



SRWA
STANISLAUS REGIONAL
WATER AUTHORITY

156 S. Broadway, Ste. 270, Turlock, CA 95380

(209) 668-4142 (phone) (209) 668-5695 (fax)

Special Board Meeting Notice & Agenda

August 1, 2019 at 3:30 p.m.

156 S. Broadway, Turlock, CA, Second Floor, Yosemite Conference Room

Chair, Chris Vierra

Vice Chair, Gil Esquer

Director, Amy Bublak

Director, Bret Durossette

Director (alternate), Channce Condit

Director (alternate), Nicole Larson

General Manager, Robert Granberg

Interim Legal Counsel, Richard P. Shanahan

Board Secretary, Allison Martin

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Stanislaus Regional Water Authority (SRWA) meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, contact the Board Secretary at the phone number set forth above. The Board is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the Board to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Board on any item appearing on the agenda, including Consent Calendar and Scheduled Matters, before or during the Board's consideration of the item.

AGENDA PACKETS: Prior to the Stanislaus Regional Water Authority Board meeting, a complete Agenda Packet (excluding any closed session materials) is available for review on the SRWA's website at www.stanrwa.org and in the Board Secretary's Office at 156 S. Broadway, Suite 270, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Board after distribution of the Agenda Packet are also available for public inspection in the Board Secretary's Office at the address set forth above. Such documents may be available on the SRWA's website subject to staff's ability to post the documents before the meeting.

1. A. CALL TO ORDER

B. SALUTE TO THE FLAG

2. RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS: None

3. A. SPECIAL BRIEFINGS: None

B. STAFF UPDATES

1. General Manager Update (*Granberg*)
2. Finance Director Report (*Lorenzi*)

C. PUBLIC PARTICIPATION: This time is set aside for members of the public to address the Board concerning any item that has been described in the notice for the meeting, including Consent Calendar items, before or during consideration of that item. You will be allowed five (5) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter.

4. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS

- 5. CONSENT CALENDAR:** Information concerning the Consent items listed below has been forwarded to each Board member prior to this meeting for study. Unless the Chair, a Board member, or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the Consent items is set forth in the explanation of the individual items.

- A. *Motion:* Approve minutes of Regular Meeting of June 20, 2019
- B. *Motion:* Accept the July 16, 2019 SRWA Surface Water Supply Project Cost Update Memorandum

6. PUBLIC HEARINGS: None

7. SCHEDULED MATTERS

- A. Approve an Amendment to the Bylaws of the Stanislaus Regional Water Authority, Article V(3) to read as follows: 3. The regular meetings of the Board will be held on the third Thursday of each month at 3:30 p.m. at one of the designated City offices listed below, as specified in the particular meeting notice/agenda: a. Turlock, CA - Turlock City Hall, 156 S Broadway, b. Ceres, CA - Ceres Community Center, 2701 4th Street (*Granberg*)

Recommended Action:

Motion: Approving an Amendment to the Bylaws of the Stanislaus Regional Water Authority, article V(3) to read as follows: 3. The regular meetings of the Board will be held on the third Thursday of each month at 3:30 p.m. at one of the designated City offices listed below, as specified in the particular meeting notice/agenda: a. Turlock, CA - Turlock City Hall, 156 S Broadway, b. Ceres, CA - Ceres Community Center, 2701 4th Street

- B. Approve Amendment No. 6 to the Agreement between West Yost Associates and SRWA to extend the agreement term and authorize continued Phase 2 Program Management Services from August 31, 2019 through December 31, 2019 (*Granberg*)

Recommended Action:

Motion: Approving Amendment No. 6 to the Agreement between West Yost Associates and SRWA to extend the agreement term and authorize continued Phase 2 Program Management Services from August 31, 2019 through December 31, 2019

- C. Adopt a resolution selecting CH2M Hill Engineers, Inc. as the design-build procurement Successful Proposer and authorizing the General Manager to negotiate a Design-Build Contract and related Guaranty Agreement (*Granberg*)

Recommended Action:

Resolution: Adopting a resolution selecting CH2M HILL Engineers, Inc. as the design-build procurement Successful Proposer and authorizing the General Manager to negotiate a Design-Build Contract and related Guaranty Agreement.

8. MATTERS TOO LATE FOR THE AGENDA

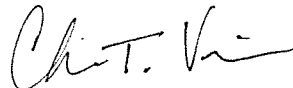
9. BOARD ITEMS FOR FUTURE CONSIDERATION

10. BOARD COMMENTS: Board members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.

11. NEXT MEETING DATE: August 15, 2019, Regular meeting

12. ADJOURNMENT

The foregoing meeting is hereby called by Chair Vierra at the above mentioned date and time pursuant to California Government Code § 54956.



