

EXHIBIT 2-B

Potential Responsibilities for Governance Committee
Prepared by MPWMD
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Composition of Governance Committee

8 Members

Cal-Am:	1 Executive Level, 1 Additional Staff
Peninsula Cities:	1 Elected Member, 1 City Manager
County:	1 Elected Member, 1 MCWRA General Manager
MPWMD:	1 Board Member, 1 General Manager

Meet quarterly, or as needed, especially in advance of key Cal-Am decisions.

Function of Governance Committee

The function of the Governance Committee shall be to: (i) in consultation with and assistance from the Project Manager, provide a means to coordinate the design, permitting, construction, operations, maintenance, repairs, and replacements of the components of the Project; (ii) serve as the entity which the Project Manager regularly updates; and (iii) consult with and provide advice to Cal-Am in connection with the Project. The Members of the Governance Committee shall diligently consider all matters and cause the Governance Committee to timely and promptly make its final recommendations.

Potential Responsibilities

[Decision: How many of these activities would we really want a decision in, or rather just reporting and discussion of at regular meetings?]

- Selection of the Project Manager.
- Engage an independent Certified Value Engineer to perform Value Engineering reviews.
- Agree to the qualifications and selection criteria for design and engineering professionals, consultants and all contractors.
- Review and evaluation of qualified proposals for all contractors.
- Review the selection of the design and engineering professionals, consultants and all contractors, especially review and award of the design-build contract.

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- Monitor and coordinate the design, engineering, construction and permitting of all elements of the Project.
- Agree upon contract terms to be required in all contracts for services for design or construction of the Project.
- Review material changes in the Preliminary Design Documents or the Procurement Documents that are not the logical evolution of the plans previously approved.
- Review material financial terms of the construction and service agreements.
- Approve major change orders.
- Prepare and update an overall construction budget for the Project.
- Project Manager will attend meetings of and consult with the Governance Committee on a regular basis on matters related to cure, cost control, design and/or functional processes, schedule and/or coordination problems in the overall design, construction and permitting of the Project.
- After consultation with the Governance Committee and the Project Manager, Cal-Am may seek CPUC approval of costs for the project that exceed the Cost Estimate as determined through the procurement process or as a result of a Major Change Order. Upon agreement the Governance Committee will file documents of support to CPUC.
- Inspection and Audit Rights -- The right to review and audit the progress reports, progress payments, and other related information, including the right to independent inspection of work in progress with respect to the Project.
- Review and consideration a detailed plan for acceptance testing, and follow-up reporting.
- “Go/No Go Decision” - Governance Committee shall meet to evaluate status of Groundwater Replenishment Project and review criteria for notice to proceed.
- Review data from monitoring and operating of the Project, testing and measuring the amount and quality of water produced by the wells and the impacts, if any, on hydrologic conditions in the Salinas Basin associated with the operation.

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- Determine any necessary demolition, restoration, repair, replacement, and/or rebuilding after damage, destruction, or other casualty.
- Determine changes necessary for the operation of the Project due to changes in legal requirements.
- Determine water quality and safety standards and procedures for the Project to comply with such standards.
- Create and implement community outreach programs.
- Determine Project aesthetics.
- Decide upon reserve fund expenditures and replacements
- Annually review budget and rate impacts
- Develop a framework to periodically calculate and regulate available water supply, and develop regulations for the permitting of new uses (legal lots of record and general plan build-out) should additional supply be deemed available.
- Establish an Operating Sub-Committee to meet regularly to forecast future operations, and evaluate past operations, of all water supply projects in order to ensure coordinated scheduling, operation, and accounting of surface and groundwater supplies in an integrated fashion.

Areas of Support Identified by Cal-Am

- Energy for the facility, esp. procurement of waste-to-energy project
- Permitting
- Outfall Agreement
- Pipeline construction award(s)