

MONTEREY PENINSULA REGIONAL WATER AUTHORITY



April 17, 2014

Value Management Strategies
900 Canterbury Place, Suite 330
Escondido, CA 92025

Directors:

Chuck Della Sala, President
Jason Burnett, Vice President
Ralph Rubio, Secretary
Jerry Edelen, Treasurer
Bill Kampe, Director
David Pendergrass, Director

Executive Director:

Jim Cullem, P.E.

Re: California American Water Company
Monterey Peninsula Water Supply Project (MPWSP)
Desalination Infrastructure
Request for Proposal – Value Engineering Study

Dear Sir or Madam:

The Monterey Peninsula Regional Water Authority (MPRWA), on behalf of the MPWSP Governance Committee (GC), is seeking a qualified Value Engineering (VE) Consultant to provide VE services related to the design and construction of a 6.4 to 9.6 mgd seawater desalination water treatment (desal) plant on the Monterey Peninsula. You are invited to submit a proposal for VE services for the above referenced project.

The project is currently being designed for the California American Water Company (CAW) by Camp Dresser & McKee (CDM) Constructors, Inc. with offices in Walnut Creek, California. CDM will have made a 30% design submittal prior to the VE study. Preliminary site plans, floor plans, elevations and a geotechnical report will be available for the study. Schematics for the process, treatment residuals handling and chemical systems will also be available. A preliminary cost estimate and energy consumption model will be provided.

In general, the objectives of the value engineering services are:

- To identify potential changes to the project design that would satisfy the essential functions of the project at a lower capital and/or life cycle cost;
- To identify potential changes to the project design that would better accomplish the essential functions of the project and/or provide better overall value;
- To improve confidence in the effectiveness of the design, i.e., to ensure the design represents the most efficient combination of cost, performance and reliability;
- To identify constructability, durability, adaptability, operability, safety, and maintenance issues;

- To identify opportunities to attain a Silver Award level of sustainable design under the Institute for Sustainable Infrastructure(ISI) Envision rating system;
- To identify opportunities to attain a Silver Award level of design under the US Green Building Council LEED rating system.

Scope of Services

The work will consist of the following tasks and as detailed in Exhibit “A”, Scope of Services, attached.

It is intended that the selected VE Consultant will conduct one VE workshop to be conducted in the Monterey, California area from June 23 through June 27, 2014. The VE workshop will follow the standards of the Society of American Value Engineers (SAVE). The workshop meeting location will be announced and will be and paid for by others. The VE workshop will consist of the following phases conducted over a period of four/five consecutive days:

- Information Phase
- Function Analysis Phase
- Creative Phase
- Evaluation Phase
- Development Phase
- Presentation Phase

Required Qualifications

The VE Consultant shall provide a team leader/facilitator that is certified by SAVE International as a Certified Value Specialist (CVS). The team will also include multidiscipline technical specialists with appropriate qualifications such as: an architect, instrumentation and controls engineer, civil and structural engineer, process design engineer, electrical engineer, construction cost estimator and construction superintendent. The team shall also include experienced operations and maintenance staff as well as certified ENVISION and LEED evaluators to round out the technical specialist staff. The VE Consultant shall demonstrate corporate experience pertinent to the subject matter of the VE study.

Proposal Elements

Proposals are to consist of no more than 15 single-sided pages and include the following elements:

- Cover Letter
- Table of Contents
- Understanding of the Scope of Work
- Proposed Methodology and Delivery Schedule
- Qualifications and Experience, including client references
- Brief Biographies of Key Personnel
- Fee Proposal (in separate sealed envelope)
- Other considerations

Detailed resumes and additional corporate information may be also submitted, if so desired. Note that key personnel must disclose any economic interest they have in CAW, American Water, or CDM.