Chris Vierra, Chair



DRAFT Minutes
Regular Board Meeting
June 20, 2019

-
1. A. **CALL TO ORDER:** Chair Vierra called the meeting to order at 3:39 p.m.
PRESENT: Chair Vierra, Vice Chair Esquer (arrived at 3:47pm), Director Durossette,
Director Bublak
ABSENT: None
 - B. **SALUTE TO THE FLAG**
 2. **RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS:** None
 3. A. **SPECIAL BRIEFINGS:** None
 - B. **STAFF UPDATES:**
 1. Gerry Nakano from West Yost provided an update on Major TAC and PM Team Work Focus Areas, including the evaluation of submitted proposals from the three short-listed Design-Build Teams, the coordination of Wet Well construction, the completion of SRF loan application packages, and continued support of the TID Water Rights Petition. Design-Build project teams were interviewed in May by TAC members and the management team, wherein project proposals were evaluated and additional information and clarification was requested. Upcoming milestones and tasks for the TAC and PM Team include continuing the wet well wall forms and concrete pours, evaluating the Design-Build Team proposals and requesting approval from the SRWA Board to begin negotiations at the July SRWA Board meeting, completing the SRF Financial Application package, developing finance plans, amending the SRWA/TID water sales agreement and awarding the Design-Build contract in September.

Director Bublak asked when the Design-Build proposals will be made public.

Gerry Nakano answered that the TAC is currently reviewing the Design-Build proposals and a request will be brought to the SRWA Board at the meeting in July for the TAC to enter into negotiations with the recommended Design-Build Team.

General Manager Robert Granberg stated that the Design-Build project proposals contain confidential company financial information that could hinder the negotiation process if revealed at this time.

Director Bublak asked if the recommended Design-Build Team proposal will be presented in closed session at the July SRWA Board meeting and if the proposals will be distributed prior to the SRWA Board meeting for review before making a decision.

General Manager Robert Granberg answered that he will have to consult with legal counsel regarding what information can be shared outside of the review committee.

Director Bublak asked when the final cost of the project will be revealed.

General Manager Robert Granberg answered that the final cost of the project will be revealed in September, after negotiations with the selected design-build contractor.

Chair Vierra asked Municipal Services Director Michael Cooke if the City of Turlock completed the Proposition 218 process to increase water rates to fund the Regional Surface Water Supply Project.

Municipal Services Director Michael Cooke answered that the City of Turlock completed the Proposition 218 process in December of 2017, with a projected total Project estimate of \$278 million of which Turlock is projected to contribute \$172 million. The City of Turlock is currently in the second year of rate increases.

General Manager Robert Granberg stated that the SRWA Regional Surface Water Supply Project received the Water Smart grant for \$750,000 for the 2019/20 Fiscal Year. SRWA staff will apply for the Water Smart grant next year as well.

Chair Vierra spoke to Congressman Josh Harder regarding the grant funds awarded and was assured that more assistance could be provided in the near future.

Citizen Milt Trieweiler inquired regarding the amount of Proposition 68 funding secured by Assemblyman Heath Flora for the Project.

Ceres City Manager Toby Wells answered that Assemblyman Heath Flora secured \$30 million in grant funding through Proposition 68 for the Project.

Chair Vierra said other elected officials have toured the Project and are hoping to help with additional funding.

- 2. General Manager Robert Granberg provided an update on financial activity as of May 31, 2019. The revenue and expenses were reviewed.

C. PUBLIC PARTICIPATION: None

4. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS: None

5. CONSENT CALENDAR:

Action: Motion by Vice Chair Esquer, second by Director Durossette, adopting the consent calendar and approving the minutes of the Regular Meeting of April 18, 2019, and the revised minutes of the Special Meeting of August 6, 2018. Motion carried by the following vote:

Director Bublak	Director Durossette	Vice Chair Esquer	Chair Vierra
Yes	Abstain	Yes	Yes

6. PUBLIC HEARINGS: None

7. SCHEDULED MATTERS:

- A. General Manager Robert Granberg requested to adopt the Annual Budget for the Stanislaus Regional Water Authority for the 2019-20 Fiscal Year and adopt a minimum cash reserve target for 2019-20.

Discussion:

General Manager Robert Granberg summarized the main points of the annual budget, which include the continuation of existing contracts that are allocated appropriately between the City of Turlock, the City of Ceres and TID. The Design-Build contract was not included in the annual budget as the cost has not been finalized. A financial plan will be discussed at the SRWA Board Meeting in September including a budget amendment to include the Project costs.

Director Bublak expressed concerns with the following items:

- Project obligations
- Water rate increases
- Time to explore alternatives
- Projected cost of the project versus the actual proposal costs
- Information sharing

Chair Vierra discussed the following items:

- Commitment to existing obligations
- The City of Ceres' dedication to the Project
- Adoption of water rate increases through the Prop 218 process in 2017
- Timeline to determine final Project approval
- Confidential nature of Project proposals

Chair Vierra opened public participation.

Citizen Milt Trieweiler inquired about the following items:

- Tiered-rate versus a fixed-rate water consumption fee
- Process to alter current water rate increases if Project cost is lower than expected

Citizen David Fransen inquired about the following items:

- Consideration of alternatives to the Project
- Interest of surrounding cities in the Project
- Funding obligations

Chair Vierra closed public participation.

