

**PHASE 1 AGREEMENT FOR PLANNING AND FEASIBILITY
SERVICES
BETWEEN MARINA COAST WATER DISTRICT
AND HDR CONSTRUCTORS, INC.
FOR THE REGIONAL DESALINATION PROJECT**

THIS AGREEMENT, made and entered into this December 4, 2012, by and between Marina Coast Water District, a county water district, 11 Reservation Road, Marina, CA, 93933, hereinafter called "DISTRICT", and HDR Constructors, Inc, hereinafter called the "CONSULTANT":

WHEREAS, the DISTRICT, desires to receive the consulting services related to planning and feasibility services for the proposed Regional Desalination Project under the Regional Urban Water Augmentations Project (the "project"); and

WHEREAS, DISTRICT is desirous of engaging the services of CONSULTANT to perform or furnish said services; and

WHEREAS, CONSULTANT has availability and offers to provide personnel and facilities necessary to accomplish the services in a timely manner; and

NOW, THEREFORE, DISTRICT and CONSULTANT, for the considerations hereinafter set forth, mutually agree as follows:

ARTICLE I - PROFESSIONAL ENGAGEMENT

DISTRICT is entering into this Agreement solely for the purposes set forth in Appendix A, Scope of Services. DISTRICT has not committed to approve all or any part of the project. DISTRICT retains discretion to approve the project, approve an alternative to the project, adopt mitigation measures, or disapprove the project. The work contemplated by this Agreement will assist DISTRICT in developing a description of the project to enable DISTRICT to perform whatever environmental review may be required.

CONSULTANT hereby agrees to perform or furnish consulting as more particularly described in Appendix A. CONSULTANT will retain professional subconsultants listed in Appendix A. CONSULTANT may retain additional qualified subconsultants to assist in the performance of professional services. DISTRICT shall be notified prior to CONSULTANT sub-contracting such additional services and sufficient time shall be provided to allow DISTRICT to review the subconsultant's qualification. Should DISTRICT, based upon reasonable cause, not accept any such subcontractor or subconsultant for use on the Project, DISTRICT shall so notify CONSULTANT within five (5) days following DISTRICT's receipt of such notice from CONSULTANT, and CONSULTANT shall not subcontract with any such subcontractor or subconsultant for the Project. DISTRICT shall have the right at any time to revoke its acceptance (whether

given affirmatively or by its failure to object within said five (5) day period) of any subcontractor or subconsultant on the basis of reasonable cause, in which case CONSULTANT shall submit an acceptable substitute and a Task Order equitably adjusting CONSULTANT's compensation will be issued. No acceptance of any subcontractor or subconsultant shall waive: (1) DISTRICT's right not to accept defective services performed or furnished for CONSULTANT by said subcontractor or subconsultant; or (2) any other right or remedy DISTRICT has under this Agreement, including but not limited to its rights to suspend or terminate services under this Agreement.

CONSULTANT is an independent contractor and is not and shall not be deemed to be an employee, agent, servant, partner or joint venturer of DISTRICT. CONSULTANT shall have the exclusive supervision, direction and control of all employees, subconsultants, subcontractors, suppliers, materials, equipment and facilities employed, contracted with or used by, CONSULTANT in performing or furnishing services under this Agreement.

The CONSULTANT shall not begin work on this engagement until all certificates of insurance are filed and a Notice to Proceed is issued by the DISTRICT's General Manager. Approval of this Agreement by the DISTRICT's governing body does not obligate the DISTRICT to issue a Notice to Proceed.

ARTICLE II - SCOPE OF SERVICES

The scope of services performed or furnished by CONSULTANT under the terms of this Agreement is defined in Appendix A and in the executed Amendment(s) pursuant hereto which will authorize CONSULTANT to perform specific consulting, communication, and financial planning services related to the project. Unless modified in writing by both parties through an Amendment, duties of CONSULTANT shall not be construed to exceed those services specifically established in Appendix A.

ARTICLE III – GENERAL PROVISIONS

- A. The CONSULTANT hereby represents that all work described herein shall be performed only by persons under the supervision of a person who is currently licensed to perform such work.
- B. All work shall be performed in accordance with applicable Federal, State, and local laws and regulations. The Consultant shall be liable for all violations of the law in connection with work furnished by the Consultant. If the Consultant performs any work knowing it to be contrary to such laws, ordinances, rules and regulations, the Consultant shall bear all costs arising therefrom.
- C. The Consultant shall execute and maintain his/her work so as to avoid injury or damage to any person or property. In carrying out his/her work, the Consultant shall at all times exercise all necessary precautions for the safety of its employees appropriate to the nature of the work and the conditions under which the work is to

be performed, and be in compliance with all applicable federal, state and local statutory and regulatory requirements including State of California, Department of Industrial Relations (Cal/OSHA) regulations, and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act. Safety precautions, as applicable, shall include but shall not be limited to: adequate life protection and life saving equipment; adequate illumination; instructions in accident prevention for all employees, such as the use of machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection, and other safety devices; equipment and wearing apparel as are necessary or lawfully required to prevent accidents, injuries, or illnesses; and adequate facilities for the proper inspection and maintenance of all safety measures.

