

**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

August 29, 2014

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 #4 – Draft Requests for Proposals Related to Source Water Infrastructure to be issued by California American Water

Dear Mr. Svindland:

On July 16, 2014, the Governance Committee completed its review of the two requests for proposals for: (1) drilling of one test slant well and nine monitoring wells and (2) civil construction work for the test slant well, which are collectively valued in excess of \$1 million and relate to construction of the Source Water Infrastructure. After careful consideration and receipt of public input, Governance Committee members David Potter and Jason Burnett voted unanimously to recommend distribution of the Requests for Proposals with the modifications listed below.

- 1) 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 source water infrastructure RFPs. The bidder's local utilization plan should be a factor in the 40% technical evaluation criteria. Should non-local contractors be selected, Cal-Am should provide an explanation for its hiring decision.
- 2) 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.
- 3) The Governance Committee agrees that the risk to local rate payers should be limited: (a) a contract could be awarded prior to issuance of all permits, but no work will begin until a notice-to-proceed is granted, and (b) Cal-Am should place a limit on the amount of money to be spent by a contractor for planning purposes prior to issuance of a notice to proceed.

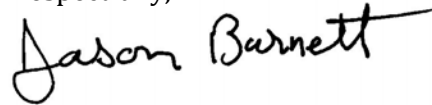
Mr. Richard Svindland

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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,

A handwritten signature in black ink that reads "Jason K. Burnett". The signature is written in a cursive style with a large initial 'J' and a long horizontal stroke at the end.

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