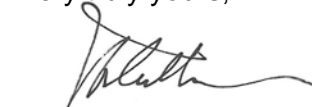
The proposal should be on a lump sum basis, inclusive of per diem costs for travel and living expenses. Note that the MPRWA will utilize a Qualification Based Selection (QBS) process in procuring professional services. Accordingly, the fee proposal is to be provided in a separate sealed envelope submitted with the technical proposal, and will not be considered in the selection of the best proposal. It will be opened at the time of initial negotiation with the selected firm.

Proposals should be submitted by 4:00 p.m. on Thursday, May 8, 2014. One original proposal, two (2) hard copies and three (3) CD-ROMS shall be addressed and sent to:

Monterey Peninsula Regional Water Authority (MPRWA)
735 Pacific Street
Monterey, CA 93940
Attention: Executive Director.

Thank you for your cooperation. If you have any questions or comments concerning the project scope of services, please contact me at 831-241-8503 or cullem@monterey.org.

Very truly yours,



James M. Cullem, P.E.
Executive Director

EXHIBITS:

A- Scope of Work for Value Engineering Study

B- MPRWA Sample Contract for Professional Services

Xc: Chuck Della Sala- President MPRWA
Jason Burnett- Chair, Governance Committee
Dave Stoldt- GM, MPWMD
I. Crooks –CAW
R. Svindland - CAW
S. Creel - AW
J. Gallagher - AW

EXHIBIT “A”

SCOPE OF SERVICES FOR VALUE ENGINEERING STUDY

The Value Engineering (VE) Consultant will provide the following services in accordance with this scope of work.

CONSULTANT VE STUDY TEAM

The Value Engineering Consultant will provide the VE study team members identified below:

- | | | |
|---|--|------------------------------------|
| • | VE Team Leader/Facilitator | Provided by VE Consultant |
| • | Civil / Structural Engineer | Provided by VE Consultant |
| • | Architect | Provided by VE Consultant |
| • | Process Design Engineer | Provided by CAW |
| • | Electrical Engineer | Provided by VE Consultant |
| • | Instrumentation and Controls Engineer | Provided by VE Consultant |
| • | Construction Cost Estimator | Provided by CAW |
| • | Construction Superintendent | Provided by CAW |
| • | Operations personal | Provided by VE Consultant
& CAW |
| • | Maintenance personal | Provided by VE Consultant
& CAW |
| • | Envision and LEED certified evaluators | Provided by VE Consultant |

All other team members will be provided by the Governance Committee (GC) and/or California American Water (CAW), at no cost to the VE Consultant. The VE Consultant will communicate directly with the MPRWA Contract Manager, the GC Project Manager, the California American Water Project Manager, CDM Constructors Inc. and with all other study team members as needed relative to scheduling, pre-workshop, workshop and post workshop activities.

PRE-WORKSHOP ACTIVITIES

The VE Consultant will perform pre-workshop activities to include those tasks which must be accomplished in order for the study team to be able to efficiently and effectively perform in the workshop. These activities will consist of:

- Scheduling value engineering study tasks,
- Scheduling and coordination with VE study team members
- Assisting the GC and CAW with scheduling VE study participants
- Coordination of the necessary project documentation of the project for distribution by the GC and CAW to study team members
- Document review by VE Consultant-supplied team members
- Preparation of cost, energy, life cycle costs, etc. to the extent that the information needed for their preparation is available.
- Identify Envision Silver level Certification requirements and cost benefit analysis
- Identify LEED Silver level Certification requirements and cost benefit analysis

CAW and the GC will distribute the project documents and materials to be studied to the VE study team members at least five (5) working days prior to the workshop start. All team members are expected to review the project documents and material prior to the start of the workshop.

WORKSHOP

The VE Consultant will conduct a 40 hour value engineering workshop using the six-step job plan that is consistent with the best management practices recognized by SAVE. The workshop will include an Information Phase, a Function Analysis Phase, a Creative Phase, and Evaluation Phase a Development Phase and a Presentation Phase. A site visit for the team members will be conducted on the first day of the workshop.