Action: Resolution 2019-005 Motion by Director Durossette, second by Vice Chair Esquer, adopting the Annual Budget for the Stanislaus Regional Water Authority for the 2019-20 Fiscal Year and adopting a minimum cash reserve target for 2019-20. Motion carried by the following vote:

Director Bublak	Director Durossette	Vice Chair Esquer	Chair Vierra
Abstain	Yes	Yes	Yes

- B. General Manager Granberg requested to designate the General Manager to be the Authorized Representative for acting on behalf of the SRWA on matters related to the Financial Assistance Application and Funding Agreement with the State Water Resources Control Board.

Discussion:

Director Bublak inquired about a system of checks and balances.

General Manager Robert Granberg answered that the Finance Director manages the finances and the designation appoints the General Manager as signatory.

Chair Vierra opened public participation. There being no public response, Chair Vierra closed public participation.

Action: Resolution 2019-006 Motion by Director Durossette, second by Vice Chair Esquer, designating the General Manager to be the Authorized Representative for acting on behalf of the SRWA on matters related to the Financial Assistance Application and Funding Agreement with the State Water Resources Control Board. Motion carried by the following vote:

Director Bublak	Director Durossette	Vice Chair Esquer	Chair Vierra
Yes	Yes	Yes	Yes

- C. General Manager Granberg requested to accept a permanent non-exclusive easement and temporary construction easement from the City of Ceres for the purpose of constructing a finished water pipeline and conveying potable water from the SRWA Water Treatment Plant to the City of Ceres Terminal Reservoir.

Discussion:

Vice Chair Esquer inquired about the date on the notary form.

Ceres City Manager Toby Wells spoke to the validity of the form despite the date.

Director Bublak inquired about costs for the easement.

General Manager Robert Granberg stated there are no recording fees or charges from the City of Ceres to accept the easement.

Chair Vierra opened public participation. There being no public response, Chair Vierra closed public participation.

Action: Resolution 2019-007 Motion by Vice Chair Esquer, second by Director Durossette, accepting a permanent non-exclusive easement and temporary construction easement from the City of Ceres for the purpose of constructing a finished water pipeline and conveying potable water from the SRWA Water Treatment Plant to the City of Ceres Terminal Reservoir. Motion carried by the following vote:

Director Bublak	Director Durossette	Vice Chair Esquer	Chair Vierra
Yes	Yes	Yes	Yes

8. **MATTERS TOO LATE FOR THE AGENDA:** None

9. **BOARD ITEMS FOR FUTURE CONSIDERATION:** None

10. **BOARD COMMENTS:**

Several Board Members cannot attend the Regular SRWA Board Meeting on July 18, 2019. The SRWA Board Secretary will poll the SRWA Board Members for a Special Meeting date.

11. **NEXT MEETING DATE:** July 18, 2019 Regular Meeting (cancelled - Special Meeting will be held)

12. **ADJOURNMENT:** Motion by Director Durossette, second by Director Bublak, to adjourn at 4:49 p.m. Motion carried 4/0.

Respectfully submitted,

DRAFT

Allison Martin, Board Secretary

From: Robert Granberg, General Manager

Prepared by: Robert Granberg, General Manager

1. ACTION RECOMMENDED:

Motion: Accept the July 16, 2019 SRWA Surface Water Supply Project Cost Update Memorandum

2. DISCUSSION OF ISSUE:

Significant progress on the Regional Surface Water Supply Project (RSWSP) has prompted the need to update the Fall 2017 project cost estimate in advance of entering into and funding a Design-Build contract. This updated project cost reflects the results of the recently completed Design-Build procurement, receipt of project grants and a wet well that is nearing completion. Collectively, these achievements have further defined and effectively reduced the overall project cost by nearly 28%. As stated in the memorandum, the reduced project cost estimate demonstrates the project cost is captured in the Cities' approved water rates to fund design and construction of the RSWSP to completion in 2022.

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact or budget amendment required to accept the updated project cost estimate.

4. GENERAL MANAGER'S COMMENTS:

Recommends the Board accept the SRWA Surface Water Supply Project Cost Update Memorandum to the Board dated July 16, 2019.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

The Board could choose to not accept the updated project cost estimate.



MEMORANDUM

July 16, 2019

To: SRWA Board
FROM: Robert Granberg, General Manager
SUBJECT: SRWA Regional Surface Water Supply Project Cost Update

Pursuant to the discussion regarding SRWA Regional Surface Water Supply Project (“RSWSP” or “Project”) costs at the June 20, 2019 Board meeting, this memorandum presents an updated cost estimate of the Project as of July 2019 compared to the Project cost estimate prepared in Fall 2017. The Fall 2017 project cost estimate established an opinion of probable cost for use by the Cities of Ceres and Turlock (Cities) during their Proposition 218 public processes that set their current individual water rates. This memo does not offer information regarding the current water rates by either City.

