



February 12, 2018

Ms. Beth Redmond, Capitol Program Planning and Analysis unit Manager
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, Ca 95118

Re: Expedited Purified Water Program – Request for comments

Dear Ms. Redmond,

Garney appreciates the opportunity to provide comments to the District staff and Board relative to the very important decision about to be made regarding the delivery of this program. Garney has been involved in this process from the original SOQ back in 2016. Garney was shortlisted as the top ranked progressive design/build firm for the pipeline back in 2016. We are excited that a direction has been chosen to move this project forward.

Garney has significant experience with P3's, as we are currently the developer, finance lead and design/builder of what we believe is the largest water related P3 in the United States, The Vista Ridge project in the San Antonio area of Texas.

This experience has lead us to offer some recommendations for this project. A modified version of what the District has called Option B:Progressive P3 would afford the District the greatest opportunity for success. We would like to see the District require that the P3 entity disclose their team (Developer, operator, financing, designers and builders). The district needs to understand who they are partnering with at each of these levels. Further, we would recommend that the district be careful not to require too much cost information at this stage. While cost can be the easy way to make a decision like this, assembling costs too early will lead to wild fluctuations in contingency. The district would likely receive better value by choosing a P3 team based on qualifications, then allowing the costs to be developed in a more structured approach. The way to ensure that the District is receiving value with this approach is to build in milestones and off-ramps during the process. Garney would recommend that the Water Services Agreement be pushed back to a point in time that reliable costs have been assembled. This approach once again will lower the amount of contingency that gets built into the cost of the water.

Garney is proud to offer these points of view, derived from our experiences. If you should have further questions please contact me at (925) 337-2174 or bewilliams@garney.com.

Respectfully,

Bill E. Williams Jr.
Vice President
Garney Construction