

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**BEFORE THE STATE WATER  
RESOURCES CONTROL BOARD**

In the Matter of the State Water Resources )  
Control Board (State Water Board) )  
Hearing to Determine whether to Adopt a )  
Draft Cease & Desist Order against )  
California American Water Regarding its )  
Diversion of Water from the Carmel River )  
in Monterey County under Order WR 95-10 )  
\_\_\_\_\_ )

Hearing Date: July 23 - 25, 2008

Carmel River in Monterey County

**EXHIBIT MPWMD-JO16**

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

**BACKGROUND ON**  
***SEASIDE BASIN MONITORING AND MANAGEMENT PROGRAM***  
**FOR**  
**SEASIDE BASIN WATERMASTER BOARD**

***MPWMD Participation***

At its February 23, 2006 meeting, the Monterey Peninsula Water Management District (MPWMD) Board authorized staff to submit a service proposal for technical and other support services to the Seaside Basin Watermaster. If accepted, it was directed that staff return to the Board for authorization to enter into a service contract. In response to the September 29, 2006 Request for Proposals from the Watermaster Board to provide consulting services for managing and implementing the *Seaside Basin Monitoring and Management Program (Program)*, the MPWMD and Monterey County Water Resources Agency (MCWRA), in association with Pueblo Water Resources, Inc. (PWR), submitted a proposal to the Watermaster on October 20, 2006. The MPWMD/MCWRA proposal was for combined management and implementation services, and covered the costs associated with implementing the first full year of the *Program*, for an estimated cost of \$1,071,177. It should be noted that this estimated cost included construction management and oversight, but did not include drilling contractor costs for installing the coastal and inland monitor wells, as described in the *Program*. The *Program* document included a preliminary rough estimate of \$1,080,000 for drilling contractor costs to install the monitor wells.

***Watermaster Proposal Review Process***

The Watermaster received three proposal packages from consulting groups interested in providing these services to the Watermaster. These were: (1) the MPWMD/MCWRA team; (2) the RBF Consulting team; and (3) the MACTEC team. A selection committee comprised of five representatives from the Watermaster Technical Advisory Committee (TAC) reviewed the three proposal packages, and conducted interviews of each consultant team on November 8, 2006. It was understood that the selection committee representatives were instructed to evaluate the proposals based on content and the results of the interviews; the proposal cost estimates were not intended to be included in the consultant selection process. On November 15, 2006, the Watermaster Board accepted its consultant selection committee recommendation that the **MPWMD/MCWRA team** be selected to provide **project management services** for the *Program*. The consultant team led by **RBF Consulting** was selected for **Program implementation services**. The Watermaster TAC consultant selection representatives were then directed to meet with the selected finalists to refine their scopes and cost estimates for the Watermaster Board's consideration on December 6, 2006. The total estimated cost for the refined scope of work was \$1,930,306, comprised of \$196,106 for *Program* management by the MPWMD/MCWRA team, and \$1,734,200 for *Program* implementation by the RBF team. This total cost also did not include drilling contractor costs for installing the

planned monitor wells. At their December 6, 2006 meeting, the Watermaster Board directed that a special committee of Budget and TAC representatives be convened to further review and prioritize the proposed cost estimates to be within the Watermaster's specified Monitoring and Management Plan "Capital Improvement" budget of \$1 million. In late December 2006 and early January 2007, the MPWMD/MCWRA and RBF teams met on several occasions to further refine the scope of work to be accomplished within the Watermaster's identified \$1 million budget limit, and the results of the scope refinement were reviewed by the TAC in preparation for consideration of the consultant team contracts at the Watermaster Board's January 17, 2007 meeting.