Since Fall 2017, the SRWA has substantially advanced the RSWSP on a number of fronts: bidding and construction of the raw water pump station wet well; finalization and certification of the Environmental Impact Report for the Project; completion of numerous technical evaluations in support of permitting, design and construction requirements; issuance of a request for Design-Build proposals (RFP); and receipt and evaluation of proposals from three Design-Build teams to design and construct the balance of the Regional Facilities¹. These and other activities have enabled the SRWA to refine the costs previously estimated in Fall 2017. **Table 1** illustrates the Project elements by comparing the Fall 2017 estimate with current costs (as of July 2019). As shown in the table, the most recent estimate of Regional Facilities costs is lower than the estimate used to establish the Cities’ individual water rates. Further, the table shows that grants secured since Fall 2017 have contributed to a substantial reduction in Project costs. As such, **the total estimated project costs are well below the Fall 2017 estimate and are thus already captured by the Cities’ approved water rates.**

The SRWA’s current schedule indicates that a Design-Build contract will be brought before the Board for consideration in September 2019. The contract will be accompanied by a financing plan indicating how the Cities’ will advance the Project prior to receiving a

¹ Regional Facilities include the balance of the raw water pump station, raw and finished water pipelines, a 15 million gallon per day water treatment plant (WTP), and replacement of the Aldrich Road bridge which will serve all traffic into and out of the WTP.

loan through the Drinking Water State Revolving Fund (DWSRF) program, which is anticipated in early 2020. The DWSRF loan was previously anticipated and, therefore, included in the Cities' water rate analyses. When compared to conventional bond financing, the DWSRF loan is expected save the Cities roughly \$100 million over the term of the loan, due to an interest rate that is approximately one-half of typical municipal bond interest rates.

As the SRWA enters negotiations with the preferred Design-Build proposer, **there will be opportunities to further reduce the Regional Facilities design and construction costs** through additional technical investigations and agreement on contract terms. For example, the preferred Design-Build proposal presented several pre-priced "value engineering" concepts for the SRWA's consideration; in total, these pre-priced concepts have the potential to further reduce the Design-Build price by up to \$6 million. Other opportunities exist for further reductions as the final technical requirements are agreed upon by the SRWA and the Design-Build proposer and formally priced.

Table 1. Comparison of Fall 2017 and July 2019 SRWA Project Costs		
Project Element	Fall 2017 Estimate: Basis for Rate Increase^(a), \$M	July 2019 Estimate^(b), \$M
Program Management, Environmental, Legal, Property Acquisition and Other Related Professional Services	Included in Estimates Below	\$13.13
Capital Costs		
Wet Well Facility	\$7.72	\$8.19
Balance of Regional Facilities	\$238.86	\$178.89 ^(c)
Contract Oversight & Contingency		\$12.61
Local Facilities		
Ceres	\$13.55	\$7.00
Turlock	\$19.03	\$19.03
Subtotal SRWA Project Cost	\$279.16	\$238.85
Grants ^(d)	(\$0.00)	(\$36.55)
Total SRWA Project Cost	\$279.16	\$202.30

Ceres Total Project Cost	\$100.49	\$76.27^(e)
Turlock Total Project Cost	\$172.91	\$121.48^(e)
TID Total Project Cost	\$5.76	\$4.55^(e)

- (a) Capital cost estimates developed in Fall 2017 were provided to each City for use in developing water rate analyses.
- (b) Based on adopted FY19/20 SRWA Budget and Technical Memorandum titled "Cost Allocations for SRWA Surface Water Supply Project", dated 6/19/19
- (c) Base Design-Build Price from CH2MHill Engineers, Inc, a subsidiary of the Jacobs Engineering Group, dated 5/7/19
- (d) Includes \$30M Proposition 68, \$5.8M IRWMP and \$750K Bureau WaterSmart Grants. These grant totals will be slightly lower than shown after Grantor administrative costs are deducted
- (e) Individual allocations are presented only for budget purposes and actual allocations will follow for the particular work completed in accordance with the Technical Memorandum "Cost Allocations for SRWA Surface Water Supply Project", dated 6/19/19

cc: SRWA TAC

From: Robert Granberg, General Manager

Prepared by: Richard Shanahan, General Counsel

1. ACTION RECOMMENDED:

Motion: Approve an Amendment to the Bylaws of the Stanislaus Regional Water Authority, article V(3) to read as follows:

3. The regular meetings of the Board will be held on the third Thursday of each month at 3:30 p.m. at one of the designated City offices listed below, as specified in the particular meeting notice/agenda:

- a. Turlock, CA - Turlock City Hall, 156 S Broadway
- b. Ceres, CA - Ceres Community Center, 2701 4th Street

2. DISCUSSION OF ISSUE:

The current SRWA Bylaws provide that the Board meeting, when it meets in Ceres, will be held at the Ceres Community Center, upstairs classroom. Sometimes, the upstairs classroom is not available and is not configured for use as a Board meeting room. Therefore, staff recommends that the Board amend the Bylaws to provide some flexibility to select the particular Ceres Community Center meeting location at the time of posting the particular meeting notice/ agenda. Additionally, in the event the Turlock City Hall, Yosemite Room is ever not available, staff recommends that the Turlock location in the Bylaws also be amended to allow for the particular room location to be specified in the meeting notice/agenda.