- D. The CONSULTANT shall not discriminate in employment practices, in the performance of the terms of this Agreement, either directly or indirectly, on the grounds of race, color, religion, sex, age, or national origin, and shall take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to race, color, religion, sex, age or national origin.
- E. The General Manager of the DISTRICT shall forward an executed copy of this Agreement to the CONSULTANT within ten (10) days of execution of this Agreement by the DISTRICT.
- F. No delay in enforcing or failing to enforce any right or obligation under this agreement will constitute a waiver of such right. No waiver of any default under this agreement will operate as a waiver of any other default or of the same default on a future occasion.
- G. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

ARTICLE IV: COOPERATION BY DISTRICT

DISTRICT shall, to the extent reasonable and practicable, cooperate with CONSULTANT in the performance of CONSULTANT's services hereunder. Such cooperation shall include, but not necessarily be limited to: providing right of access to work sites as required for CONSULTANT to perform or furnish services under this Agreement; providing relevant material available from DISTRICT's files such as maps, drawings as available (WHETHER OR NOT AS-BUILT DRAWINGS), records, and operation and maintenance information; serving all notices; attending all hearings; payment of all permit and other required fees associated with the Project; and rendering assistance in determining the location of existing facilities and improvements which may be affected by the Project.

DISTRICT shall be responsible for providing legal services which it deems necessary for the Project including review of contract documents, public advertising and contract letting.

DISTRICT shall appoint the DISTRICT's General Manager as DISTRICT's REPRESENTATIVE with respect to the services to be performed under this Agreement. DISTRICT'S REPRESENTATIVE shall have complete authority to transmit instructions, receive information, and interpret and define DISTRICT's policies. CONSULTANT shall be entitled to rely on representations made by DISTRICT's REPRESENTATIVE unless otherwise specified in writing by DISTRICT.

ARTICLE V – SCHEDULE

A schedule for carrying out services performed by CONSULTANT under the terms of this Agreement is set forth in Appendix A. CONSULTANT will exert all reasonable efforts to perform or furnish all services under this Agreement in accordance with said schedule.

DISTRICT will be kept informed as to the progress of the services under this Agreement under the terms presented in Appendix A. Neither party shall hold the other responsible for damages caused by, arising out of or resulting from delays in performance caused by acts of God, strikes, lockouts, or events beyond the control of the other party.

ARTICLE VI – LITIGATION

The Agreement does not require CONSULTANT to prepare for or appear as a witness in any litigation or alternative dispute resolution proceeding on behalf of DISTRICT, other than as specified in Appendix A, except in consideration of additional reasonable compensation negotiated as part of an Amendment specifically issued for such purpose. Notwithstanding the preceding, CONSULTANT shall participate without additional compensation in any litigation or alternative dispute resolution proceeding in which CONSULTANT is a party or in which a claim is made against DISTRICT based in whole or in part on CONSULTANT's negligence, professional errors or omissions, breach of contract or deficiencies in CONSULTANT's design or performance hereunder.

ARTICLE VII: COMPENSATION

Payment for the services set forth in Appendix A and specific executed Amendment(s) shall be made by DISTRICT to CONSULTANT and shall be considered as full compensation for such services and all personnel, materials, supplies, and equipment used and costs incurred in carrying out such services. In no event shall the amount of compensation exceed the total fee specified in Appendix A without prior written approval from the DISTRICT.

- A. Payment for services performed or furnished under terms of Appendix A and/or Amendment(s) is to be on a time and expense reimbursable basis, with a total cost not-to-exceed. Compensation shall be as described below:
1. Payments for services provided by CONSULTANT on a time and expense basis shall be made monthly by the DISTRICT based on an itemized invoice from CONSULTANT which lists actual costs and expenses or units of work performed on the Project in the immediate preceding month. Such payments shall be for the invoice amount, without retention unless DISTRICT contests all or part of said billing in which event only that portion so contested will be retained by DISTRICT pending resolution of the dispute and any uncontested portion will be paid.
 2. A not-to-exceed amount for compensation for services provided by CONSULTANT on a time and expense basis will be established in Appendix A and/or the Amendment. The not-to-exceed amount established shall not be exceeded without DISTRICT's written authorization.
 3. The not-to-exceed amount may be increased by Amendment if necessary to complete the scope of work. If appropriate, CONSULTANT will advise DISTRICT of the anticipated expenditure over the budgeted amount at the fifty (50) percent completion point of the Amendment work and request additional budget authorization.
- B. The CONSULTANT shall submit itemized statement or invoice of costs to the DISTRICT for each month that work is performed. The DISTRICT shall pay the CONSULTANT by the 25th of the month for invoices and itemized statements submitted by the first day of the same month to the extent approved by the DISTRICT. Payments are due upon receipt of a statement or invoice prepared in a manner acceptable to DISTRICT and approved by DISTRICT.

