



Valley Water

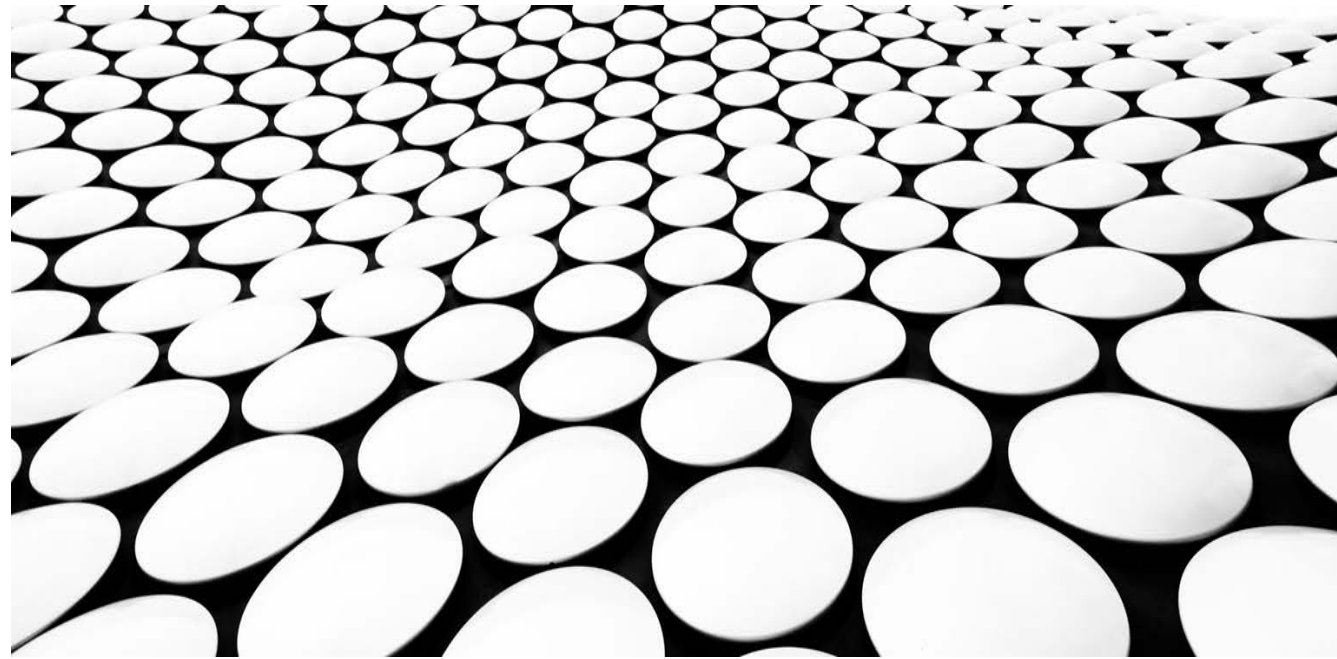
Clean Water • Healthy Environment • Flood Protection

Recycled Water Committee
August 6, 2020

Staff Recommendations to the Committee:

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- A. Recommend to the Board that it approve the Design-Build-Finance-Operate-Maintain Implementation/Procurement procedures for Public/Private Partnership (P3) proposed in this agenda item for procurement of the necessary facilities and services to accomplish purification and delivery to groundwater recharge ponds of the product water
- B. Recommend that the Board direct staff to return for Board approval to launch a P3 procurement plan as soon as the necessary elements for a proposed project including (a) agreement for long-term supply of treated wastewater, (b) agreement enabling management of reverse osmosis concentrate, and (c) agreement for siting of the purification facilities, are sufficiently secured for the proposed project
- C. Review a schedule for implementation of the P3 procurement process



4.2 P3 Approach

Jill Jamieson, CEO, Illuminati Infrastructure Advisors (subcontractor to HDR)

