



BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL MEETING
MONDAY, MARCH 27, 2017
11:30 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

1.1. Roll Call.

Board members in attendance were Tony Estremera, Linda J. LeZotte, Barbara Keegan, Richard Santos, John L. Varela, and Nai Hsueh, constituting a quorum of the Board.

Director Kremen was excused from attending.

Staff members in attendance were N. Camacho, Interim Chief Executive Officer (Interim CEO), M. King, Clerk/Board of Directors, A. Cheung, J. Fiedler, C. Hakes, N. Nguyen, K. Oven, S. Stanton, D. Taylor, and A. Tikekar. Senior District Counsel L. Orta represented District Counsel S. Yamamoto.

1.2. Pledge of Allegiance/National Anthem.

Director Hsueh led all present in reciting the Pledge of Allegiance.

1.3. Time Open for Public Comment on any Item not on the Agenda.

Chairperson Varela declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

2. TIME CERTAIN:

11:30 AM

2.1. Work Study Session on Expedited Purified Water Program - Dual Track Procurement.

Recommendation: A. Receive information from other public agencies on their experiences with various project delivery methods;

- B. Consider staff analysis regarding choice of either Progressive Design-Build or a Public Private Partnership delivery method; and
- C. Provide staff direction on next steps for the procurement process.

Ms. Katherine Oven, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memo. She advised the Board that although representatives from the City of San Diego could not be present to participate, presentation materials had been submitted by the City of San Diego for the Board's information, and were contained in Board Agenda Memorandum Attachment 1.

Ms. Oven reviewed the information contained in the attached Supplemental Board Agenda Memorandum; reviewed the information contained in Supplemental Attachment 1, Slides 1 through 9; and introduced the following guest panelists, who reviewed the remaining materials contained in Supplemental Attachment 1, as follows: Mr. Mike Marcus, Orange County Water District General Manager, reviewed Slides 10 through 19; Mr. Ed Scott, City of Rialto Mayor Pro Tem, reviewed Slides 20 through 33; Ms. Ashwini Kanta, City of San Jose Assistant Director, Environmental Services, reviewed Slides 34 through 55; and Mr. Bob Granberg, City of Stockton Assistant Director, Utilities, reviewed Slides 56 through 67.

Mr. Stan Williams, Poseidon Water, Mr. Raul Romero, Sacyr U.S.A., and Mr. Peter Luchetti and Ms. Megan Matson, Table Rock Capital, expressed support for a Public-Private Partnership (P3) solution, and discussed associated benefits.

Mr. Luchetti encouraged the Board to consider scheduling an additional work study session, and inviting pre-qualified Request for Proposal (RFP) candidates to deliver presentations to the Board on P3 approach benefits.

The Board requested that staff schedule an additional Work Study Session on the Expedited Purified Water Program, and invite the City of San Diego, the City of Carlsbad, and other agencies with P3 project experience, to attend. The Board requested that staff also include cost and benefit analysis information in that presentation, including projected impacts on staffing levels, and on water rates under P3 and Design Build scenarios.

The Board noted the information, without formal action.

3. ADMINISTRATION:

- 3.1. Resolution Designating Authorized Agents for Federal Emergency Management Agency (FEMA) Applications for Reimbursement Assistance.

Recommendation: A. Adopt the Resolution DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES; and
B. Designate the positions of Chief Executive Officer, Chief Operating Officer, Administrative Services, and Chief Financial Officer as the District's designated authorized agents for purpose of submitting applications for reimbursement assistance to FEMA, provided all legal requirements have been met.

Motion: Adopt Resolution No. 17-14, DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES, by roll call vote and designate the positions of Chief Executive Officer, Chief Operating Officer, Administrative Services, and Chief Financial Officer as the District's designated authorized agents for purpose of submitting applications for reimbursement assistance to FEMA, provided all legal requirements have been met.