ARTICLE VIII: RECORDS

The CONSULTANT shall keep and maintain accurate records of costs incurred, and the time expended relating to all services to be compensated hereunder. All records shall be available to the DISTRICT for review thereof upon request by the DISTRICT or its authorized representative. All fiscal and accounting records and other supporting papers of the CONSULTANT shall be maintained for a minimum of three (3) years following the close of the DISTRICT fiscal year of expenditures.

ARTICLE IX: TITLE TO DOCUMENTS

All reports, drawings, specifications, submittals and other materials collected or produced by the CONSULTANT hereunder shall, after completion and acceptance, become the property of the DISTRICT.

The CONSULTANT may utilize existing materials developed by the CONSULTANT prior to the commencement of this engagement including, but not limited to, customized computer routines developed using proprietary or commercial software packages, reports, documents, maps, graphs, charts, photographs and photographic negatives. These materials shall remain the property of the CONSULTANT.

CONSULTANT shall be entitled to retain a reproducible copy of all material furnished to DISTRICT and CONSULTANT may charge the cost of reproducing the copy at the applicable rates specified for reproduction costs in Appendix A then in effect. Any uncompleted work of CONSULTANT delivered to DISTRICT due to cancellation of all or portions of the work or contract termination, which is utilized by DISTRICT in any way, shall have CONSULTANT name removed, and DISTRICT agrees to defend, indemnify, and hold harmless CONSULTANT from all claims, damages, and expenses including attorney's fees arising from any use by DISTRICT of such uncompleted work product.

ARTICLE X: KEY PERSONNEL

The CONSULTANT shall specifically assign a project manager and necessary staff to complete the Scope of Services.

The CONSULTANT hereby agrees that the assigned personnel directly responsible for conducting the Scope of Services in Appendix A shall not be changed during the course of the work without prior written consent of the DISTRICT, which consent shall not be unreasonably withheld.

ARTICLE XI: ASSIGNMENT AND SUBCONTRACTING

CONSULTANT is in the process of forming a joint venture to be called Marina Water Alliance, consisting of HDR Constructors, Inc., J.R. Filanc Construction Company, Inc., and Acciona Aqua Corporation (USA). Upon acceptable proof of the formation of that joint venture and the receipt of certificates of insurance, DISTRICT consents to the assignment of this Agreement from CONSULTANT, to the joint venture. Beyond this assignment, CONSULTANT shall not assign, sell, mortgage, hypothecate, or otherwise transfer its interest or obligations in this agreement without written consent of the DISTRICT. Further, none of the services covered by this agreement shall be subcontracted beyond that which is specifically noted in the Attachment A unless approved by the DISTRICT in writing.

ARTICLE XII: INDEMNITY

To the fullest extent permitted by law, the CONSULTANT agrees to indemnify, defend, and save harmless the DISTRICT, its officers, directors, agents, and employees from and against all claims, damages, costs, losses and expenses (including but not limited to attorneys' fees) caused by, arising out of or related to the willful misconduct and/or negligence (including but not limited to professional negligence, errors or omissions) of

CONSULTANT, its partners, officers, employees, agents, subconsultants and subcontractors in the performance or furnishing of services under this agreement, provided however, that CONSULTANT's liability to DISTRICT for CONSULTANT's negligence shall not exceed the percentage share of such claim, damages, cost, loss and expense that the negligence (including professional negligence, errors or omissions) of CONSULTANT, its partners, officers, employees, agents subconsultants and subcontractors bears to the total negligence of all negligent entities and individuals determined on the basis of comparative negligence principles.

ARTICLE XIII: INSURANCE

Insurance policies shall provide that such insurance is primary insurance.

Coverages described in Appendix B shall be maintained through the term of this Agreement, and the CONSULTANT shall file with the DISTRICT prior to the execution of this Agreement, and as policy renewals occur, a Certificate of Insurance evidencing that the insurance coverages required herein have been obtained and are currently in effect.

- A. CONSULTANT and its subcontractors shall maintain worker's compensation and employers' liability insurance in accordance with the amount(s) and coverage(s) in the attached Appendix B.
- B. CONSULTANT and its subcontractors shall maintain commercial general liability and automobile liability insurance protecting it against claims arising from bodily or personal injury or damage to property, including loss of use thereof, resulting from operations of CONSULTANT pursuant to this AGREEMENT or from the use of automobiles and equipment of or by CONSULTANT. The amount(s) and coverage(s) shall be in accordance with Appendix B.
- C. CONSULTANT shall maintain a policy of professional liability insurance, protecting it against claims arising out of the negligent acts, errors, or omissions for which it is legally liable in the performance or furnishing of professional services pursuant to this AGREEMENT. Such insurance shall be maintained for one (1) year after final completion of all services under this Agreement. The amount(s) and coverage(s) shall be in accordance with Appendix B.
- D. CONSULTANT shall submit to the DISTRICT Certificates of Insurance in accordance with Appendix B.

