

**MEMORANDUM OF UNDERSTANDING
REGARDING FORT ORD WATER AUGMENTATION AND A THREE
PARTY EFFORT TO STUDY ALTERNATIVES**

This Memorandum of Understanding Regarding Fort Ord Water Augmentation Planning (MOU) is made and entered into by and among the **FORT ORD REUSE AUTHORITY (FORA)**, the **MARINA COAST WATER DISTRICT (MCWD)**, and **MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY (PCA)** (each a "Party" and collectively, as the "Parties").

WITNESSETH THAT:

- A. FORA has determined in its Base Reuse Plan adopted June 1997 (BRP) that new additional facilities capable of delivering 2,400 acre-feet per year (AFY) of water for the redevelopment of the Fort Ord Community are required; and
- B. In accordance with Section 1.3 of the 1998 Water/Wastewater Facilities Agreement (Facilities Agreement) "FORA and MCWD intend to establish terms and conditions for FORA to plan and arrange for the provision of the facilities, and for MCWD to acquire, construct, operate, and furnish the facilities, to benefit mutually the service area and the area within MCWD's jurisdictional Boundaries;" and
- C. MCWD will design, and construct new water facilities as FORA, in consultation with MCWD, reasonably determines are necessary for the service area and to support the BRP recovery program, in accordance with Section 3.2.1 of the Facilities Agreement, and MCWD will recover all of its direct and indirect, short term costs of furnishing facilities to the service area in accordance with Section 7.1.2 of the Facilities Agreement; and
- D. The FORA and MCWD Board of Directors approved a recommendation consisting of a hybrid of two projects (Recycled & Desalinization) in order to implement the Regional Urban Water Augmentation Project (RUWAP) on June 10, 2005, at a joint meeting of the Boards in order to provide the 2,400 AFY of water required by the California Environmental Quality Act Environmental Impact Report associated with the BRP to mitigate the reuse of the closed former Fort Ord US Army Military Reservation; and
- E. RUWAP 1,427 AFY Recycled Water Component.
 - 1) FORA and MCWD agreed upon a modified RUWAP Hybrid Alternative to provide 1,427 AFY of recycled water to the Ord Community without the need for seasonal storage, and this in turn resulted in the FORA Board adopting Resolution No. 07-10 (May 2007), which allocated that 1,427 AFY of RUWAP recycled water to its member agencies having land use jurisdiction (hereafter referred to as the "Recycled Water Project").

2) PCA Board approved in its Resolution Number 2015-24 on October 8, 2015 The Pure Water Monterey Project which includes: construction and operation of all source water facilities, Product Water Conveyance Facilities, Advanced Water Treatment Facility (AWTF), and other improvements at the Regional Treatment Plant site, and other System Improvements described in the EIR for the Pure Water Monterey Project.

3) FORA Board of Directors unanimously endorsed the PCA Pure Water Monterey Project as a potential supplier of augmented water to the Ord Community on October 9, 2015.

4) On April 8, 2016, MCWD and PCA entered into that certain Pure Water Delivery and Supply Project Agreement wherein the Product Water Conveyance Facilities will be designed, constructed, owned, and operated by MCWD with a capacity sufficient to convey the 1,427 AFY of advance treated water and wherein MCWD will have the right to utilize up to and including a net 1,427 AFY of the AWTF's treatment capacity to implement FORA Board Resolution 07-10.

F. Additional 973 AFY Augmentation Water Component.

1) As a result of the RUWAP Recycled Water Project and the Pure Water Monterey Project, there still exists 973 AFY of augmentation water needed for the Ord Community (Additional Water Augmentation).

2) FORA Board of Directors unanimously endorsed a joint water supply planning process among FORA, PCA, and MCWD on October 9, 2015.

3) MCWD and FORA agreed in a Memorandum of Agreement resolving the 2015/16 budget dispute, and approved by the FORA Board of Directors on December 11, 2015, to "participate in a tripartite planning process with PCA;" in order to study and identify water sources to supply the additional 973 AFY of Additional Water Augmentation.

4) The Parties recognize that there could be a mix of different sources of water to meet the 973 AFY of Additional Water Augmentation, including water conservation and to possibly increase or decrease the advance treated water component.

