 - i. Description of Proposal Alternative for Calcite Contactor System:
 - o Attach sheets and drawings as needed to describe scope
 - ii. Deduct to the Fixed Design-Build Price proposed on Proposal Form 13 for Calcite Contactor System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price

- d. If a Calcite Contactor System is listed in (a), then **identify the adjustment to the Fixed Design-Build Price for construction of a Hydrated Lime Saturation System** instead of a Calcite Contactor System.
- i. Description of Proposal Alternative for Hydrated Lime Saturation System:
 - o Attach sheets and drawings as needed to describe scope
 - ii. Deduct to the Fixed Design-Build Price proposed on Proposal Form 13 for Hydrated Lime Saturation System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price
- e. If a Calcite Contactor System is listed in (a), then **identify the adjustment to the Fixed Design-Build Price for construction of a Hydrated Lime Saturation System using the Hydrated Lime System** instead of a Calcite Contactor System.
- i. Description of Proposal Alternative for Hydrated Lime Saturation System using Hydrated Lime System:
 - o Attach sheets and drawings as needed to describe scope
 - ii. Deduct to the Fixed Design-Build Price proposed on Proposal Form 13 for Hydrated Lime Saturation System with Hydrated Lime System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price

PROPOSAL FORM 13C

REQUIRED ALTERNATIVE PROPOSALS FOR 6.4 MGD FACILITY

UV Disinfection Alternative - REQUIRED

- a. CAW may elect to not construct the UV disinfection system. The decision depends on the future results of source water quality testing. If CAW elects to not construct the UV disinfection facilities, the decision will be made by October 1, 2013.
- b. Deduct to the Fixed Design-Build Price for reduced Rated Capacity proposed on Proposal Form 13A **for the UV Disinfection Alternative:**
\$ _____

Post Stabilization Alternatives - REQUIRED

- a. Identify the type of Post-Stabilization process included in your Proposal (either Hydrated Lime Saturation System or Calcite Contactors System):

- b. If the Hydrated Lime Saturation System is listed in (a), identify the adjustment to the Fixed Design-Build Price for reduced Rated Capacity proposed on Proposal Form 13A for **construction of the Hydrated Lime System.**
 - i. Description of Proposal Alternative for Hydrated Lime System:
 - o Attach sheets and drawings as needed to describe scope
 - ii. Deduct to the Fixed Design-Build Price for reduced Rated Capacity for Hydrated Lime System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price
- c. If the Hydrated Lime Saturation System is listed in (a), identify the adjustment to the Fixed Design-Build Price for reduced Rated Capacity for **construction of a Calcite Contactor System** instead of a Hydrated Lime Saturation System.
 - i. Description of Proposal Alternative for Calcite Contactor System:
 - o Attach sheets and drawings as needed to describe scope

- ii. Deduct to the Fixed Design-Build Price for reduced Rated Capacity proposed on Proposal Form 13A for Calcite Contactor System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price
- d. If a Calcite Contactor System is listed in (a), then **identify the adjustment to the Fixed Design-Build Price for reduced Rated Capacity for construction of a Hydrated Lime Saturation System** instead of a Calcite Contactor System.
 - i. Description of Proposal Alternative for Hydrated Lime Saturation System:
 - o Attach sheets and drawings as needed to describe scope
 - ii. Deduct to the Fixed Design-Build Price for reduced Rated Capacity proposed on Proposal Form 13A for Hydrated Lime Saturation System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price
- e. If a Calcite Contactor System is listed in (a), then **identify the adjustment to the Fixed Design-Build Price for reduced Rated Capacity for construction of a Hydrated Lime Saturation System using the Hydrated Lime System** instead of a Calcite Contactor System.
 - i. Description of Proposal Alternative for Hydrated Lime Saturation System using Hydrated Lime System:
 - o Attach sheets and drawings as needed to describe scope
 - ii. Deduct to the Fixed Design-Build Price for reduced Rated Capacity proposed on Proposal Form 13A for Hydrated Lime Saturation System with Hydrated Lime System:
\$ _____
Note: Include Parentheses (___) to indicate an INCREASE in price

PROPOSAL FORM 13D

VOLUNTARY ALTERNATIVE PROPOSALS

Proposers are encouraged to provide Voluntary Alternative Proposals. Pricing and supporting information must be included for each Voluntary Alternative Proposal. Identify whether the alternative is for a Rated Capacity of 9.6 mgd or 6.4 mgd.