ARTICLE XIV - SUSPENSION OF WORK

DISTRICT may, at DISTRICT'S discretion, suspend, in writing, all or a portion of the services under this Agreement. CONSULTANT may suspend the services under this Agreement in the event DISTRICT does not make payment in accordance with the

payment terms in Article VII. The services under this AGREEMENT will only be suspended for non-payment after written notice is received by DISTRICT from CONSULTANT of its intention intending to suspend performance and a cure period of seven (7) days after receipt of this notification by DISTRICT. The time for completion of the services under this AGREEMENT shall be extended by the number of days the services under this AGREEMENT is suspended. If the period of suspension exceeds ninety (90) days, the terms of this AGREEMENT are subject to renegotiations, and both parties shall have the option to terminate the services under this AGREEMENT on the suspended portion of Project in accordance with Article XV.

ARTICLE XV: TERMINATION

Either party may terminate this Agreement upon substantial breach of the terms thereof by the other party. Notwithstanding the foregoing sentence, the DISTRICT may terminate this agreement without cause at any time upon giving thirty (30) days written notice to CONSULTANT. Such notice shall set forth the effective date of such termination.

DISTRICT, by notifying CONSULTANT in writing, may terminate any or all of the services covered by this AGREEMENT. In the event of such termination, CONSULTANT shall have the right to expend a reasonable amount of additional time to assemble work in progress for the purpose of proper filing and closing of the job. Such additional time shall not exceed five percent (5%) of the total time expended to the date of notice of termination or a designated total time agreed upon in an Amendment. All charges thus incurred, together with associated expenses reasonably incurred by CONSULTANT and reasonable charges for any other commitments outstanding at the time of termination (such as for termination of subconsultants, rental agreements, orders for printing, etc.), shall be payable by DISTRICT within forty-five (45) days following submission of a final statement by CONSULTANT. However, in the event that termination of said AGREEMENT with CONSULTANT occurs at the completion of a specific phase of the design, the aforesaid provision for the proper filing and closing will not apply unless agreed to by DISTRICT under a specific Amendment. The payment provided for under this Article XII shall constitute full satisfaction of any obligation DISTRICT has, may have or could be found to have to pay for services performed or furnished and expenses or charges incurred by CONSULTANT pursuant to this AGREEMENT and any and all liabilities or damages arising out of or resulting from the termination of this AGREEMENT.

ARTICLE XVI: NOTICE

Any notice to be given hereunder shall be delivered to the party to be noticed by either personal delivery or by first class mail, postage prepaid, and addressed as follows:

TO: Marina Coast Water District
2840 4th Avenue
Marina, CA 93933
Attention: General Manager

TO: HDR Constructors, Inc.:
4435 Main Street, Suite 1000
Kansas City, MO 64111
Attention: Doug Lisak

**ARTICLE XVII: BINDING EFFECT; AMENDMENTS; COUNTERPART
EXECUTION; CONSTRUCTION**

This Agreement supersedes and integrates all prior writings and understandings between the parties concerning, is binding on the parties and their successors, and may be amended only by written agreement signed by the DISTRICT and the CONSULTANT. This Agreement may be signed in counterparts, each of which when fully executed shall be considered a duplicate original document. Both parties have participated fully in the review and revision of this Agreement, and neither party is to be deemed the party which prepared this Agreement within the meaning of Civil Code section 1654.

ARTICLE XVIII: DISPUTES

The parties must submit any disputes arising under this Agreement to non-binding mediation before filing suit to enforce or interpret this Agreement. Upon request by either party, the parties will within thirty (30) days select a single mediator, or if the parties cannot agree, then either party shall have the authority to request the then presiding Judge of the Monterey County Superior Court to select a mediator to mediate the dispute.

In the event of legal proceedings to interpret or enforce this agreement, the prevailing party shall be awarded reasonable attorney fees and costs, including reasonable costs of experts reasonably engaged by the attorney.

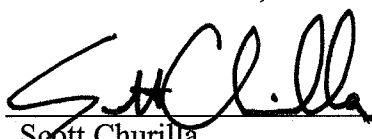
IN WITNESS WHEREOF, the parties hereto have accepted, made and executed this Agreement upon the terms, conditions and provisions above stated the day and the year first above written.

Marina Coast Water District



James Heitzman
General Manager

HDR Constructors, Inc.



Scott Churilla
Vice President

APPENDIX A
Scope of Services, Phase 1 Project Schedule, Subconsultants and Rate Schedule

SCOPE OF SERVICES

TASK 1 – PROJECT MANAGEMENT AND MEETINGS

Subtask 1.1 - Project Management

This subtask includes the management activities required to ensure the scope of work is completed on time and within budget, and addresses the District's goals. CONSULTANT will prepare brief monthly progress reports, decision log updates and invoices on a monthly basis. Other activities include scheduling staff, monitoring project costs, preparing invoices, and coordinating the quality assurance effort.