Move to Adopt: Tony Estremera
Second: Linda J. LeZotte
Yeas: Tony Estremera, Linda J. LeZotte, Barbara Keegan, Richard Santos, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: Gary Kremen
Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

4. ADJOURN:

4.1. Clerk Review and Clarification of Board Requests.

Ms. Michele King, Clerk/Board of Directors, confirmed that there were no new Board Member Requests.

4.2. Adjourn to 6:00 p.m. Regular Meeting on March 28, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting at 2:00 p.m., to the 6:00 p.m. Regular meeting on March 28, 2017, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date:

mm:0410a-mn

Santa Clara Valley Water District
Special Board Meeting
Work Study Session on Expedited Purified Water Program – Dual Track Procurement
March 27, 2017

FLIP CHART NOTES

Board Discussion

- Director Hsueh
 - Recognition that every agency is different. Not completely comfortable with handing agencies operation & maintenance responsibility to a P3 type of arrangement. Will be investing a lot and then operating for decades to come. We operate an integrated water supply system and we need to consider how this piece will fit with the whole. Inclined to go with Progressive Design-Build. Likes that we can incorporate contractors innovation into the progressive design-build process.
 - It is important that district staff is the face of the agency to provide the level of customer service we have always provided.
 - Progressive Design-Build needs to be a tool in our tool box.
 - Wants to invite San Diego County to come again.
 - Need to make a decision and not look back.
- Director Keegan
 - Introducing “Progressive” into the Design Build Finance Operate Maintain would be potentially a concern for that option because we’d be charting new territory.
 - Each agency ultimately had to determine what was best for them, and what’s best for the agency really comes down to what is best for the Public. P3 comes with less risk, but also less control.
 - We have a huge CIP Program, and that limits what our staff can take on. Thinks Progressive Design Build is riskier because of the size of our organization and the span of control to be able to take on this load of work in conjunction with all the other work. Could have staff embedded in the entity written into the contract. Believes reducing risk is best for the public even if that means giving up a little bit of control on the agency side. More inclined to be on the side of the P3 and also not necessarily opposed to the Progressive Design Build. Doesn’t think we’re in a position to be able to continue to expand the volume of projects.
 - Does not want to use the CalTrans model and hire a lot of staff for the peak workload, regardless of the delivery method chosen.
 - Want staff to present more of the nuts and bolts, less of the big picture
- Director Santos
 - 4 major items to consider: Cost, Control, Public trust, Liability.
 - Does want a combination meeting with candidates/contractors for P3 and people that have been in their position sharing experiences to have a healthy dialogue.

- Director Estremera
 - We are a hybrid, on one hand a lot of expertise and able to do our own construction and plans, other hand a lot of risks and a lot of projects to get done. Outside revenue is a very positive method even though it may not be free. Contracts can help overcome loss of control.
 - We need to consider where our finances will be when we get through with our current storage issues and dam seismic safety projects. How will the significant capital requirements impact the District's rating? Do we have the money for it? P3 can help with the investments needed.
 - Would like to reschedule Carlsbad folks and any other group or city or district you want to talk to about their experiences. Then have a good dialogue with staff and then make a decision.
- Chair Varela
 - Thinks this is an incredible exercise of public policy and discussion but thinks San Diego's absence leaves them with an incomplete picture.
 - Will re-agendize this and have a Progressive Bid Process Project and the P3 presenters and contractors come forward, and the staff need to come back with a cost analysis showing cost advantages of P3 versus Progressive Bid Process. Thinks only way to make a decision is based on a cost analysis of both tracks.
- Director LeZotte
 - In Rialto case, taking the extra money that resulted from the deal to supplement redevelopment was a good idea and really paid some dividends for them.
 - Is the need for an owners-rep dictated by the delivery method or the project?
 - Wants to hear experiences from owners with similar situations and absolutely not potential contractors.

THIS PAGE INTENTIONALLY LEFT BLANK