Descriptive Title

- A. Description of Voluntary Alternative Proposal
- Attach sheets and documents as needed
- B. Benefit of Voluntary Alternative Proposal
- Attach sheets as needed
- C. Deduct to the Fixed Design-Build Price:
- \$ _____
- D. Expected Operating Cost Savings
- (Identify savings, by year, for 20 years, assuming no inflation)

Provide additional Voluntary Alternative Proposals using the format as shown above.

PROPOSAL FORM 14

ESTIMATED DRAWDOWN SCHEDULE FOR 9.6 MGD FACILITY

Month ^(a)	Cumulative Percentage of the Fixed Design-Build Price	Cumulative Drawdown ^(b)
1		\$ _____
2		\$ _____
3		\$ _____
4		\$ _____
5		\$ _____
6		\$ _____
7		\$ _____
8		\$ _____
9		\$ _____
10		\$ _____
11		\$ _____
12		\$ _____
13		\$ _____
14		\$ _____
15		\$ _____
16		\$ _____
17		\$ _____
18		\$ _____
Total ^(c)	100%	\$ _____

^(a) The final month should be the month anticipated for the achievement of Final Completion under the DB Agreement. Proposers shall add as many lines as appropriate to correspond with their schedule.
^(b) Multiply maximum cumulative percentage by the Fixed Design-Build Price.
^(c) Total Cumulative Drawdown should equal the Fixed Design-Build Price.

PROPOSAL FORM 14A

ESTIMATED DRAWDOWN SCHEDULE FOR 6.4 MGD FACILITY

Month ^(a)	Cumulative Percentage of the Fixed Design-Build Price	Cumulative Drawdown ^(b)
1		\$ _____
2		\$ _____
3		\$ _____
4		\$ _____
5		\$ _____
6		\$ _____
7		\$ _____
8		\$ _____
9		\$ _____
10		\$ _____
11		\$ _____
12		\$ _____
13		\$ _____
14		\$ _____
15		\$ _____
16		\$ _____
17		\$ _____
18		\$ _____
Total ^(c)	100%	\$ _____

-
- ^(a) The final month should be the month anticipated for the achievement of Final Completion under the DB Agreement. Proposers shall add as many lines as appropriate to correspond with their schedule.
 - ^(b) Multiply maximum cumulative percentage by the Fixed Design-Build Price.
 - ^(c) Total Cumulative Drawdown should equal the Fixed Design-Build Price.

PROPOSAL FORM 15

ESTIMATED OPERATING AND MAINTENANCE COSTS FOR 9.6 MGD FACILITY

The Estimated Operating and Maintenance Costs for the Project over 10 years using 2013 US dollars are:

O&M ELEMENT ITEMS	ESTIMATED OPERATING AND MAINTENANCE COSTS
Operations and Maintenance	
Repair and Replacement	
Chemicals	
Residuals Management	
Utilities	
Other (specify)	
O&M ELEMENT TOTAL	

Operations and Maintenance excludes costs for staffing. Repair and Replacement excludes costs for estimated major maintenance, repair, and replacement and estimated RO system membrane replacement which are provided in Proposal Forms 19 and 20.

Proposers should indicate on an attachment all major assumptions associated with the estimates contained above.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 15A

ESTIMATED OPERATING AND MAINTENANCE COSTS FOR 6.4 MGD FACILITY

The Estimated Operating and Maintenance Costs for the Project over 10 years using 2013 US dollars are:

O&M ELEMENT ITEMS	ESTIMATED OPERATING AND MAINTENANCE COSTS
Operations and Maintenance	
Repair and Replacement	
Chemicals	
Residuals Management	
Utilities	
Other (specify)	
O&M ELEMENT TOTAL	

Operations and Maintenance excludes costs for staffing. Repair and Replacement excludes costs for estimated major maintenance, repair, and replacement and estimated RO system membrane replacement which are provided in Proposal Forms 19 and 20.

