

**MEMO TO GOVERNANCE COMMITTEE - VE Recommendations- 13 Oct 14**

**FROM:** MPRWA Executive Director Cullem

**SUBJECT:**

Receive recommendations from the Monterey Peninsula Regional Water Authority with respect to the MPWSP desal project Value Engineering (VE) Study.

**DISCUSSION:**

The Final Value Engineering (VE) Study for 30% design of the desal facility was completed by Value Management Strategies (VMS) and briefed to a joint meeting of the Governance Committee and the MPRWA at a special meeting on July 10 and to the TAC on Aug 4.

At its meeting of Aug 14, 2014, the Water Authority voted to contract with Separation Processes, Inc. (SPI) to perform a peer review analysis of the VE Study in advance of forwarding recommendations to the Governance Committee.

The SPI Analysis is at **Exhibit 3-C** of the Governance Committee 10/13/14 packet. The full text of the VE report is at **Exhibit 3-A** of the Governance Committee 10/13/14 packet. It is also available on the Water Authority web site <http://www.mprwa.org/wp-content/uploads/2012/03/MPWSP-Final-VE-Report.pdf> and on the Cal Am MPWSP project web site [www.watersupplyproject.org](http://www.watersupplyproject.org).

The Water Authority TAC discussed specific recommendations of the SPI analysis with respect to the "Enhanced Value Combination Alternatives" shown on page 10 (VE Strategy Summary) of the VMS Study. Of the 16 alternatives in the Strategy, SPI agreed with 4, did not agree with 8, and could not support another 4 due to lack of adequate information at this time. In addition, SPI made recommendations on the remaining 17 (out of a total of 33) alternatives in the VMS study and made recommendations on each. However, the TAC did not review those 17 SPI recommendations.

VMS noted that the Enhanced Value Combination "...represents one possible combination of alternatives to assist the decision makers in their evaluation of the VE alternatives....and is not intended to reject the other alternatives from stakeholder consideration."

The TAC concluded that the VE Study with SPI Peer Review was an excellent process to add value to the project design. However, since the alternatives are very technical in nature, the TAC recommended that Cal Am and CDM make the final decision, subject to Governance Committee approval, provided the SPI recommendations are addressed for each alternative eventually adopted.

At its meeting of Oct 9, 2014, the Water Authority also reviewed the VMS and SPI analyses. Following discussion, the Authority Board voted to adopt the TAC recommendation and to forward it to the Governance Committee for final action.

**EXHIBITS:**

**3-A** Final Value Engineering Study – Monterey Peninsula Water Supply Project Desalination Plant – August 2014

**3-C** Separation Processes, Inc. (SPI) Analysis of the MPRWA VE Study