Deliverables: *monthly progress reports, monthly invoices, and decision log updates.*

Subtask 1.2 - Progress Meetings

CONSULTANT will meet with District staff and its other consultants as follows:

- Kick-off meeting – CONSULTANT will introduce the project team to the District and its consultants, develop a common understanding of project participant goals, objectives and responsibilities.
- Progress Meetings – CONSULTANT will participate in two 2-hour progress meetings to report current progress, address key issues and action items and coordinate upcoming work activity. These meeting may be held via conference call.

Deliverables: *Meeting agenda and minutes.*

TASK 2 –REVIEW OF AVAILABLE DATA

Subtask 2.1 - Background Information Review

CONSULTANT will review relevant previous work and studies performed on the Project. Previous work and studies documentation shall be provided by the District may include, but is not limited to:

- Preliminary design reports
- Existing 30% design drawings and specifications
- Existing 100% design documents for vertical and slant test wells
- Reverse Osmosis (RO) pilot data and reports
- Available geotechnical and geologic information, including a review of available geologic maps, geotechnical reports, and aerial photos
- Existing hydrogeological models and modeling results (IGSM and ModFlow)

- Existing biological, environmental/wetlands, and cultural surveys
- Contaminant plume maps
- Previous project schedule
- Water distribution system maps
- Existing well log information and any other data regarding the existing wells in the area of the proposed well field to supply this project
- Correspondence with the California Department of Public Health and other regulatory agencies
- Wastewater SRF funding application and EPA letter of support
- Existing water system water quality information and previous studies/ reports on distribution system blending issues
- Aerial photos and surveys of the proposed project site
- Information regarding the MRWRPCA outfall and effluent quality
- Existing drawings and specifications for pipeline alignments and storage tank design criteria
- CEQA Environmental Impact Reports prepared for the RUWAP and for the Coastal Water Project
- Materials previously developed by District staff and consultants pertaining to the project.

Deliverables: *Requests for additional information and clarification.*

Subtask 2.2 – Work Plan for Testing and Process Determination

Based on the background information review, CONSULTANT will identify project gaps and areas where further testing is required for making a final determination of the process train. CONSULTANT shall devise a work plan and cost estimate that describes the required tasks (e.g. groundwater well sampling, bench-scale testing, and comparison/ evaluation of process options, etc.).

Deliverables: *draft and final Testing Work Plan and cost estimate*

Subtask 2.3 - Visit to Project Site

CONSULTANT will visit the proposed desalination WTP project site, the proposed well field area, and potential water conveyance alignments.

Deliverables: *site photographs and field notes.*

TASK 3 – CONCEPTUAL ENGINEERING REPORT

CONSULTANT will prepare a Conceptual Engineering Report (CER) in support of the environmental review process. CONSULTANT will facilitate one 6-hour workshop held during preparation of the CER. The goal of the workshop is to have the CONSULTANT present alternatives for key components of the project and to use a consensus building approach to narrow the alternatives down to the top 2 or 3 for including in the final CER.

The CER will include a preliminary site layout figure, a process flow diagram, hydraulic calculations, identification of selected major equipment, and a conceptual capital cost estimate (to be developed in Task 7). The following topics will be discussed in the report:

- Project description
- Water production requirements
- Source water well design comments and expected water quality
- Work plan for bench scale RO system testing of samples of representative brackish water samples to be conducted by the CONSULTANT team during a subsequent phase
- Treated water quality objectives
- Blending issues
- California Department of Public Health permitting
- Desalination water treatment plant preliminary design criteria for major components including:
 - Brackish water wells
 - Brackish water pipeline
 - Pretreatment system (if needed)
 - Cartridge filters
 - Threshold inhibitor chemical feed systems
 - RO feed pumps (first and second stage)
 - RO membrane system design
 - Energy recovery system
 - Membrane cleaning system and flush tanks
 - Treated water stabilization system
 - Disinfection systems (chlorine and/or UV)
 - Desalination Water Treatment Plant Building(s)
 - Site plan
 - Product water storage, pumping, and pipeline
 - Electrical power supply plan and standby power
 - Chemical storage and feed systems
 - Residual handling and coordination with MWRPCA
- Project implementation and construction sequencing (to be developed in Task 6).

Deliverables: Draft and final Conceptual Design Report.

TASK 4 – PRELIMINARY FINANCING PLAN DEVELOPMENT

Obtaining financing for the Project will require a number of iterative steps to produce the financing that the District requires for the Project. This task is first of several steps in the financing process.

Subtask 4.1 – Financial Data Review and Financing Objectives

As a first step, CONSULTANT will collect and review existing District financial data, including:

- *Conceptual Level Financing Plan*, Piper Jaffray, June, 2011.
- *Comprehensive Annual Financial Report*, Marina Coast Water District, 2011-2012
- *Comprehensive Annual Financial Report*, Marina Coast Water District, 2010-2011
- *Comprehensive Annual Financial Report*, Marina Coast Water District, 2009-2010
- *Annual Budget*, Marina Coast Water District, 2012-2013.
- Official Statements for any debt issued by the District in the last 5 years.

