

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

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

**Recommendations from  
Monterey Peninsula Water Supply Project Governance Committee to  
California American Water re Request for Proposals for  
Design and Construction of Desalination Infrastructure  
May 28, 2013**

1. The request for proposals (RFP) continue to require detailed bids for the base-case design in order to facilitate the comparison of bids but should do more to encourage creativity in development of alternative designs that may save money and/or increase value. Alternative designs should require same level of detail as the base-case design and meet or exceed same performance standards.
2. The RFP should state that all workers will be paid, at least, the prevailing wage.
3. The Governance Committee supports inclusion of a goal for local hiring. California American Water (Cal-Am) shall review the County of Monterey ordinance that specifies local hires and consider inclusion of that or similar language in the RFP. The bidder's local utilization plan should be a factor in the 40% technical evaluation criteria.
4. Establish a 30-year net present value cost comparison, instead of (or in addition to) a 20-year term.
5. Bidders should be advised that the rate of corrosion is high in the local coastal marine environment. Good quality materials are required so that Cal-Am and the rate payers will not be responsible to pay for replacement of components that have developed rust after a short period of time.
6. The Governance Committee agrees with the approach to apply penalties for late delivery, but understands and agrees with the approach to not provide for a bonus for early project completion.
7. The Governance Committee understands that Cal-Am is proposing to ask for an estimated schedule for both permitting and construction and that the date for completion (and associated penalties for late delivery) would be set relative to the signing of the Design-Build contract. The Governance Committee requests that Cal-Am consider ways to bifurcate the permit schedule from the construction schedule, recognizing certain parts of the permitting process will be outside the control of the Design-Build firm/team.

Note: A number of other items were discussed by the Governance Committee and offered to Cal-Am for consideration. It is the Governance Committee's understanding that Cal-Am will incorporate many of those items into the RFP.