NOW, THEREFORE, based on the foregoing and in consideration of the mutual terms, covenants and conditions contained in this MOU and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Purpose. The Parties agree:

1.1. To study and identify a mix of water sources, options, and alternatives necessary to provide the 973 AFY of Additional Augmentation Water;

- 1.2. To study and identify whether more or less than the 1,427 AFY of advance treated water is needed to serve the Ord Community so that Phase 2 of the Pure Water Monterey Project can be properly sized and financed to serve the Ord Community, recognizing that any change to FORA Resolution No. 07-10 will need the prior approval of the FORA Board of Directors and the FORA member jurisdictions named in the resolution.
2. General Principles. The Parties agree that the following General Principles will inform and guide the Three Party Planning (TPP) effort and act as a mandate to perform the water supply planning specified herein:
 - 2.1. Each Board shall support in good faith the three-party planning effort.
 - 2.2. The TPP effort shall explore the most cost effective and technically efficient mix of advance treated water, conservation, desalinization, groundwater recharge and recovery, and other water sources, options, and alternatives.
 - 2.3. The TPP shall emphasize strategies that lower the cost burden on ratepayers and end users, such as economies of scale.
 - 2.4. MRWPCA, MCWD and FORA will equally contribute monies for the TPP effort. The Parties hereby agree to a total TPP budget for Fiscal Year 2016/17 of \$471,000, i.e., \$157,000 per Party and to so provide in their respective budgets. Additional funds may be considered as an amendment to this MOU if the parties desire to continue cooperative planning past Fiscal Year 2016/17 or to budget more than \$471,000 for Fiscal Year 2016/17 and/or for future fiscal years.
 - 2.5. Written agreements on funding, budgeting, , and other deal points shall be returned to each of the three Boards for specific review, consideration and approval, prior to execution.
 - 2.6. FORA shall actively consider how its Water Augmentation mitigation dollars may be applied to the Recycled Water Project Component and the Additional Augmentation Water Component, at all times subject to specific FORA Board approval.
3. The Study. To carryout Section 1 above, Parties agree to perform the following (collectively, the "Study"):
 - 3.1. An economic study: to determine the economics of each option, the direct and indirect costs, and the potential scope.
 - 3.2. A feasibility study: to include cost/benefit analysis and what the feasibility of implementing each option may be in regards to existing policy, regulations, and constraints.
 - 3.3. A technical study: to determine what the technical requirements, designs and constraints are for each option, and their impacts on the economics and feasibility of each option.

3.4. A comparative analysis: To determine a recommended Water Augmentation Mix and will include an assessment of the existing Recycled Water Project and the future impacts in order to determine the best 'mix' for an "all-of-the-above" solution and to help the Parties determine the potential level of effort needed for Additional Water Augmentation.

3.5. Reserved

3.6. Reserved

3.7. The Parties agree that, at different stages, two-party and/or multi-party agreements may be recommended to the respective Boards to advance identified water augmentation projects; provided that the Parties will review and recommend to the FORA Board an Additional Water Augmentation Project or projects.

3.8. The Parties agree the FORA Board will review and select a Preferred Water Augmentation Mix within 120 days of submittal of a recommendation. Selection is defined as a single majority vote of the FORA Board. The term "Preferred Water Augmentation Mix" (PWAM) shall mean the FORA Board-selected Additional Water Augmentation Project or mix of projects. The PWAM shall be the primary outcome of the Study, and will be the basis for the FORA Board's approved Additional Water Augmentation Project or projects to be developed by MCWD pursuant to the Facilities Agreement.

3.9. Term of this MOU. The term of this MOU shall commence as of July 1, 2015, and shall terminate on June 30, 2017, unless amended or extended by mutual agreement of the Parties.

4. Roles and Responsibilities

4.1. FORA responsibilities are as follows:

- 4.1.1. Lead agency for the Study.
- 4.1.2. Participate in the needs assessment & data gathering for the Study.
- 4.1.3. Participate in the community engagement planning.
- 4.1.4. Present and Participate in community engagement.
- 4.1.5. Establish a Technical Advisory Group.
- 4.1.6. Monitor consultant performance.
- 4.1.7. Select a Preferred Water Augmentation Mix consisting of an Additional Water Augmentation Project or projects.
- 4.1.8. Review and consider provision of FORA CIP mitigation funding for the implementation of the Recycled Water Project and an Additional Water Augmentation Project or Projects.