After review of the documents, CONSULTANT will develop a list of questions and items for clarification. This list will be transmitted to the District and a conference call involving District management and finance staff and CONSULTANT finance team members will be held. The purpose of this call will be to answer open questions about the District's financial condition and to define the District's objectives for financing the project, including amounts to be financed, duration of the financing, and other relevant objectives.

It is assumed that the financing contemplated by the District at this time is interim financing to cover a portion of the development period costs and that permanent, long term (e.g., 30 year) financing will replace the interim financing at the end of the development period.

Deliverables: *List of questions and clarification items, telephone conference call notes.*

Subtask 4.2 – Preliminary Financing Structure and Workshop

Based on the results of the previous subtask, CONSULTANT will prepare a preliminary financing structure and list of open issues/discussion topics. District management and financial staff will meet CONSULTANT financing team members to review the structure and open issues. Items discussed during the workshop will likely include

- Potential parties to any short-term and long-term financing with District as the borrowing entity.
- Status and terms of funding available from the State Revolving Loan fund.
- Amount, type and term of the financing required (if any) from CONSULTANT or any third party.
- Status of Project planning work required to define financing requirements (e.g., results of conceptual engineering, cost estimating, and scheduling tasks).
- Possible Conditions Precedent for providing any short-term financing
 - CEQA clearance/certified EIR
 - Land acquisition/site control
 - Brine outfall capacity agreement
 - Other Federal, State, and Monterey County permits
 - Other
- Drawdown schedule or loan advance schedule including starting date.

- Lender entity's security interest (if any) in project assets (e.g., design documents, project land).
- Basis of credit for short term financing (e.g., District rate revenue; District tax revenue; other District revenue sources; District assets; bank letter of credit; combination of sources).

Deliverables: *Preliminary financing structure and list of open issues/discussion topics for workshop, financing workshop meeting notes.*

Subtask 4.3 – Preliminary Financing Plan

Following the workshop, the CONSULTANT financing team will prepare a preliminary financing plan for the District. The plan will address the items discussed in the previous subtask and provide a financing work plan outlining the additional steps necessary to obtain the financing for the Project; this work plan will be executed during a subsequent phase of the Project.

Deliverables: *Draft and final Preliminary Financing Plan.*

TASK 5 – COMMUNICATION STRATEGY

Subtask 5.1 – Public Communication Plan

The CONSULTANT will prepare a Public Communication Plan designed to define a proactive and positive source of information and public interaction. The objective of this Public Communication Plan is to provide information and facts about the project and about District's vision beginning at project initiation. Two key areas of effort will be defined. First, the beneficial characteristics of the Regional Project from different perspectives will be established, illustrated, and communicated to the public and media. Second, a positive description of District's role and "citizenship" will be prepared and transmitted to the public and media as an ongoing effort.

Project Characteristics: The project has its roots in the original Regional Project as defined during the REPOG (or Water for Monterey County Coalition) process. Timeliness, carbon footprint, environmental benefits, cost efficiency, supply reliability, and public trust characteristics need to be described and communicated again. This project can provide reliable, environmentally beneficial, and timely water for Marina and Fort Ord. The task will also include the establishment of a public "dialogue" process wherein timely information concerning the project development, District's vision and benevolence, and other issues concerning water supply important to the community will be encouraged. This dialogue process will allow for ongoing public input to the CONSULTANT and District concerning the project, water supply, and other issues associated with project implementation. Input from the public will be discussed and relevant changes and impacts to the project process will be illustrated and discussed in subsequent dialogue meetings.

District Role and “Citizenship”: The success of this Regional Project and the celebration of the District as a good citizen and keeper of the environmental quality, reliable water, and public trust must be established or re-established in the public mind. Confusion and consternation have filled the information and communication vacuum and the community at large is aware of clear and simple facts about District and its beneficial project. This task will correspond to the “Project Characteristics” effort defined above to define a communication strategy and set up a process that immediately and consistently communicates these positive and timely messages.

Subtask 5.2 – Phase 1 Public Outreach

During the Phase 1, CONSULTANT will begin implementation of the public communication plan. Initial steps will include press releases, newspaper op-ed pieces, and public meetings. The objectives of these activities will be to invite dialogue on the project planning process, project objectives, the DISTRICT’s objectives, and the key participants in the project (e.g., the District Board, District management, the CONSULTANT team). The intent will be to introduce the project and the key participants as early as possible, enabling the DISTRICT to provide a positive perspective on the project, its process, impacts, timing, and other perspectives of interest to the community.

This Phase 1 process will adapted as the project develops and will continue during subsequent phases of the project

Deliverables: *Draft and final Communication Plan.*

Monthly reports to MCWD Management on activities,

Three meetings.

Several press releases and op-ed progress articles for local newspaper publication.

TASK 6 – PROJECT SCHEDULE

Subtask 6.1 – Develop Preliminary Project Schedule

CONSULTANT will prepare a preliminary project schedule for the project utilizing the most current schedule data available for the Project. The preliminary schedule will include the following key elements and the District’s completion requirements:

- Work breakdown structure (WBS) organizing the schedule into a hierarchy of key work areas and disciplines
- Key project milestones and deliverables
- Activities and associated durations for all project areas
- Relationships between schedule activities
- Critical path

Deliverables: Draft and final Preliminary Project Schedule.

