



Valley Water

Clean Water • Healthy Environment • Flood Protection

Board Meeting
September 8, 2020

Recommendations:

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- A. Approve the proposed Design-Build-Finance-Operate-Maintain procedures for procurement under a Public-Private Partnership (P3) structure of the necessary facilities and services to accomplish purification and delivery to groundwater recharge ponds of the product water;
- B. Direct staff 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. Encourage the current short-listed P3 entities to participate in the new Request for Qualifications;
- D. Review a schedule for implementation of the P3 procurement process; and
- E. Receive information on the P3 staffing plan.

P3 Approach

Board's Direction

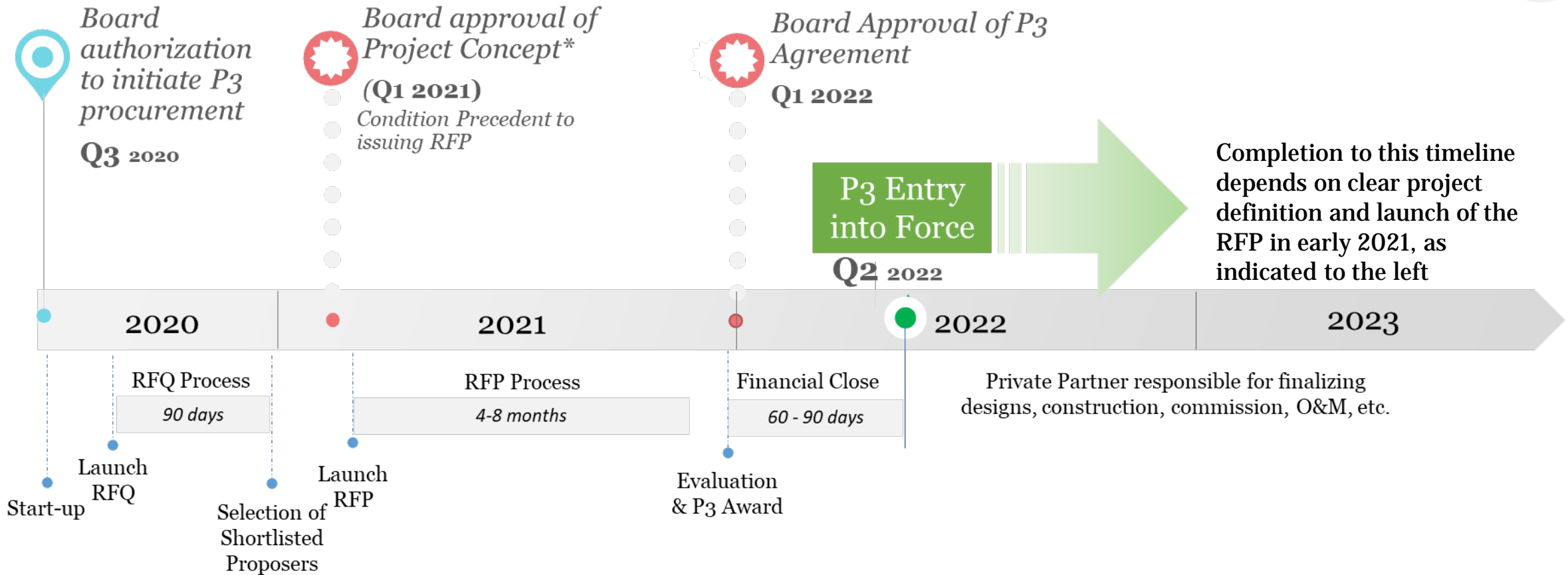
June 16, 2020 Meeting Outcomes

- 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
- **Subsequent Staff Consideration:** our objectives best met through a competitively procured fixed price Design-Build-Finance-Operate-Maintain approach
 - 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

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

P3 Process Timeline

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**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

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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 incentives for 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 proposing 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.

