

Statement of Qualifications
Investor- Owned Utility Consultant Services

December 10, 2019

David C. Laredo
District Counsel
606 Forest Avenue
Pacific Grove, CA 93950

Subject: MPWMD Investor-Owned Utility Consultant Services Contract
Amendment No. 1 – Resolution of Necessity Technical Support
Confidential - Attorney Client Work Product

Dear Mr. Laredo:

Close & Associates, LLC is requesting approval of Amendment No.1 to Agreement dated February 28, 2019 for additional scope and fees to support the next phase of the Monterey Peninsula Water System acquisition effort. Amendment No. 1 outlines the following tasks and scope to provide professional services assisting the Monterey Peninsula Management District (District) in preparation of a Resolution of Necessity to the District Board later in 2020.

Task 1 – Project Management

The Phase 2 Project schedule is anticipated to start in January 2020 with completion July 30, 2020. Project management activities include budget, billing, and document management as well as coordination with the District Management Staff.

Task 2 – Meetings

During the 7-month project duration it is anticipated to have monthly conference calls and 3 project meetings in Monterey to support Phase 2 of the project.

Task 3 – Document Review & Asset Inventory

Additional documents will be obtained to support the Phase 2 effort and will be reviewed and technical comments provided. Some asset data for Cal-Am’s Monterey water system was obtained as part of the Phase 1 Feasibility Assessment effort, however additional documents and development of water system assets will be necessary to develop and refine the Operations Workplan and Program Maintenance activities to properly operate the Monterey Peninsula Water System.

Task 8 – Monterey Peninsula Water System Operations Framework

A draft operations framework was developed for District as part of the Phase feasibility effort to provide an assessment of the level of effort, operational activities and costs to improve water service to the Monterey Peninsula community, and administrative and management issues associated with operating the water system in support of the Cost of Service analysis that was

Statement of Qualifications
Investor- Owned Utility Consultant Services

completed. It is recommended that additional development of the Operations Framework be completed prior to the preparation of a draft Business and Operations Plan. Input from the various existing District Departments is suggested refining the framework and workplan. One workshop/meeting in Monterey is assumed to support this task.

Task 9 – Draft Operations Plan

It was assumed that Close & Associates, LLC will assist the District staff in preparing Draft Operations Plan for inclusion in the Right-to-Take Trial. Included in Appendix A is a draft Table of Contents for an Operations Plan that is recommended to be prepared to demonstrate the District’s ability to operate the water system. The level of effort for C&A LLC is dependent on the areas the District requests assistance in preparing chapters of the plan. The following are the subjects that C&A LLC has anticipated leading the development of the plan.

Task 9.1 – Transition Plan

Upon the District obtaining a favorable court decision from the Right-to-Take trial, there are a number of transition activities that are recommended to be conducted prior to the Valuation Trial as well as before taking ownership and operational responsibility for the water system. This chapter of the Operations Plan details the tasks and activities anticipated to be performed during this initial timeframe.

Task 9.2 – Strategic Goals and Level of Service Standards

Strategic goals for operating the water system and the level of service that the District wants to provide the Monterey Peninsula residents is essential for the development of the operations and maintenance programs and workplan. The detailed workplan that will establish the number of Full-Time Employees (FTEs) that will be needed to operate the water system. This will be particularly critical for defining the scope of work and allocation of risk for retaining an outside contract operation firm to operate the water system.

Task 9.3 – Operations and Maintenance Plan

This chapter will identify the District’s standard operations and maintenance procedures and practices and develop the framework for the preparing the O&M Procedures Manual to be created during the first year of operation. The O&M Plan will include the description and level of effort of the daily, weekly, monthly, quarterly, and annual operational activities that comply with the strategic goals and LOS standards.

The chapter will also include the description of the preventive maintenance programs to comply with the strategic goals and LOS standards and to prolong the life of the water assets. Based on the operations and maintenance programs work tasks identified, a detailed workplan will be compiled to summary all of the activities and estimate the number of full-time employees (FTEs) need to perform each of the work tasks.

Statement of Qualifications
Investor- Owned Utility Consultant Services

Task 9.4 – Operational Structure and Job Classifications/Descriptions

The O&M workplan developed in Task 9.3 will be the basis for preparing a proposed District Organizational Structure for both a District staffed water operations department or with a Contract Operations Firm providing only the field O&M work tasks and services.

Task 10 – Contract Operations and Risk Allocation

It is recommended to prepare a draft scope of work and the associated allocation of operational and liability risks to be proposed by the District as part of a Contract Operations Agreement. The draft Strategic Goals, LOS standards, Preventive Maintenance Programs, Operational Work plan, and estimated 5-year capital plan need to be developed and preliminarily adopted to identify and detail the operational and liability risks associated with operating and maintaining the water system and constructing capital improvement projects. C&A LLC will identify the anticipated operational and liability risks, provide recommendations, and assist District staff and obtain Board approval if required.

The requested additional fee for the professional services listed above is \$145,000. Approval of Amendment No. 1 will increase the total contract to \$233,500 and extend the agreement through July 30, 2019.

Close & Associates, LLC appreciates the opportunity to continue to assist the Monterey Peninsula Water District with this important project. Please feel free to contact Craig Close at (619) 495-0859 if you have any questions.