3. FISCAL IMPACT / BUDGET AMENDMENT:

None.

4. GENERAL MANAGER'S COMMENTS:

Recommend approval of the proposed motion.

5. ENVIRONMENTAL DETERMINATION:

Not applicable.

6. ALTERNATIVES:

Do not approve the proposed Bylaws change and continue to provide that Board meetings in Ceres shall be held at the Ceres Community Center, upstairs classroom and that the meetings in Turlock shall be held at the Turlock City Hall, Yosemite Room.

From: Robert Granberg, General Manager
Technical Advisory Committee

Prepared by: Gerry Nakano, West Yost Associates

1. ACTION RECOMMENDED:

Motion: Approve Amendment No. 6 to the Agreement between West Yost Associates and SRWA to extend the agreement term and authorize continued Phase 2 Program Management Services from August 31, 2019 through December 31, 2019.

2. DISCUSSION OF ISSUE:

Due to conditions outside of West Yost's control, there have been some minor Phase 2 Project delays that will require an extension of time to allow West Yost Associates time to complete these items. Therefore, a four-month extension of time is requested, from August 31, 2019 through December 31, 2019 to allow West Yost to complete these Phase 2 Program Management Tasks. Funds have been previously authorized and budget remains to complete these Project Management Support activities, so a cost increase is not being requested.

The Phase 2 Work that has been budgeted but still needs to be completed includes:

- Providing support to the GM during negotiations with the preferred proposer; and
- Continuing to coordinate and provide Program Management support to the GM, and TAC on the following on-going items:
 - Turlock Irrigation District's Water Rights Petition
 - CEQA support for Horizon Water and Environment, LLC
 - SRF Funding Applications
 - City of Ceres and City of Turlock Water System Integration Plans

All work will be done on a time-and-materials basis under the terms of the previously approved Amendment No. 5.

3. FISCAL IMPACT / BUDGET AMENDMENT:

No fiscal impact, as there is no increase in cost to SRWA.

4. GENERAL MANAGER'S COMMENTS:

The General Manager supports moving forward with the proposed amendment to extend the terms of the Agreement, so that SRWA can continue to make progress on the established Project schedule and maintain Project momentum.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

The Board may reject the proposed amendment.



SRWA
STANISLAUS REGIONAL
WATER AUTHORITY

**AMENDMENT NO. 6
to the
AGREEMENT FOR SPECIAL SERVICES
between
STANISLAUS REGIONAL WATER AUTHORITY
and
WEST YOST ASSOCIATES
for
PROGRAM MANAGEMENT SERVICES**

THIS AMENDMENT, dated August 1, 2019, is entered into by and between the **STANISLAUS REGIONAL WATER AUTHORITY**, a Joint Powers Authority of the State of California, hereinafter referred to as “**SRWA**” and **WEST YOST ASSOCIATES**, a Consulting Engineering Firm, hereinafter referred to as “**CONSULTANT**”.

WHEREAS, the parties hereto previously entered into an agreement dated April 13, 2016, whereby **CONSULTANT** will perform program management services (hereinafter the “**Agreement**”); and

WHEREAS, the Agreement was amended (“**Amendment No. 1**”) on September 22, 2016, in the amount of One Hundred Five Thousand and No/100 Dollars (\$105,000); and

WHEREAS, the Agreement was amended (“**Amendment No. 2**”) on November 10, 2016, in the amount of Two Hundred Fifty-Five Thousand Two Hundred and Thirty-Two and No/100 Dollars (\$255,232); and

WHEREAS, the Agreement was amended (“**Amendment No. 3**”) on January 26, 2017, in the amount of One Hundred Seventy-Seven Thousand Two Hundred Six Dollars (\$177,206); and

WHEREAS, the Agreement was amended (“**Amendment No. 4**”) on August 3, 2017, in the amount of Two Hundred Seventy Three Thousand Two Hundred and Fifty Five Dollars (\$273,255); and

WHEREAS, the Agreement was amended (“**Amendment No. 5**”) on November 13, 2017, in the amount of Five Million, Six Hundred Sixty Seven Thousand, Four Hundred Fifty Three Dollars and No/100ths (\$5,667,453.00); and

WHEREAS, the parties have identified the need to extend the **TERM** of this Agreement from August 31, 2019 to December 31, 2019 with no additional

compensation, to allow West Yost to continue to provide Program Management Services as SRWA enters into negotiations with the preferred proposer. West Yost will also continue to facilitate and support the General Manager on other on-going assignments related to providing Program Management services related to Phase 2 of this Project.