The workshop will be initiated by presentations from the GC and CAW representatives, who will describe the objectives of the study and any constraints that will be placed on the study team. The designers will explain specifically how the design accomplishes MPRWA and CAW's objectives and the details of that design.

The workshop will include a detailed function analysis of the major project elements. The team will generate a list of ideas for project improvement followed by an evaluation of those ideas. This evaluation will include input from key GC and CAW decision makers before proceeding with development of recommendations. On the last day of the workshop, a presentation of the recommendations will be provided to CAW, key representatives of the design team, and the GC.

The workshop will be held at location within the California American Water service area and will be announced at a later date. The cost of providing the workshop meeting facilities and all other costs associated with the meeting facilities will not be borne by the consultant.

To ensure that the study team has complete information about the project criteria, CAW will provide, at a minimum, key personnel from both CAW and the design team for the first day and last day presentations.

POST WORKSHOP

The VE Consultant will conduct a four-hour post-workshop Decision/Implementation Meeting at a location to be announced following receipt by the study team of the written design responses to the Preliminary Report. The purpose of the Decision/Implementation Meeting is to assist the GC and CAW in making decisions regarding acceptance or rejection of the individual value proposals. Attendees will consist of GC representatives, key CAW staff, key designer staff and the VE study team leader.

SCHEDULE

The work will be performed in accordance with the following schedule:

Pre-Study Activities	Upon receipt of a signed contract and notice to proceed
Workshop	June 23 – 27, 2014
Preliminary VE Study Report	Three (3) days after completion of the Workshop
Decision/implementation Meeting	On a date to be determined by the GC, CAW, VE Consultant and designer
Final VE Study Report	Fourteen (14) days after receipt of Comments on the draft report

DELIVERABLES

The VE study effort will include the following deliverables, all which are related to the results of the workshop:

- Study Team Presentation Handout
- Preliminary VE Study Report
- Final VE Study Report

The Preliminary VE Report will be prepared in the Value Engineering Consultant report format, and will be a compilation of the handwritten products developed in the workshop.

The purpose of this draft report is to give the GC, CAW and other reviewers the opportunity to check the final VE Study report prior to final issuance.

The Final VE Study Report is the final documentation of the VE Study. The report is a finalized version of the Draft Report including the incorporation of GC and CAW comments. The submittal of the final report concludes the Scope of Work.

The VE Consultant will provide the GC with two (2) electronic copies (CD-ROM) and the following number of hard copies of each report:

- | | |
|----------------------------------|-----------|
| • Preliminary VE Study Report | 6 copies |
| • Draft of Final VE Study Report | 6 copies |
| • Final VE Study Report | 6 copies. |

EXHIBIT "B"

CONTRACT FOR PROFESSIONAL SERVICES

Agreement for Consultant Support Services

THIS AGREEMENT is executed this ____ day of _____, by and between the Monterey Peninsula Regional Water Authority, a municipal corporation, hereinafter called "Authority", and _____, hereinafter called "Consultant".

IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

1. Scope. Consultant hereby agrees to provide to the Authority, as the scope of services under this Agreement, Value Engineering Services as described on the following attachment: Scope of Services for Value Engineering Study (attached hereto as Exhibit "A").

2. Timely Work. Consultant shall perform all tasks in a timely fashion, as set forth more specifically in paragraph 3 below. Failure to so perform is hereby deemed a material breach of this Agreement, and Authority may terminate this Agreement with no further liability hereunder, or may agree in writing with Consultant to an extension of time.

3. Term. The work under this Agreement shall commence no later than June 1, 2014 and shall be completed by July 31, 2014, unless Authority grants a written extension of time as forth in paragraph 2 above.