Respectfully submitted,

Close & Associates, LLC



Craig A. Close
Executive Director

EXHIBIT 12-B

Statement of Qualifications
Investor- Owned Utility Consultant Services

APPENDIX A
MPWMD DRAFT OPERATIONS PLAN
TABLE OF CONTENTS

Statement of Qualifications
Investor- Owned Utility Consultant Services

MPWMD WATER SYSTEM

OPERATIONS PLAN

Table of Contents

EXECUTIVE SUMMARY

- 1.0 GENERAL DESCRIPTION**
- 2.0 TRANSITION PLAN**
 - 2.1 Post Successful Right-to-Take Court Decision**
 - 2.2 Operations Staffing Job Posting**
 - 2.2.1 Bargaining Unit Negotiations**
 - 2.2.2 Job Position Postings**
 - 2.2.3 Employee Benefits Consulting Firm**
 - 2.2.4 Cal-Am Employee Employment Offers**
 - 2.3 Regulatory Agency Coordination**
 - 2.4 Post Valuation Court Decision**
 - 2.5 Prop 218 Process**
 - 2.6 90-Day Data & Information**
 - 2.7 Interim Contract Operations**
 - 2.8 IT Systems Integration**
 - 2.9 “Day One” Operations Plan**
- 3.0 GOVERNANCE**
 - 3.1 Water Rate Approval Policy & Procedure**
 - 3.2 Capital Funding and Budget Approval Procedure**
 - 3.3 Administration and Management Policies**
 - 3.4 Monterey Peninsula Economic Development Support**
- 4.0 FINANCE MANAGEMENT**
 - 4.1 Financial Stability & Resiliency**
 - 4.2 Customer Service**
 - 4.3 Customer Billing and Accounting**
- 5.0 STRATEGIC GOALS & LEVEL OF SERVICE STANDARDS**
 - 5.1 AWWA Effective Utility Management Principles**
 - 5.2 Water Operations Administrative & Management Policies**
 - 5.3 Operations and Management Strategic Goals**
 - 5.4 Operations Level of Service and Performance Metrics**
 - 5.5 Public Communication & Outreach**
 - 5.6 Resiliency & Sustainability**
- 6.0 PLANNING PROCESS & CRITERIA**
 - 6.1 Source of Supply Capacity & Reliability**
 - 6.2 Water Quality Regulations & District Goals**
 - 6.3 Treatment Capacity & Reliability**

**Statement of Qualifications
Investor- Owned Utility Consultant Services**

- 6.4 Distribution System Capacity & Reliability
- 6.5 Storage Capacity & Reliability
- 7.0 ECONOMIC & POPULATION GROWTH
 - 7.1 Demand Forecast
 - 7.2 Water Conservation & Demand Management
- 8.0 SOURCE OF SUPPLY
 - 8.1 Carmel River Supply
 - 8.2 Groundwater Supply
 - 8.3 Desalination Supply
 - 8.4 Reclamation Supply
 - 8.5 Alternative Water Supplies
- 9.0 PRODUCTION & TREATMENT FACILITIES
 - 9.1 Source Water Quality
- 10.0 DISTRIBUTION & STORAGE FACILITIES
- 11.0 ENVIRONMENTAL RESOURCES & PROTECTION
- 12.0 OPERATIONS & MAINTENANCE PLAN
 - 12.1 Standard Operations Policies & Procedures
 - 12.2 Operations Performance Metrics
 - 12.3 Emergency Response Plan
 - 12.4 Program Maintenance Plan
 - 12.5 Operations Workplan
 - 12.6 Contract Operations Plan
- 13.0 CAPITAL IMPROVEMENT PLAN
 - 13.1 Capital Project Identification & Approval Process
 - 13.1.1 10-Year Capital Improvement Plan
 - 13.2 Risk-Based Project Prioritization Process
- 14.0 ORGANIZATIONAL STRUCTURE & STAFFING
 - 14.1 MPWMD Board
 - 14.1.1 District Counsel
 - 14.2 General Manager
 - 14.3 Administrative Services/Finance
 - 14.3.1 Customer Service
 - 14.3.2 Accounting
 - 14.3.3 Water Rates
 - 14.4 Human Resources
 - 14.4.1 Bargaining Units
 - 14.5 Public Relations and Community Outreach
 - 14.6 Water Resources/Engineering & Planning
 - 14.6.1 Engineering & Construction
 - 14.6.1.1 Capital Project Management
 - 14.6.1.2 Design Services
 - 14.6.1.3 Program Maintenance

EXHIBIT 12-B

**Statement of Qualifications
Investor- Owned Utility Consultant Services**

14.6.2 Development Services
 14.6.2.1 Environmental Review

14.6.3 Risk & Performance Management
 14.6.3.1 Asset Management

14.6.4 Strategic & Utility Planning

14.7 Water Demand Management & Conservation

14.8 Environmental Compliance
 14.8.1 Regulatory Compliance
 14.8.2 Environmental Compliance
 14.8.3 Fisheries

14.9 Information Technology

14.10 Water Operations
 14.10.1 Water Division
 14.10.2 Contract Operations

14.11 Job Descriptions

15.0 RISK ASSESSMENT & MITIGATION

16.0 RELIABILITY & REDUNDANCY

17.0 APPENDICES

TABLE OF CONTENTS..... 5

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