NOW, THEREFORE, the parties hereto mutually agree to amend said Agreement as follows:

1. Paragraph 5 of the Agreement is amended to read as follows

“5. **TERM:** This Agreement shall become effective April 15, 2016, and end upon satisfactory completion, as determined by the SRWA, of the entire Scope of Work as set forth in the Agreement, Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment 4, Amendment No. 5, and this Amendment No. 6. Amendment No. 6 is anticipated to span the period from August 31, 2019, through December 31, 2019.”

All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by and through their respective officers thereunto duly authorized.

**STANISLAUS REGIONAL WATER
AUTHORITY, a Joint Powers Authority**

**WEST YOST ASSOCIATES,
a Consulting Engineering Firm**

By: _____
Chris Vierra
Board Chair

By: _____
Name: Jeffery Pelz

Date: _____

Title: Vice President

Date: _____

APPROVED AS TO FORM:

By: _____
Richard P. Shanahan
Interim General Counsel

Date: _____

ATTEST:

By: _____
Allison Martin
Board Secretary

Date: _____

From: Robert Granberg, General Manager

Prepared by: Robert Granberg, General Manager

1. ACTION RECOMMENDED:

Resolution: Adopt a resolution selecting CH2M HILL Engineers, Inc. as the design-build procurement Successful Proposer and authorizing the General Manager to negotiate a Design-Build Contract and related Guaranty Agreement

2. DISCUSSION OF ISSUE:

On May 3, 2017, the SRWA Board authorized the use of Lump Sum Design-Build (“Design-Build” or “DB”) as the preferred project delivery method for the Regional Surface Water Supply Project (Project) facilities (including the balance of the raw water pump station, raw and finished water pipelines, a 15 million gallon per day water treatment plant (WTP), and replacement of the Aldrich Road bridge) and is authorized by Public Contract Code sections 22160 to 22169 (the “Design-Build Statute”). The selection of Design-Build as the preferred procurement method followed a rigorous evaluation by the Technical Advisory Committee (TAC) and Executive Technical Advisory Committee of project delivery alternatives. Design-Build is a project delivery method that involves a best value-based selection of a Design-Build entity that best meets the project technical requirements and balances risk and cost factors. The selection of Design-Build was chosen for the following principal reasons:

- Design-Build allows for a best value-based selection, including selection of individual team members;
- Selection is based on evaluation of design solutions on specific project issues versus design consultant qualifications utilized in conventional Design-Bid-Build procurement;
- Design-Build provides for a collaborative 30% design and contract negotiation process;
- Single-entity responsibility for both design and construction;
- Risk is allocated to the entity most capable of controlling the risk;
- The contractor and designer are working together in a manner that should bring value to both the design and construction;
- There is typically a reduced number of change orders and claims in Design-Build procurements as compared to Design-Bid-Build.

The use of Design-Build was made available to the SRWA through Senate Bill 373 that added SRWA’s Project to the Design-Build Statutes. Following the guidelines of Public Contract Code §§ 22160-22169, the TAC chose to follow a two-step procurement process that included a Request for Qualifications (RFQ), followed by a Request for Proposals (RFP).

At its meeting on August 6, 2018, the SRWA Board approved the RFQ and authorized the General Manager to issue the RFQ to interested Design-Build entities. The RFQ requested information regarding team composition, project delivery approach and technical qualifications. Additional pass/fail information included financial qualifications, safety record, conflicts of interest and skilled and trained workforce. The RFQ was sent to five interested Design-Build entities and on September 18, 2018, five Statements of Qualifications (SOQs) were received by the TAC for evaluation. The list of five respondents was subsequently shortlisted by the TAC to three pre-qualified Design-Build entities to be invited to submit Proposals in response to a RFP.

On November 16, 2018, the SRWA Board approved the following actions relative to the next step in the Design-Build procurement process:

- Approved the list of three Design-Build teams to be invited to submit Proposals in response to a RFP;
- Approved the RFP in substantially the form presented for the design and construction of the Project facilities; and,
- Approved the Draft Design-Build Contract and Technical Appendices to be included in the RFP.

SRWA issued the RFP to the following shortlist of Design-Build teams on December 21, 2018:

- CDM/Flatiron Waterworks (a joint venture formed by CDM Constructors, Inc. and Flatiron West, Inc.)
- CH2M HILL Engineers, Inc., (a subsidiary of Jacobs Engineering Group, Inc.)
- Garney Pacific, Inc.

The RFP (which was modified through four addenda) included instructions and proposal forms for the preparation of a Design-Build proposal and price, as well as the best value criteria by which the Proposal would be evaluated. The RFP provides for the proposers to be ranked and the highest ranked proposer is referred to as the "Successful Proposer." Following selection of a Design-Build proposer as the Successful Proposer and completion of Design-Build Contract negotiations, relevant portions of the Proposal will be incorporated into the Design-Build Contract, therefore, becoming a contractual obligation of the Successful Proposer.