Proposers should indicate on an attachment all major assumptions associated with the estimates contained above.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 16

ESTIMATED MAXIMUM ELECTRICITY UTILIZATION

The Estimated Maximum Electricity Utilization (EMEU) represents the maximum amount of electricity in kilowatt-hours (kW-hr) that will be used by the Project (inclusive of the UV system) per thousand gallons (kgal) of Finished Water produced for the flow rates and plants listed.

The EMEU shall be for an average salinity of 33.6 ppt and an average temperature of 12 °C. This estimate includes all the power used to operate the Project including all facilities, including ancillary facilities, from downstream of the slant well pump station through the Finished Water pump station.

To support its estimate, the Proposer shall attach to this form, its assumptions, calculations and RO modeling results.

ESTIMATED MAXIMUM ELECTRICITY UTILIZATION	
Annual Average Finished Water Pumped to Monterey Pipeline Connection	EMEU
Flowrate produced by a 6.4 mgd plant (with standby train off line)	_____kW-hr/kgal
Flowrate produced by a 9.6 mgd (with standby train off line)	_____kW-hr/kgal

PROPOSAL FORM 17

MAXIMUM ELECTRICITY UTILIZATION FOR ACCEPTANCE TESTING

The Maximum Electricity Utilization (MEU) represents the maximum amount of electricity in kilowatt-hours (kW-hr) that will be used by the Project (inclusive of the UV system) per thousand gallons (kgal) of Finished Water produced during the Acceptance Test.

These MEUs include all the power used to operate the Project including all facilities, including ancillary facilities, from downstream of the slant well pump station through the Finished Water pump station.

**Table 1 - MAXIMUM ELECTRICITY UTILIZATION
(for a plant design flowrate 6.4 mgd)**

Salinity (ppt) Feedwater Temperature (°C)	24 ppt Plant kWh/kgal	28 ppt Plant kWh/kgal	32.2 ppt Plant kWh/kgal	33.6 ppt Plant kWh/kgal	34.6 ppt Plant kWh/kgal	38 ppt Plant kWh/kgal
8						
9						
10						
11						
12				EMEU- 6.4mgd		
13						
14						
15						
16						
17						
18						

Table 2 - MAXIMUM ELECTRICITY UTILIZATION

(for a plant design flowrate 9.6 mgd to be determined)

Salinity (ppt) Feedwater Temperature (°C)	24 ppt Plant kWh/kgal	28 ppt Plant kWh/kgal	32.2 ppt Plant kWh/kgal	33.6 ppt Plant kWh/kgal	34.6 ppt Plant kWh/kgal	38 ppt Plant kWh/kgal
8						
9						
10						
11						
12				EMEUE-9.6 mgd		
13						
14						
15						
16						
17						
18						

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 18

MAXIMUM COMBINED RO TRAIN PERMEATE SALT CONCENTRATIONS FOR ACCEPTANCE TESTING

The concentrations of boron, chloride, bromide and sodium will be sampled from the combined permeate during the Acceptance Test to determine if the project is in compliance with the Project's water quality performance requirements.

The Proposer shall first demonstrate that the proposed overall system design operating under operating conditions that meet all the requirements of the RFP produces a combined RO permeate that is in compliance with the Project's water quality performance requirements. Said compliance shall be demonstrated using the membrane manufacturer's publicly available model.

The Proposer shall then use the same model to describe the expected performance of new membranes during acceptance testing. Performance during the Acceptance Test shall be based on achieving average performance equal or better than model predictions.

Step One: Use manufacturer's model to demonstrate the performance of the overall system design.

The Proposer shall use the membrane manufacturer's publically available membrane computer model to assess future salt rejection in the Proposer's overall system design, that is, to demonstrate the system's ability to meet the water quality requirements of the Project. The design proposed by the Proposer shall meet the performance requirements shown in Appendix 2, Appendix 7, and Table A7-13.

Table A7-13. Combined RO Permeate Water Quality Performance Requirements

Parameter	Combined RO Permeate Concentrations, mg/L	
	Maximum Average ¹	Not-to-Exceed ²
Boron (mg/L)	0.5	0.7
Chloride (mg/L)	60	100
Bromide (mg/L)	0.3	0.5
Sodium (mg/L)	35	60

¹ The **average** of the measured concentrations shall be below the target limit at all times.

² No measurement shall exceed this value, at any time.