4. Compensation. Authority agrees to pay and Consultant agrees to accept as full and fair consideration for the performance of this Agreement, a lump-sum payment as set forth in Consultant's Proposal (**Exhibit C**), in a total amount of _____ (\$_____). Compensation under this Agreement shall become due and payable 30 days after Authority's approval of Consultant's submission of a written invoice to the Authority Executive Director. Written invoices shall include a copy of timesheets or invoices from sub-consultants. The payment of any compensation to Consultant hereunder shall be contingent upon performance of the terms and conditions of this Agreement to the satisfaction of the Authority. If Authority determines that the work set forth in the written invoice has not been performed in accordance with the terms of this Agreement, Authority shall not be responsible for payment until such time as the work has been satisfactorily performed.

5. Additional Services. In the event that Authority should request services identified in **Exhibit C**, or for additional services not covered by the terms of this Agreement, said services will be provided by Consultant and paid for by Authority only after a fee for said services has been agreed upon between Consultant and the Authority Executive Director, only after the Authority Director provides written authorization for the additional work.

6. Meet and Confer. Consultant agrees to meet and confer with Authority or its agents or employees with regard to services as set forth herein as may be required by Authority to insure timely and adequate performance of this Agreement.

7. Indemnification. Consultant hereby agrees to the following indemnification clause:

To the fullest extent permitted by law (including, without limitation, California Civil Code Sections 2782 and 2782.6), Consultant shall defend (with legal counsel reasonably acceptable to the Authority), indemnify and hold harmless the Authority and its officers, designated agents, departments, officials, representatives and employees (collectively "Indemnitees") from and against claims, loss, cost, damage, injury expense and liability (including incidental and consequential damages, court costs, reasonable attorneys' fees, litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith and costs of investigation) to the extent they arise out of, pertain to, or relate to, the negligence, recklessness, or willful misconduct of Consultant, any Subconsultant, anyone directly or indirectly employed by them, or anyone that they control (collectively "Liabilities"). Such obligations to defend, hold harmless and indemnify any Indemnatee shall not apply to the extent that such Liabilities are caused in part by the negligence, or willful misconduct of such Indemnatee.

Notwithstanding the provisions of the above paragraph, Consultant agrees to indemnify and hold harmless the Authority from and against any and all claims, demands, defense costs, liability, expense, or damages arising out of or in connection with damage to or loss of any property belonging to Consultant or Consultant's employees, contractors, representatives, patrons, guests or invitees.

Consultant further agrees to indemnify Authority for damage to or loss of Authority property to the proportionate extent they arise out of Consultant's negligent performance of the work associated with this agreement or to the proportionate extent they arise out of any negligent act or omission of Consultant or any of Consultant's employees, agents, contractors, representatives, patrons, guests or invitees; excepting such damage or loss arising out of the negligence of the Authority.

8. Insurance. Consultant shall submit and maintain in full force all insurance as described herein. Without altering or limiting Consultant's duty to indemnify, Consultant shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial general liability insurance including but not limited to premises, personal injuries, bodily injuries, products, and completed operations, with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

Professional Liability Insurance: Consultant shall maintain in effect throughout the term of this Agreement professional liability insurance with limits of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate. Consultant will either maintain or cause to be maintained professional liability coverage in full force or obtain extended reporting (tail) coverage (with the same liability limits) for at least three years following Authority's acceptance of the work.

Commercial automobile liability insurance covering all automobiles, including owned, leased, non-owned, and hired automobiles, used in providing services under this Agreement, with a combined single limit of not less than \$1,000,000 per occurrence.

Workers' Compensation Insurance: If Consultant employs others in the performance of this Agreement, Consultant shall maintain workers' compensation insurance in accordance with California Labor Code section 3700 and with a minimum of \$100,000 per occurrence for employer's liability.

Other Insurance Requirements

- A. All insurance required under this Agreement must be written by an insurance company either:

- admitted to do business in California with a current A.M. Best rating of no less than A:VI;
or
- an insurance company with a current A.M. Best rating of no less than A: VII.

Exception may be made for the State Compensation Insurance Fund when not specifically rated.