- In compliance with Public Contract Code §22160, the selection process utilized for evaluation of the SOQs and as outlined in the draft RFP is based on a determination of best value. In the SOQ evaluation process (which did not include any price or cost criteria), the TAC applied demonstrated competence and qualifications as the primary selection criteria. For evaluation of the Proposals, the TAC then considered the following (with the relative importance of each criterion in this order): (1) design and technical approach, (2) management approach, (3) technical design and construction expertise, (4) life-cycle cost, and (5) price.

- Ultimately, the SRWA desires a Project that is cost-efficient to operate and maintain, therefore, the TAC also evaluated each proposal from a life-cycle cost perspective. The cost analysis included capital cost, electricity use, chemical use, equipment repair and replacement projections, and labor over a 20-year operating period. Following completion of construction, the contracted Design-Build team will be required to demonstrate compliance with projected electricity and chemical use, in addition to water quality performance requirements, during the acceptance test.
- The TAC evaluated each proposer's Base Design-Build Price.
- The Design-Build Contract is the contract that the SRWA plans to execute with the Successful Proposer. The Technical Appendices to the Design-Build Contract describe design, construction, startup, and other requirements. Proposers considered the requirements contained in the Technical Appendices when they developed their proposals as the contents of the Technical Appendices will be part of the Design-Build Contract and therefore a contractual obligation of the Successful Proposer. Proposers had the opportunity to comment on the draft DB Contract and propose any suggested changes to requirements of the DB Contract and its Technical Appendices during the procurement process.

All three Design-Build teams submitted Proposals on May 7, 2019 to the TAC, which began the review process. Each Proposer was afforded an opportunity to interview with the TAC to present its Proposal concepts in a workshop setting. In addition to the interviews, the TAC met on four separate occasions to discuss the merits of each of the Proposals received. In addition, prior to the Proposal submittal date, all three Proposers were invited to confidential meetings to discuss Alternative Design Concepts and receive feedback from the TAC on which concepts the TAC would consider as part of the Proposal submittals.

In consideration of Proposal content, Alternative Design Concepts and interviews, the TAC ultimately reached a consensus on the Successful Proposer. The following table presents the relative best value ranking of Proposers in accordance with the selection criteria established in the RFP. All three Proposers submitted high-quality Proposals that reflected the best alternatives to satisfy the SRWA criteria of a cost-effective project to meet the established technical criteria. In the end, the TAC concurred the Successful Proposer had the best combination of technical competence, experience, life-cycle cost and schedule to best satisfy the SRWA's goals for the Project. I have attached a memo from the TAC to the SRWA Board that summarizes the TAC evaluation process and recommendation.

Table 1. SRWA Relative Best Value Evaluation Ranking of Proposals			
	Bidder 4: CDM Flatiron Waterworks	Bidder 2: CH2M HILL Engineers, Inc.	Bidder 1: Garney Pacific, Inc.
Design and Technical Approach	More Favorable	More Favorable	Less Favorable
Management Approach	More Favorable	More Favorable	Less Favorable
Technical Design and Construction Expertise	Favorable	Favorable	Favorable
Life Cycle Cost	Least Favorable	Most Favorable	Less Favorable
Price	Less Favorable	Most Favorable	Least Favorable
Overall Relative Ranking	Less Favorable	Most Favorable	Least Favorable

CH2M HILL Engineers, Inc. submitted a complete and thorough Proposal that provides for an optimized life-cycle solution that balances collaboration and integration of all members of the Design-Build team. The CH2M HILL team demonstrated a proven method acquired over multiple design-build projects to develop innovative, constructible and quality solutions to achieve the goals established by the SRWA. The General Manager and TAC therefore recommend that CH2M HILL Engineers, Inc. be selected as the Successful Proposer and requests authorization to negotiate final terms leading to a Design-Build Contract for design and construction of the Project facilities. Consistent with the requirements of the RFP, CH2M HILL proposes that Jacobs Engineering Group Inc. act as a contract guarantor and sign a separate Guaranty Agreement with the Authority.

If approved, negotiations with CH2M HILL will focus on consideration of any proposed Contract language modifications and final technical requirements that may be subject to modification or clarification. Additionally, value engineering ideas put forth in the Proposal will be fully examined and either accepted or rejected by the TAC and a final Design-Build price will be established as the basis for award of a Design-Build Contract. The negotiations with CH2M HILL also will work to finalize the terms of the Guaranty Agreement with Jacobs. SRWA staff have prepared a proposed resolution (which is attached) that incorporates the General Manager and TAC recommendation to select CH2M HILL Engineers, Inc. as the Successful Proposer.

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact to accepting the Successful Proposer and authorizing negotiations. At the completion of negotiations, a separate and future Board action will be required to enter into a Design-Build Contract, Guaranty Agreement, and an associated funding commitment.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval of proposed resolution.