The model, which shall be made available for CAW to use in Proposal evaluation and Acceptance Testing, shall demonstrate compliance under both of the following conditions:

For Compliance with the RO combined permeate maximum average concentrations:

- 1- Average Raw Water quality conditions shown in Appendix 2, Attachment 2
- 2- Average age of SWRO membranes in the model at 5 years
- 3- Average age of BWRO membranes in the model at 5 years
- 4- Average temperature in Appendix 2, Attachment 2

For compliance with the RO combined permeate not-to-exceed concentrations:

- 1- Maximum water quality conditions shown in Appendix 2, Attachment 2
- 2- Average age of SWRO membranes in the model at 5 years
- 3- Average age of BWRO membranes in the model at 5 years
- 4- Design maximum temperature shown in Appendix 2, Attachment 2

All modeling shall assume a salt passage increase per year of 7% per year and a fouling factor of 10% per year.

As an attachment to this form, Proposers shall provide copies of separate runs of the same model demonstrating compliance with both the maximum average concentrations and the not-to – exceed concentrations in Table A7-13.

Step Two: Generation of Table to be used during the Acceptance Test.

During the Acceptance Test, when the samples for combined RO permeate will be taken, all RO trains must each produce their design permeate flowrate, at their design recovery (as defined in Appendix 2). This statement applies to each train of the first pass and each train of the second pass.

During the Acceptance Test, the RO system performance shall be evaluated with respect to compliance with the standards for salt rejection as a function of temperature, set forth in Table A7-14. The Proposer shall include data necessary to substantiate such performance, including but not limited to, results from the manufacturer’s model for the overall system design at years zero (0) and five (5) as well as existing plant performance data demonstrating that similar concentrations or rejections have been achieved

The Proposer shall fill in Table A7-14 below assuming the RO System is treating the average raw water quality specified in Appendix 2, Attachment 1. The model shall be run at the design parameters (e.g., flowrates, flux, recovery, etc) specified by the Proposer in Appendix 2. The model shall assume a yearly salt passage increase of 7% per year and a fouling factor of 10% per year. The purpose of Table A7-14 is to provide information on how the system will operate across the entire temperature range with new membranes (comparable to Acceptance Test conditions) and with older membranes (comparable to design conditions).

Table A7-14 Maximum of Average Combined Permeate Concentration⁽¹⁾

Membrane Age	Year 0 (Maximum Average Concentration for Acceptance Test)		Year 5 (Maximum Average Concentration for Compliance with Table A7-13)	
	Boron (mg/L)	Chloride (mg/L)	Boron (mg/L)	Chloride (mg/L)
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				

⁽¹⁾ RO model should assume the average Raw Water quality condition for all parameters other than temperature.

During the Acceptance Test, the boron and chloride concentrations in the combined permeate shall not exceed the concentrations set forth in Table A7-14 for the actual average temperature of Acceptance Test conditions for year 0. The Design-Builder shall confirm that the estimated future (for year 5) concentrations for boron and chloride will meet the combined permeate performance requirements stipulated in Table A7-13 as well as the RO system performance warranty provided.

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Desalination Infrastructure**

In the event that the average boron and chloride concentrations in the feedwater during the Acceptance Test is not within five percent of the average Raw Water boron and chloride concentrations used in the preparation of Table A7-14, the RO system model will be rerun for year zero (0) using the actual average boron and chloride concentrations in the feedwater during the Acceptance Test and the revised model output concentrations will be used as maximum average boron and chloride concentrations, which may not be exceeded during the Acceptance Test.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 19

**ESTIMATED MAJOR MAINTENANCE, REPAIR AND REPLACEMENT SCHEDULE
FOR 9.6 MGD FACILITY**

The Estimated Costs for the Major Maintenance, Repair and Replacement Schedule for the 9.6 mgd facility (excluding RO system membrane replacements), in 2013 US dollars are:

Year	Activity/Equipment	Prices
1.		
2.		
3.		
4.		
	Total	\$

Proposers shall expand this form to express all major maintenance, repair and replacements (not including the RO system membrane replacements) for up to 10 years. Total is not to include any costs for labor, installation, overhead or profits.