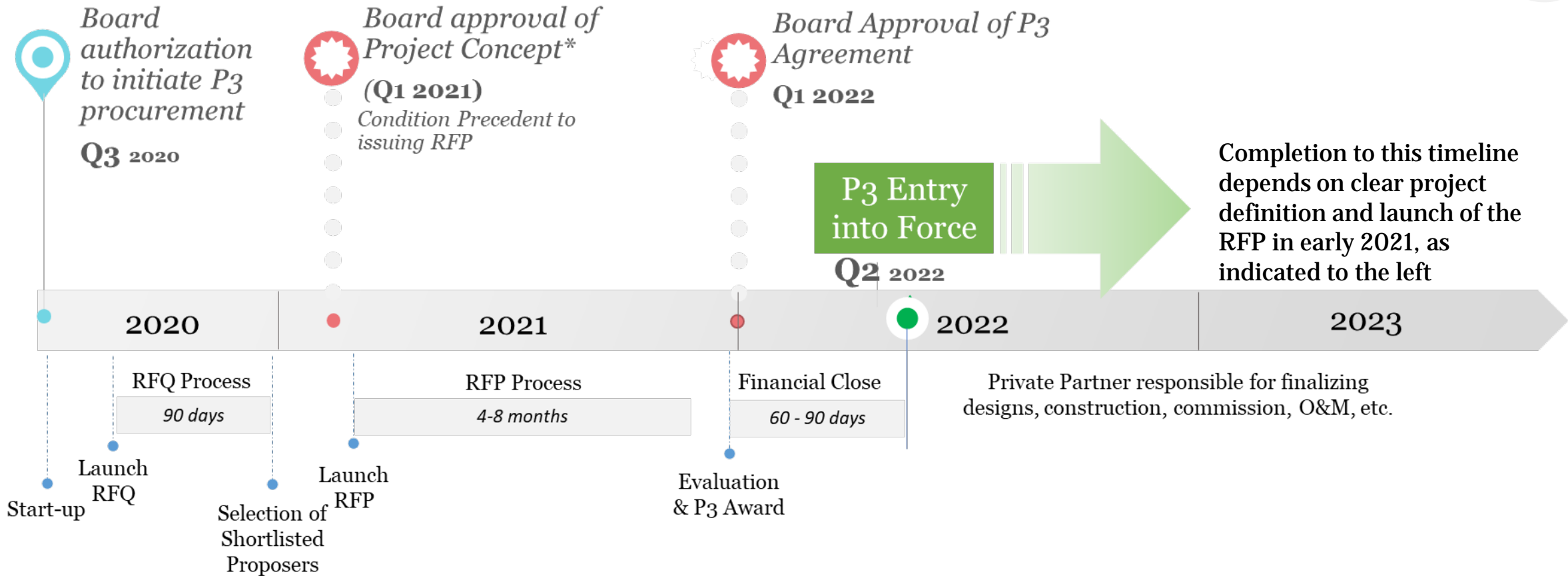
Board's Direction

June 16, 2020 Meeting Outcomes

- Implement a 9 MGD Project* as soon as possible
- Advance P3 to deliver the Project
 - Leverage private sector innovation and expertise
 - Accelerate Project implementation
 - Reduce Project burden on staff by allocating risks and responsibilities to a private partner
 - Ensure price certainty / budget predictability at time of contract award
 - Maximize competitive pressures on pricing and terms to lock-in best possible deal for Valley Water
- Board direction best met through a competitively procured fixed price Design-Build-Finance-Operate-Maintain

* Assumed project will be either with Palo Alto/Mountain View or with San Jose/Santa Clara

P3 Process Timeline



*Clear Project definition is required before issuing the RFP, including rights pertaining to source water, property usage rights (either site acquisition or a purchase option), outfall, etc.

Alignment with Board Objectives

1. Implement 9 MGD project as soon as possible

- With Board approval, staff will release an RFQ. Credibility of the procurement process depends on project certainty before release of RFP in Q1 2021. Requires early resolution of foundational issues including land rights.

2. Advance P3 to Deliver Project

- Private Sector engagement with release of RFQ
- RFP can be released after definitive approval of Project Concept (which includes certainty regarding property rights, water source, etc.).
- RFP process involves extensive interaction with shortlisted firms on technical design and negotiation of deal terms.

Board Objectives	How process aligns
<i>Leverage private sector innovation and expertise</i>	<ul style="list-style-type: none"> • Valley Water establishes output standards and minimal technical requirements • P3 to develop technical approach and design • Extensive early engagement with shortlisted P3 teams during RFP process
<i>Accelerate project implementation</i>	<ul style="list-style-type: none"> • Use of at-risk capital and other incentivizes timely delivery of project.
<i>Maximize competitive pressures on pricing and terms to lock-in best possible deal for Valley Water</i>	<ul style="list-style-type: none"> • Best-value contract award with firm pricing, committed financing and definitive contract terms ensures all parties are bidding on same terms. • Industry standard (best practice) approach to P3 procurement.
<i>Reduce project burden on staff by allocating risks and responsibilities to a private partner</i>	<ul style="list-style-type: none"> • Process reduces overall staff time by concentrated effort during procurement, while leveraging strategic oversight and inputs
<i>Ensure price certainty / budget predictability at time of contract award</i>	<ul style="list-style-type: none"> • Board has full understanding of pricing and terms at time of award.