P3 Organizational Framework

P3 Management and Reporting Framework – Procurement Phase

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Summary

- Executive Steering Committee provides strategic oversight
- No new staff additions anticipated at this time
- Heavy use of consultants – have the critical agreements in place

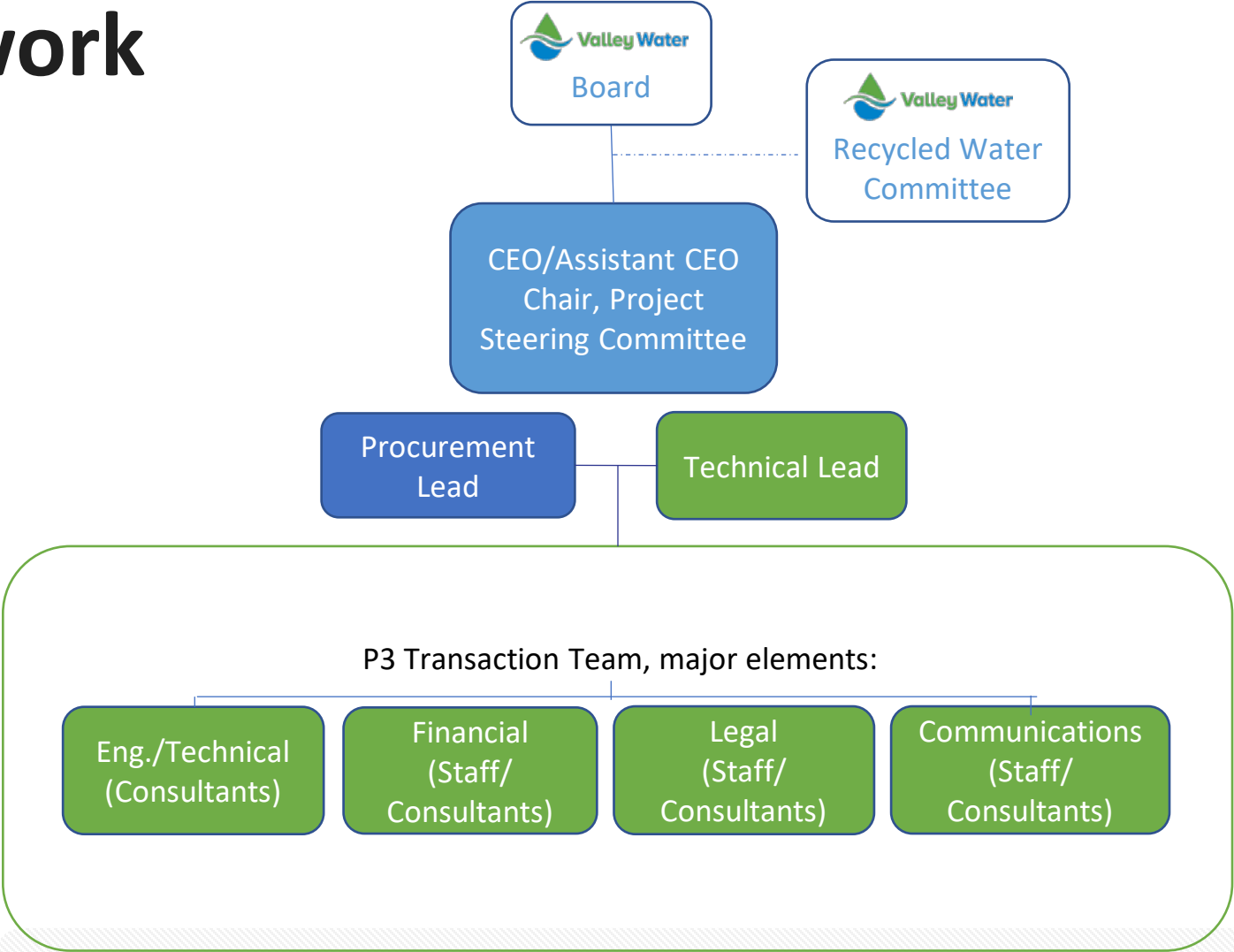
Detail

- Steering Committee -- senior management
- Procurement and Water Utility Enterprise – senior staff leads
- Transaction team -- P3 and Program experts – mainly consultants
- Engineering, environmental – mainly consultants
- Planning – staff
- Financial – staff and consultants
- Legal – staff and consultants
- Communications – staff and consultants



Red font represents
consulting

P3 Implementation Management and Reporting Framework



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