Proposers should indicate on an attachment all major assumptions associated with the estimates contained above.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 19A

**ESTIMATED MAJOR MAINTENANCE, REPAIR AND REPLACEMENT SCHEDULE
FOR THE 6.4 MGD FACILITY**

The Estimated Costs for the Major Maintenance, Repair and Replacement Schedule for the 6.4 mgd facility (excluding RO system membrane replacements), in 2013 US dollars are:

Year	Activity/Equipment	Prices
1.		
2.		
3.		
4.		
	Total	\$

Proposers shall expand this form to express all major maintenance, repair and replacements (not including the RO system membrane replacements) for up to 10 years. Total is not to include any costs for labor, installation, overhead or profits.

Proposers should indicate on an attachment all major assumptions associated with the estimates contained above.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 20

**ESTIMATED RO SYSTEM MEMBRANE REPLACEMENT SCHEDULE FOR THE 9.6
 MGD FACILITY**

The Estimated Annual Membrane Replacement Costs for the 9.6 mgd facility, in 2013 US dollars are:

Year	Activity/Equipment	Prices
1.		
2.		
3.		
4.		
	Total	\$

Proposers shall expand this form to express all RO system membrane replacements for up to 10 years. Total is not to include any costs for labor, installation, overhead or profits. For each yearly membrane replacement cost provided in the table above, Proposers shall indicate the number of membrane elements, as well as the corresponding percent of the total number of plant membrane elements.

Proposers should indicate on an attachment all major assumptions associated with the estimates contained above.

 Name of Proposer

 Name of Designated Signatory

 Signature

 Title

PROPOSAL FORM 20A

**ESTIMATED RO SYSTEM MEMBRANE REPLACEMENT SCHEDULE FOR THE 6.4
MGD FACILITY**

The Estimated Annual Membrane Replacement Costs for the 6.4 mgd facility, in 2013 US dollars are:

Year	Activity/Equipment	Prices
1.		
2.		
3.		
4.		
	Total	\$

Proposers shall expand this form to express all RO system membrane replacements for up to 10 years. Total is not to include any costs for labor, installation, overhead or profits. For each yearly membrane replacement cost provided in the table above, Proposers shall indicate the number of membrane elements, as well as the corresponding percent of the total number of plant membrane elements.

Proposers should indicate on an attachment all major assumptions associated with the estimates contained above.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 21

ACCEPTANCE OF THE DB AGREEMENT

Proposer agrees to all of the provisions of the draft DB Agreement except as expressly provided in the track changes version of the draft DB Agreement that is attached to this Proposal Form.

Name of Proposer

Name of Designated Signatory

Signature

Title

PROPOSAL FORM 22

FORM OF PROPOSAL BOND

KNOW ALL PERSONS BY THESE PRESENTS, that the [INSERT NAME OF PROPOSER] _____, as the “Principal” and [INSERT NAME OF THE SURETY] _____, as (“Surety”), a corporation duly organized under the laws of the State of _____, having its principal place of business at _____, and authorized as a surety in the State of California, are hereby jointly and severally held and firmly bound unto California-American Water Company (the “Obligee”), in the penal sum of _____ [INSERT DOLLAR AMOUNT EQUAL TO TWENTY PERCENT OF THE PROPOSED FIXED DESIGN-BUILD PRICE] (the “Bonded Sum”), the payment of which we each bind ourselves, and our heirs, executors, administrators, representatives, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal is herewith submitting a proposal (the “Proposal”) to provide design, permitting, construction, commissioning, start-up and testing services for desalination infrastructure of the Monterey Peninsula Water Supply Project (the “Project”) through a DB Agreement (the “DB Agreement”), which Proposal is incorporated herein by this reference and has been submitted pursuant to the Project’s request for proposals dated as of [INSERT DATE] (as amended or supplemented, the “RFP”);

NOW, THEREFORE,

1. The condition of this Proposal Bond is such that it shall be null and void upon the occurrence of any of the following events:
 - (a) The Principal's receipt of written notice from the Obligee that (i) the Obligee will not award the DB Agreement pursuant to the RFP, or (ii) the Obligee has awarded and received the executed DB Agreement and other required documents, and does not intend to award the DB Agreement to the Principal;
 - (b) The Principal’s performance of all its obligations under the RFP in connection with award the DB Agreement;
 - (c) The failure of the Obligee to award the DB Agreement to the Principal within 180 after the Proposal Due Date; or
 - (d) The failure of the Obligee and the Principal to finalize a DB Agreement that is satisfactory to the Obligee after attempting in good faith to do so.