TASK 7 – DEVELOP CONCEPTUAL CAPITAL COST ESTIMATE

CONSULTANT will develop a conceptual estimate to serve as an initial approximate budget for the Marina Coast Water District Regional Desalination Project.

Subtask 7.1 – Develop Basis of Estimate

CONSULTANT will review the overall project scope and produce an estimating plan and basis of estimate that includes:

- Project description
- Assumptions
- Clarifying notes
- Exclusions and exceptions
- Estimate range/accuracy

CONSULTANT will meet with District staff via conference call or at a regularly scheduled monthly progress meeting to review the estimating plan and basis of estimate. During these meetings, CONSULTANT estimators will respond to District questions and request clarifications from the District regarding project scope and schedule and the Basis of Estimate document.

Deliverables: Draft and final Basis of Estimate document.

Subtask 7.2 – Develop Conceptual Cost Estimate

CONSULTANT estimators will develop a conceptual cost estimate based upon the information developed in Tasks 1 through 6. The steps followed to develop the Conceptual Cost Estimate include:

1. Review existing preliminary design documents produced by others for the previous project
2. Collect historical data (drawings, specifications, estimates) from other similar projects
3. Work with CONSULTANT engineering team during preparation of the CER to understand the preliminary site plan, process flow diagram, design criteria, and additional technical information that significantly impacts the estimating process
4. Define estimating assumptions, adjustments and procedures
5. Estimate rough quantities for major disciplines and factor costs based on past projects
6. Utilize CONSULTANT *Project Model* to develop balance of trade costs
7. Prepare Conceptual Cost Estimate

CONSULTANT will meet with District staff in a working session (approximately 3 hours) to review the conceptual estimate. During this meeting, CONSULTANT

estimators will respond to District questions, request clarifications, and identify modifications to be made to the conceptual estimate.

Deliverables: *Draft and final Conceptual Cost Estimate.*

Subtask 7.3 Establish Project Contingency and Non-Capital Cost Allowances

Following the review meeting conducted under subtask 7.2, CONSULTANT estimators will complete the estimating process by establishing a project contingency and related, non-capital Project costs. Steps will include:

1. Identify Project opportunities and threats
2. Estimate probabilities and impacts
3. Establish Project contingency
4. Define non-capital Project cost items such as CEQA approval costs, other permitting costs, public outreach program costs, legal costs, and the like. Cost allowances for these costs will be obtained through discussions with the District, CONSULTANT team members and other parties. Formal estimates of these costs will be developed at a later date.

Deliverables: *Draft and final project contingency and non-capital project allowances.*

Subtask 7.4 Formalize Conceptual Cost Estimate Format for reconciliation to future design progression

CONSULTANT will organize the Conceptual Cost Estimate so that it can be adapted to future project phases when the design is further defined and when project alternatives are selected by the District. The cost estimate format will include a work breakdown structure and level of detail that can be easily adapted for future expansion of the level of detail for the estimate.

Deliverables: *Final Conceptual Cost Estimate and Basis of Estimate documents.*

PHASE 1 PROJECT SCHEDULE

CONSULTANT anticipates the Phase 1 activities will take approximately 3 months to complete.

SUBCONSULTANTS

CONSULTANT plans to use the following subconsultants:

- HDR Engineering, Inc.
- Strategic Economic Applications Company
- Katz & Associates
- Fugro Consultants, Inc.

CONSULTANT RATE SCHEDULE

December 1, 2012 – December 31, 2013

CONSULTANT will invoice DISTRICT for services on a monthly basis as provided in the Agreement based on the following hourly billing rates:

<u>BILLING CATEGORY</u>	<u>HOURLY BILLING RATE</u>
Senior Company Officer/Principal.....	\$250 to \$295
Senior Project Manager.....	\$230 to \$280
Project Manager	\$200 to \$250
Project Engineer	\$150 to \$220
Staff Engineer.....	\$120 to \$170
Chief Cost Estimator	\$170 to \$210
Cost Estimator	\$140 to \$180
CAD Technician.....	\$85 to \$145
Project Controller	\$100 to \$145
Administrative/Clerical Support Staff	\$85 to \$110

Alliance rates are adjusted annually; adjusted rates for 2014 will be provided to the DISTRICT in December 2013.

