

EXHIBIT 12-B

October 2, 2019
Project No. 18-0093

Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, California 93942-0085

Attention: Mrs. Maureen Hamilton, Project Manager

Subject: Proposal for Engineering Support Services during Construction

Dear Mrs. Hamilton:

In accordance with your request, Pueblo Water Resources, Inc. (PWR) is pleased to provide this proposal for engineering support services for the construction of the new Disinfection Facility at the Santa Margarita ASR site at 1910 General Jim Moore Blvd. This proposal includes budget for professional engineering services associated with facility construction, as well as commissioning and startup/testing of the facility. Presented herein is a detailed scope of work and an estimate of costs for our services associated with the project.

BACKGROUND

Pueblo completed the design and construction drawings for the facility in July 2019, at which time the project was publically bid to licensed contractors. The MPWMD has concurrently solicited proposals for Construction Management (CM) services during construction, and has entered into contract with PSOMAS to provide this component of project assistance. Although CM services will assist the District in managing daily construction observation and coordination activities, additional support may be necessary in the area of engineering-related items such as clarification/interpretation of the plans and specifications review and approval of contractor submittals and change order requests, evaluation of value engineering proposals by the contractor; assessment of unanticipated geologic conditions, and/or infrastructure or structural issues stemming from inaccurate historical records, as-built drawings, or differences between equipment and materials specified vs contractor-supplied items.

As the design engineer, the PWR Team is the appropriate entity to review, assess, approve, or re-design project details resulting from the above issues. We propose to utilize the same design team members; WRD Architects, Pacific Crest Geotechnical, Kiyoi Engineering Electrical Engineers, and MAC Design Associates for Civil Grading/Paving/Drainage issues. It is important to maintain the design team as we will collectively serve as the Engineer of record for the facility.

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SCOPE OF SERVICES

PWR has developed a scope of work for the Santa Margarita ASR Facility Disinfection Facility based on our experience with similar ASR projects and our understanding of the specific needs and the historical progression and development of the Santa Margarita site.

A general summary of the work scope for our proposed scope of services is provided below.

Task 1 – Engineering Support Services During Construction

Task 1.1 – Engineering Support Services. Pueblo will provide engineering support services on an as-requested basis throughout construction. The engineering services to be provided during the various phases of construction may include the following:

- Coordination with the District’s CM consultant regarding:
 - Interpretation / clarification of Plans and Specifications
 - Issues related to Existing vs. recorded As-Built conditions
 - Assessment of anomalous geotechnical conditions encountered during construction
 - Review of Submittals
 - Response to RFI’s
- Evaluation of Value Engineering and/or Design Change requests from the Contractor
- Site visits and/or field meetings with CM consultant or Contractor

Pueblo will provide the above indicated services on an “as-requested” basis. For purposes of budgeting, we have assumed 10 man-hours per week for the anticipated 7-month (29 week) duration of the project for this task using an average professional billing rate for the potential range of requested services. Please note that routine and/or special inspection services are not included in our work scope, as we understand they are provided by others un separate contract.

Task 1.2 – Start Up Assistance. Pueblo will provide oversight and general consultation for the commissioning and start up of the facilities upon completion of construction, and document facility equipment performance and optimum operating parameters based on system performance trials. This information will be compiled in a Summary of Operations and Procedures document and will serve to guide Cal-Am operators and maintenance personnel with site specific data and procedures for normal facility operations. Discussions of Injection,

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Well Backflushing, Aquifer Storage, and Recovery/Production operations will be included. For this task we assume that 4 work days (32 hours) of field time and 32 hours of staff engineering will be needed to complete startup operations for the facility; efforts beyond that amount will be billed at Standard Rates in accordance with our Fee Schedule.

Task 1.3 – Preparation of As-Built Drawings. Upon completion of construction, Pueblo will prepare Record Drawings of each site, documenting the final facilities conditions and incorporating any plan modifications into the final drawings. The final record drawings will be provided in both Autocad and PDF formats on a CD for MPWMD and Cal-Am use. For purposes of this proposal, we assume that 12 hours of field time and 30 hours of drafting time will be needed to complete this work; efforts beyond that amount will be billed at Standard Rates in accordance with our Fee Schedule.

Services Not Included

Services which are (or may be) necessary for the completion of this project which are not included in our proposal include the following:

- Regular attendance at weekly construction meetings;
- Routine or special inspection services;
- Presentations to regulatory or permitting agencies;
- Construction of site facilities;
- Water-quality laboratory analyses fees (assumed MPWMD provided);
- Any other items not specifically included in PWR's scope of services.

ESTIMATED FEES AND SCHEDULE

Our estimated costs for the project were developed based on the proposed scope of work, our experience with similar projects, and our 2019 fee schedule (attached).

We estimate the fees for our services for the work will be approximately \$148,100, with subtask 1.1 at \$127,650, subtask 1.2 at \$13,300, and subtask 1.3 at \$7,150. These costs will be billed monthly, on a time-plus-expenses basis in accordance with our current Fee Schedule. MPWMD will only be billed for actual time spent on the project, irrespective of the stated budget; however, we will not exceed any task budget without prior written authorization from the District and explanation of the change in work scope or project conditions that caused the additional expense.

Based on our ongoing work on the project, we can commence this work immediately upon your authorization. It is our understanding that construction is planned to start in October 2019. We estimate the total duration of field activities will be approximately 7 months with project completion in mid 2020.

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We appreciate the opportunity to provide continued assistance to the MPWMD on this important community water-supply project. If you require additional information regarding this or other matters, please contact us.

Sincerely,

PUEBLO WATER RESOURCES, INC.

A handwritten signature in black ink, appearing to read "Stephen P. Tanner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stephen P. Tanner, P.E.

Principal Engineer

RCM:SPT

Attachments: Cost Estimation Spreadsheet
2019 Fee Schedule