

Summary of Prior Board Work Study Sessions

September 20, 2016 Board Work Study Session

At the September 20, 2016 Board Work Study Session on the dual track procurement process, the Board received details about the two delivery methods⁷ and considered staff's recommendation to pursue a Progressive Design-Build (PDB) delivery method for the Purified Water Program. Staff's qualitative and quantitative analyses indicated that PDB best aligns with the District's organizational and operational culture in the following ways:

- PDB provides simplified contract negotiations with nearly equivalent incentive structure (Guaranteed Maximum Price limits cost overruns, incentivized performance to accelerate delivery, etc.) as a public-private partnership (P3) method.
- District remains a "doer" rather than taking on a role as a "regulator" under a P3.
- Given real-time and seasonal operational uncertainties, there is value in retaining control of system integration.
- District leverages and deepens core competencies.
- There is full flexibility in managing the county's water supply.
- Key cost risks (construction, financing, O&M) can be managed.

The Board determined that, prior to making a decision between the two alternative delivery methods; it wanted to hear directly from other agencies who had considered various procurement methods.

March 27, 2017 Board Work Study Session

Staff invited representatives from four California agencies—Orange County Water District, the City of Rialto, the City of San Jose and the City of Stockton – that have undertaken capital projects using various project delivery methods. Each agency gave presentations that:

- Provided context on the issues, strengths, and constraints that led each agency to select certain project delivery methods.
- Included reflections on lessons learned and future directions.

Table 1 lists the agency representatives and the delivery methods their agencies have utilized to date.

Table 1. Summary of Public Agency Representatives Presenting at Work Study Session

Name	Affiliation	Position	Delivery Methods Utilized
Michael Markus	Orange County Water District	General Manager	Design-Bid-Build
Ed Scott	City of Rialto	Mayor Pro Tem	Design-Bid-Build and Design-Build-Operate-Maintain-Finance
Ashwini Kantak	City of San Jose	Assistant Director – Environmental Services	Design-Bid-Build, Progressive Design-Build and Fixed Price Design-Build
Robert Granberg	City of Stockton	Assistant Director – Utilities	Design-Bid-Build, Progressive Design-Build, Private Operations and Maintenance

The Board engaged in dialogue with the presenters. No decision on a choice of a project delivery method for the Expedited Purified Water Program (Program) was made at that time. The Board directed staff to arrange a presentation from the San Diego County Water Authority (SDCWA) regarding its project delivery experiences. The Board also requested staff to return at a future Board meeting with additional information regarding:

1. Financing: Does the District have sufficient capacity to publicly fund all the major capital programs under consideration? Would the District's bond rating be at risk?
2. Cost: How to meaningfully compare costs between the Design-Build (DB) and the Public-Private Partnership (P3) delivery methods;
3. Workload: What District staffing levels would be required using a Design/Build (DB) versus a Public-Private Partnership (P3) delivery method?