

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

---

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

December 13, 2013

Richard C. Svindland, P.E.  
Vice President - Engineering  
California American Water  
4701 Beloit Drive  
Sacramento, CA 95838

Subject: Monterey Peninsula Water Supply Project Governance Committee Response to Cal-Am Notification #3 – Execution of Design Build Agreement for Desalination Infrastructure

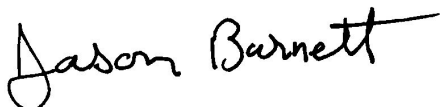
Dear Mr. Svindland:

On December 11, 2013, the Governance Committee completed its review of the four proposals submitted in response to the Request for Proposals for Design and Construction of Desalination Infrastructure for the Monterey Peninsula Water Supply Project. After careful consideration and receipt of public input, Governance Committee members Jeanne Byrne, David Potter and Jason Burnett voted unanimously to recommend that California American Water (“Cal-Am”) enter the proposed Design-Build Contract (“Contract”) to retain CDM Constructors, Inc. for design and construction of the Desalination Infrastructure, with the following three recommendations:

- 1) Cal-Am should provide independent quality assurance in addition to the quality assurance /quality control (“QA/QC”) that CDM will perform as provided in the contract. Cal-Am should obtain acknowledgment from CDM that Cal-Am has its own QA/QC process and DB shall participate in and collaborate with CAW in implementing its QA/QC process. Further, Cal-Am should provide periodic reports to the Governance Committee on its quality assurance;
- 2) The Contract should specify the cost savings that will be achieved if Cal-Am determines that pre-filtration is not necessary. The Contract should also specify the terms by which Cal-Am may exercise this option; and
- 3) Cal-Am should provide a detailed description of the plan to monitor CDM’s achievement with the local labor goals of the Local Resources Utilization Plan, pursuant to Section 11.12(E) and appendix 17 of the Design-Build Agreement. Cal-Am should also report on a periodic basis to the Governance Committee on its compliance.

On behalf of the Governance Committee members, I want to thank Cal-Am for cooperating with local agencies to ensure that the public was involved in making this important decision.

Respectfully,



Jason K. Burnett, Chair  
Monterey Peninsula Water Supply Project  
Governance Committee