2. If the Principal fails to satisfy the foregoing conditions for release set forth in paragraph 1 above, or if the Principle withdraws its Proposal in a manner that is not permitted by the RFP, or is awarded the DB Agreement but fails to meet the requirements for finalizing or executing the DB Agreement, then the Principal and the Surety hereby agree to pay to the Obligee the full Bonded Sum as liquidated damages, and not as a penalty, within 10 days

after such failure. The Principal agrees and acknowledges that such liquidated damages are reasonable in order to compensate the Obligees for damages it will incur as a result of the Principal's failure to satisfy the obligations under the RFP to which the Principal agreed when submitting its Proposal. Such damages include potential harm to the credibility and reputation of the Obligees with policy makers and with the general public, delays to the Project and additional costs of administering this or a new procurement (including engineering, legal, accounting, overhead and other administrative costs). The Principal further acknowledges that these damages would be difficult and impracticable to measure and prove, are incapable of accurate measurement because of, among other things, the unique nature of the Project and the efforts required to receive and evaluate proposals for it, and the unavailability of a substitute for those efforts. The amounts of liquidated damages stated herein represent good faith estimates and evaluations as to the actual potential damages the Obligees would incur as a result of Principal's failure to satisfy the obligations under the RFP to which Principal agreed when submitting its Proposal, and do not constitute a penalty. Principal agrees to such liquidated damages in order to fix and limit Principal's costs and to avoid later disputes over what amounts of damages are properly chargeable to Principal.

3. The following terms and conditions shall apply with respect to this Proposal Bond:
- (a) If suit is brought on this Proposal Bond by the Obligees and judgment is recovered, the Principal and Surety shall pay all costs incurred by the Obligees in bringing such suit, including, without limitation, reasonable attorneys' fees and costs as determined by the court.
 - (b) Any extensions of the time for award of the DB Agreement that the Principal may grant in accordance with the RFP shall be subject to the reasonable approval of the Surety.
 - (c) [Note: Use in case of multiple or co-sureties or, otherwise, delete.] The Co-Sureties agree to empower a single representative with authority to act on behalf of all of the Co-Sureties with respect to this Proposal Bond, so that the Obligees will have no obligation to deal with multiple sureties hereunder. All correspondence from the Obligees to the Co-Sureties and all claims under this Proposal Bond shall be sent to such designated representative. The Co-Sureties also agree to designate a single agent for service of process with respect to any actions on this Bond, which agent shall either be a natural person or a corporation qualified to act as an agent for service of process under California law. The designated representative and agent for service of process may be changed only by delivery of written notice (by personal delivery or by certified mail, return receipt requested) to the Obligees designating a single new representative and/or agent, signed by all of the Co-Sureties. The initial representative shall be:

**Request for Proposals for California American Water
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Desalination Infrastructure**

SIGNED and SEALED this _____ day of _____, 20__

Principal

By:

Surety [or Co-Surety]

By:

Attorney in Fact

By:

Co-Surety

By:

Attorney in Fact

By:

Co-Surety

By:

Attorney in Fact

**Request for Proposals for California American Water
Monterey Peninsula Water Supply Project
Desalination Infrastructure**

[ADD APPROPRIATE SURETY ACKNOWLEDGMENTS]

[NOTE: Use the following acknowledgement form for a California notary. For a notary from another state, use an acknowledgement form and follow the notary requirements that apply in that state.]

CALIFORNIA ALL PURPOSE ACKNOWLEDGEMENT

State of California

County of _____

On this ___ day of _____ in the year of _____ before me, _____, a notary public in and for the county and state aforesaid, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to within the instrument and acknowledged to me that he/she executed the same in his/her authorized capacity(ies), and that by his/her signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal:

(SEAL)

Signature of Notary Public

PROPOSAL FORM 23

GOVERNMENTAL APPROVALS

The required Governmental Approvals are:

Governmental Approval	Issuing Agency	Governmental Approval Application Submission Date (Number of days from Contract Date)	Assumed Approval Issuance Date (Number of days from Date of Application Submittal)

(expand the table as necessary)

Name of Proposer

Name of Designated Signatory

Signature

Title