In addition to hourly labor billing rates, the following CONSULTANT'S expenses for subconsultant services and other direct project costs will be billed as follows:

<u>DESCRIPTION</u>	<u>RATE</u>
Technology Charge per Direct Labor Hour of CONSULTANT ¹	\$3.70
Vehicle Mileage (per mile) for non-rental vehicles	Current FTR ²

¹ Technology charges include computer, CADD, network, software, and other related technology services

Rental Car Charge plus Fuel for rental vehicles	At cost
Bridge Toll	At cost
Color Copy (per copy)	\$0.75 to \$1.50
Black and White Copy (per copy)	\$0.10 to \$0.20
Bond Plotting – Black and White (per square foot).....	\$0.135
Bond Plotting – Color (per square foot)	\$0.50
Vellum – Black and White (per square foot)	\$0.50
Mylar – Black and White (per square foot)	\$0.90
Outside Reproduction and Other Costs	At cost
Services of Approved Subconsultants ³	Cost + 5%

NOT TO EXCEED AMOUNT

The cost of Phase I work will not exceed \$253,000 without prior written approval from the DISTRICT. The budget by task is as follows:

Cost Item	Cost
Task 1. Project Management and Meetings	\$ 29,500
Task 2. Review of Available Data	\$ 33,800
Task 3. Conceptual Engineering Report	\$ 33,100
Task 4. Preliminary Financing Plan Development	\$ 19,700
Task 5. Communication Strategy	\$ 79,000
Task 6. Project Schedule	\$ 8,300
Task 7. Develop Conceptual Capital Cost Estimate	\$ 28,600
Total Labor Costs for All Tasks	\$ 232,000
Other Direct Expenses	\$ 21,000
Total Project Fee	\$ 253,000

² Federal Travel Regulation

³ HDR Engineering, Inc., J.R. Filanc Construction Company, Inc., Acciona Aqua, and Marina Water Alliance shall not be considered Subconsultants for purposes of this charge.

APPENDIX B

Insurance Requirements

Liability Insurance - The Consultant shall provide and maintain at all times during the performance of the work under this agreement, the following commercial general liability, professional liability and automobile liability insurance:

Coverage - Coverage shall be at least as broad as the following:

- A. Coverage for *Professional Liability* appropriate to the Consultant's profession covering Consultant's wrongful acts, negligent actions, errors or omissions. The retroactive date (if any) is to be no later than the effective date of this agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the contract work. Consultant shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.
- B. Insurance Services Office *Commercial General Liability* Coverage (Occurrence Form CG 0001)
- C. Insurance Services Office *Automobile Liability* Coverage (Form CA 0001), covering Symbol 1 (any auto) (owned, non-owned and hired automobiles)

Limits - The Consultant shall maintain limits no less than the following:

- A. ***Professional Liability*** - One million dollars (\$1,000,000) per claim and annual aggregate.
- B. ***General Liability*** - Two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to the District) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
- C. ***Automobile Liability*** - Two million dollars (\$2,000,000) for bodily injury and property damage each accident limit.

Required Provisions - The general liability policy is to contain, or be endorsed to contain the following provisions:

- A. The District, its directors, officers, or employees, are to be given additional insured status (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of the Consultant; and premises owned, occupied or used by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officers, employees, or authorized volunteers.
- B. For any claims related to this project, the Consultant's insurance shall be primary insurance as respects the District, its directors, officers, employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by the District, its directors, officers, employees, or authorized volunteers shall not contribute to it.
- C. Any failure to comply with the reporting or other provisions of the policies including breaches and warranties shall not affect coverage provided to Member Water District, its directors, officers, employees, or authorized volunteers.
- D. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Such liability insurance shall indemnify the Consultant and his/her sub-consultants against loss from liability imposed by law upon, or assumed under contract by, the Consultant or his/her sub-consultants for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.

The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation and removal of lateral support.

The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

The policies specified above shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the Consultant, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to the District.

All of the insurance shall be provided on a policy forms and through companies satisfactory to the District.

In the event any change is made in the insurance carrier, scope of coverage or retroactive date of professional liability coverage required under this agreement, Consultant shall notify the District prior to any changes.

Workers' Compensation and Employer's Liability Insurance - The Consultant and all sub-consultants shall cover or insure under the applicable laws relating to workers'

compensation insurance, all of their employees employed directly by them or through sub-consultants in carrying out the work contemplated under this contract, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The Consultant shall provide employer's liability insurance with limits no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

Deductibles and Self-Insured Retentions - Any deductible or self-insured retention exceeding \$50,000 must be declared to and approved by the District. At the option of the District, the insurer shall either reduce or eliminate such deductibles or self-insured retention. Consultant agrees that Consultant shall be responsible for the payment of all such deductibles and self-insured retentions.

Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by the District.

Evidences of Insurance - Prior to execution of the Agreement, the Consultant shall file with the District a certificate of insurance (Accord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this Agreement. Such evidence shall include an original copy of the additional insured endorsement signed by the insurer's representative. Such evidence shall also include confirmation that coverage includes or has been modified to include Required Provisions 1-4.

The Consultant shall, upon demand of the District, deliver to the District such policy or policies of insurance and the receipts for payment of premiums thereon.

All insurance correspondence, certificates, binders, etc., shall be mailed to:

Marina Coast Water District
11 Reservation Road
Marina, CA 93933
Attn: Stephenie Fogel

Continuation of Coverage - If any of the required coverages expire during the term of this Agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to the District at least ten (10) days prior to the expiration date.

Sub-Consultants - In the event that the Consultant employs other consultants (sub-consultants) as part of the services covered by this Agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.