#### *January 12, 2007 Court Hearing*

On January 12, 2007, a "post-judgment" hearing was held in Monterey County Superior Court by presiding Judge Randall to review a petition that had been submitted to the judge to clarify several aspects of the court's March 27, 2006 decision. These aspects included the formula for calculating replenishment assessments and the 12-month period on which the assessments should be based. During the hearing, the judge made several inquiries regarding the progress of the *Seaside Basin Monitoring and Management Program*, including the status of groundwater quality monitoring and retention of consultant support for managing and implementing the *Program*. The judge also questioned the progress in installing the planned additional coastal "sentinel" monitor wells, and indicated he considered this to be a very important component of the *Program*. Accordingly, the judge included orders that the Watermaster shall: (a) perform and report on quarterly water quality monitoring at existing coastal wells; (b) execute consultant oversight contracts within 60 days of the hearing (by March 13, 2007); and (c) identify new monitor well sites with Watermaster approval within 150 days (by June 11, 2007).

#### *January 17, 2007 Watermaster Board Meeting*

On January 17, 2007, the Watermaster Board held its regular meeting, which included an agenda item for retaining the MPWMD/MCWRA and RBF teams for this consulting support work, at the prioritized and reduced scope level to be within the Watermaster's identified budget. The total estimated cost for the further refined scope of work was \$985,962, comprised of \$126,712 for *Program* management by the MPWMD/MCWRA team, and \$859,250 for *Program* implementation by the RBF team. Again, this total cost did not include drilling contractor costs for installing the planned monitor wells. A memorandum dated January 9, 2007 was prepared and provided to the Watermaster from RBF, which indicated a preliminary "ball park" drilling cost for six monitor well sites constructed as per the *Program* description of approximately \$3.8 million.

At the January 17, 2007 meeting, an alternate proposal was submitted by Cal-Am's legal representative for a refined scope of work that focuses solely on installation of the coastal monitor wells, at a reduced scope from that included in the *Program* document. In response to the alternate proposal, the Watermaster Board deferred action on the two consultant team service contracts and directed its TAC to consider the alternate proposal

and bring a recommendation back to the Watermaster Board for consideration at a special meeting on January 31, 2007.

***January 31, 2007 Watermaster Special Board Meeting***

On January 31, 2007, the Board approved the TAC recommendation for the Sentinel Wells Work Plan, and authorized a contract for this alternate proposal to Martin Feeney for a not-to-exceed amount of \$850,000. Also on this agenda was an item for the project management portion of the SBMMP to the MPWMD/MCWRA team. However, after discussion on this topic at the meeting, the Board directed that a smaller interim contract for \$7,080 be approved to conduct quarterly groundwater quality monitoring. In addition, the Board directed that the TAC develop a recommendation on award of a contract not-to-exceed \$35,000 to RBF to refine and re-scope the SBMMP, and report back to the Board at their February 7, 2007 meeting.

***February 7, 2007 Watermaster Board Meeting***

On February 7, 2007, the Board authorized a \$35,000 contract to RBF to develop a Work Plan to re-scope the SBMMP, for approval at the March 7, 2007 Board meeting.

***March 7, 2007 Watermaster Board Meeting***

On March 7, 2007, the Board directed staff to bring to a future meeting, a contract with RBF Consulting for \$390,071, and a contract with MPWMD/MCWRA for \$93,296, for a combined total of \$483,367, for Phase I implementation of the SBMMP.

***April 18, 2007 Watermaster Board Meeting***

On April 18, 2007, the Board awarded three consultant contracts as follows for Phase I implementation of the SBMMP:

RBF Consulting	\$390,071
MPWMD	\$ 76,080
MCWRA	\$ 20,064

The MPWMD and MCWRA contracts were decoupled as a means to further reduce program administration expenditures during Phase I implementation. At prior TAC and Budget/Finance committee meetings leading up to the April 18, 2007 Board meeting, the consultant scopes had been further reduced by approximately \$75,000 from that shown above, in anticipation that certain management and administration tasks would be removed and replaced with the hiring of a Technical Project Manager position by the Watermaster (the creation of this position was also authorized at the April 18 meeting). However, based on the Budget/Finance Committee's recommendation, the full Phase I contract amounts were approved at the April 18 meeting, given the uncertainty as to the retention timing and replacement role of the Technical Project Manager position.