5. ENVIRONMENTAL DETERMINATION:

In 2018, SRWA certified the Surface Water Supply Project Final Environmental Impact Report ("EIR") for the Regional Surface Water Supply Project and approved the Project pursuant to the California Environmental Quality Act and CEQA Guidelines. The approval of the recommended resolution is consistent with and achieves the Project purposes as evaluated and approved in the 2018 final EIR; there have not been any substantial Project changes, substantial changes with respect to the Project circumstances, or new information that necessitate major revisions to the final EIR; and, therefore, no subsequent or supplemental environmental impact report or additional environmental review is required under CEQA.

6. ALTERNATIVES:

The Board could reject the TAC recommendation for CH2M HILL Engineers, Inc. as the Successful Proposer and instruct the TAC to select and negotiate with one of the other two Proposers.



SRWA
 STANISLAUS REGIONAL
 WATER AUTHORITY

**BEFORE THE BOARD OF DIRECTORS OF THE
 STANISLAUS REGIONAL WATER AUTHORITY**

IN THE MATTER OF ADOPTING A }
 RESOLUTION SELECTING CH2M HILL }
 ENGINEERS, INC. AS THE DESIGN-BUILD }
 PROCUREMENT SUCCESSFUL PROPOSER }
 AND AUTHORIZING THE GENERAL }
 MANAGER TO NEGOTIATE A DESIGN-BUILD }
 CONTRACT AND RELATED GUARANTY }
 AGREEMENT }

RESOLUTION NO. 2019-____

BE IT RESOLVED by the Board of Directors of the Stanislaus Regional Water Authority as follows:

1. This resolution is adopted with reference to the following background recitals:
 - a. The Authority is undertaking a design-build procurement process for its Regional Surface Water Supply Project pursuant to Public Contract Code sections 22160 to 22169 (the "Design-Build Statute"). The Authority issued a Request for Qualifications ("RFQ") in July 2018 in order to prequalify and shortlist a group of design-build entities to submit detailed proposals. After evaluating the statements of qualification submitted in response to the RFQ, the Authority prequalified and approved three proposer teams to proceed with the procurement and receive the Request for Proposals.
 - b. The Authority issued the Request for Proposals in December 2018 and later approved and issued four addenda to the Request for Proposals. The Request for Proposals as modified by the addenda is referred to as the "RFP." The RFP specifies and explains that the Design-Build Contract (if awarded) will be awarded to the responsible proposer whose proposal is determined by the Authority to offer the best value to the public as described in the Design-Build Statute and RFP.
 - c. The Authority timely received three proposals in response to the RFP. The proposals have been reviewed, evaluated, and ranked by the SRWA Technical Advisory Committee ("TAC") and General Manager pursuant to the procedures and standards set forth in the Design-Build Statute and RFP. The proposals were evaluated using the best value criteria and selection procedures set forth in the RFP.
 - d. The General Manager has prepared and submitted to the Board a staff report setting forth the results of his evaluation and ranking and recommending the proposer to be selected as the successful proposer (as that term is defined in the RFP). The General Manager prepared the staff report in consultation with the TAC. Similarly, the

TAC has prepared and submitted to the Board its separate memo recommending a successful proposer. The General Manager and TAC each recommend that the Board select CH2M HILL Engineers, Inc. ("CH2M HILL") as the successful proposer and that the Authority enter into Design-Build Contract negotiations with CH2M HILL.

e. The General Manager has provided to the Board a draft Design-Build Contract including the CH2M HILL-proposed changes that have been accepted by the Authority.

2. For the reasons explained in the accompanying General Manager staff report dated August 1, 2019 (which incorporates the related TAC memo) and as further demonstrated in the Authority files concerning the design-build procurement process, the Board of Directors finds and determines as follows:

a. The Board confirms and approves the ranking of the three proposers and proposals as set forth in the staff report.

b. The Board confirms and approves that CH2M HILL is a responsible proposer and that its proposal offers the best value to the public as described in the Design-Build Statute and RFP.

c. CH2M HILL has demonstrated strong competence and qualifications to design and construct the Regional Surface Water Supply Project.

d. It is in the best interests of the Cities of Ceres and Turlock, city water system ratepayers, and the public and consistent with the Design-Build Statute and RFP to select CH2M HILL as the successful proposer and proceed to negotiate with CH2M HILL on the terms of the final Design-Build Contract and related Guaranty Agreement with Jacobs Engineering Group Inc.

3. Pursuant to the Design-Build Statute and RFP, the Board selects CH2M HILL as the successful proposer and authorizes and directs the General Manager, with the advice and assistance of the TAC and Authority staff, to negotiate with CH2M HILL concerning the terms of the Design-Build Contract, contract appendices, and related Guaranty Agreement. After completion of negotiations and preparation of the final Design-Build Contract (with appendices) and Guaranty Agreement on terms satisfactory to the General Manager and TAC, the General Manager is directed to recommend the Design-Build Contract and Guaranty Agreement to the Board for its later consideration.

PASSED AND ADOPTED at a regular meeting of the Board of the Stanislaus Regional Water Authority this 1st day of August 2019, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Allison Martin, Board Secretary