- B. Each insurance policy required by this agreement shall be endorsed to state that Monterey Peninsula Regional Water Authority shall be given notice in writing at least thirty days in advance of any cancellation thereof, except 10-day notice for nonpayment of the premium.
- C. The general liability and auto policies shall:
 - Provide an endorsement naming the Authority, its officers, officials, and employees as additional insureds under an ISO CG 20 10 07 04 or ISO 20 37 07 04 or their equivalent.
 - Provide that such insurance is primary and non-contributing insurance to any insurance or self-insurance maintained by the Authority.
 - Contain a "Separation of Insureds" provision substantially equivalent to that used in the ISO form CG 00 01 10 01 or their equivalent.
 - Provide for a waiver of any subrogation rights against the Authority via an ISO CG 24 01 10 93 or its equivalent.
- D. Prior to the start of work under this Agreement, Consultant shall file certificates of insurance and endorsements evidencing the coverage required by this agreement with the Authority. Consultant shall file a new or amended certificate of insurance promptly after any change is made in any insurance policy which would alter the information on the certificate then on file.
- E. Neither the insurance requirements hereunder, nor acceptance or approval of Consultant's insurance, nor whether any claims are covered under any insurance, shall in any way modify or change Consultant's obligations under the indemnification clause in this Agreement, which shall continue in full force and effect. Notwithstanding the insurance requirements contained herein, Consultant is financially liable for its indemnity obligations under this Agreement.
- F. Any deductibles or self-insured retentions must be declared to and approved by the Authority. At the option of the Authority, either: the insured shall reduce or eliminate such deductibles or self-insured retentions as respects the Authority, its officers, officials, employees and volunteers; or Consultant shall provide a financial guarantee satisfactory to the Authority guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

9. Ownership of Work. Upon completion of the work under this Agreement, ownership, and title to all materials and deliverables produced as part of this Agreement will automatically be vested in the Authority and no further agreement will be necessary to transfer ownership to Authority.

10. Licensing. Consultant represents as follows: that it is experienced in the professional services and a specialist in the work performed under this Agreement; is duly organized, existing and in good standing under applicable state law; and is properly licensed and/or certified to perform

the work specified under this Agreement, including but not limited to possession of a current City of Monterey business license, and will only employ persons and sub-consultants with all required licenses and certifications.

11. Substitution of Consultant Personnel. The key personnel of Consultant or any sub-consultants listed in Consultant's proposal and assigned to perform the work under this Agreement may not be substituted with or replaced by other personnel or sub-consultants without the advance written consent of Authority.

12. Termination. Authority may terminate this Agreement upon ten days' written notice. The amount of damages, if any, as a result of such termination may be decided by negotiations between the parties or before a court of competent jurisdiction.

13. Agency. In performing the services specified under this Agreement, Consultant is hereby deemed to be an independent Consultant and not an agent or employee of Authority.

14. Entire Agreement. This Agreement constitutes the entire Agreement between the parties hereto and supersedes any and all prior agreements, whether oral or written, relating to the subject matter thereof. Any modification of this Agreement will be effective only if it is in writing signed by both parties hereto.

15. Validity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force without being impaired or invalidated in any way.

16. Assignment of Interest. The duties under this Agreement shall not be assignable, delegable, or transferable without the prior written consent of Authority. Any such purported assignment, delegation, or transfer shall constitute a material breach of this Agreement upon which Authority may terminate this Agreement and be entitled to damages.

17. Conflict of Interest. Consultant hereby certifies that it does not now have, nor shall it acquire, any financial or business interest that would conflict with the performance of services under this Agreement.

18. Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

19. Laws. Consultant agrees that in the performance of this Agreement it will reasonably comply with all applicable State, Federal and local laws and regulations. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the City of Monterey.

20. Venue. Should either party to this agreement bring legal action against the other (formal judicial proceeding, mediation, or arbitration) the venue for the matter shall be Monterey County, California.

IN WITNESS WHEREOF, this Agreement is entered into by the parties hereto on the day and year first above written in Monterey, California.

AUTHORITY

CONSULTANT

Executive Director

Consultant Name