4.2. MWRPCA's responsibilities are as follows:

- 4.2.1. Participate in the needs assessment & data gathering for the Study
- 4.2.2. Consider and recommend a Preferred Water Augmentation Mix to the FORA Board.
- 4.2.3. Participate in the community engagement planning.
- 4.2.4. Participate in community engagement.
- 4.2.5. Participate in the Technical Advisory Group.

4.3. MCWD's responsibilities are as follows:

- 4.3.1. Participate in the needs assessment & data gathering for the Study
- 4.3.2. Consider and recommend a Preferred Water Augmentation Mix to the FORA Board
- 4.3.3. Participate in the community engagement planning
- 4.3.4. Review and consider provision of funding, including but not limited to FORA CIP mitigation funding, Ord Community service area rates, grants, and loans, for the implementation of the FORA Board-selected Additional Water Augmentation Project or projects.
- 4.3.5. Lead Agency for the implementation of the Preferred Water Augmentation Mix pursuant to Section 3.2.1 of the Facilities Agreement.
- 4.3.6. Participate in the Technical Advisory Group.

5. Funding

- 5.1. The Parties agree to fund the (TPP) with equal matching contributions.
- 5.2. Initial Consultant Costs of Up to \$150,000 for Fiscal Year 2016/17
 - 5.2.1. The Parties agree FORA will fund one-third of initial consultant costs up to \$50,000 for Fiscal Year 2016/17.
 - 5.2.2. The Parties agree MCWD will fund one-third of initial consultant costs up to \$50,000 for Fiscal Year 2016/17.
 - 5.2.3. The Parties agree PCA will fund one-third of initial consultant costs up to \$50,000 for Fiscal Year 2016/17.
 - 5.2.4. The Parties agree FORA will invoice MCWD one-third of the initial consultant invoice. MCWD will pay FORA's invoices within 30 days, up to \$50,000 for Fiscal Year 2016/17.
 - 5.2.5. The Parties agree FORA will invoice PCA one-third of the initial consultant invoice. PCA will pay FORA's invoices within 30 days, up to \$50,000 for Fiscal Year 2016/17.

5.3 If additional contributions are required to complete the Study, the Parties agree staff shall recommend to their board an increase in the contribution amount as needed up to the budget for that fiscal year. Section 2.4 specifies the approved TPP budget for Fiscal Year 2016/17.

5.4 The Parties agree to include in their respective agency Budget a line item for the TPP until the purpose is completed. If future funding is required to continue the Study beyond FY 2016/17, staff shall propose the following fiscal year's budget and present it to their respective Boards for consideration no later than the last day of February. The Parties agree the fiscal year is to start July 1.

5.5. The Parties agree to develop in good faith a funding strategy for the implementation of the selected Additional Water Augmentation Project or projects.

6. Requirements

6.1. The Parties agree that FORA shall be the lead agency for the Study and FORA is required to conduct the consultant selection process, negotiating a contract, and monitoring contract performance.

6.2. The Parties agree that FORA shall establish a Technical Advisory Group (TAG).

6.3. Nothing in this MOU modifies the 1998 Water/Wastewater Facilities Agreement between MCWD and FORA wherein MCWD shall be the lead agency to implement an Additional Water Augmentation Project or projects and shall be the CEQA Lead Agency. FORA shall act as a CEQA Responsible Agency for the Additional Water Augmentation Project or projects. The Parties recognize that project implementation is not a part of the TPP Effort.

7. Technical Advisory Group (TAG)

7.1. Purpose of the Group is to provide the Parties with technical advice during the Study and to perform the following functions:

7.1.1. The TAG is to act as the main point of contact to collect and/or disseminate essential data necessary for the Study.

7.1.2. The TAG is to review presented information/designs and provide input or feedback on behalf of the jurisdictions listed in Section 7.8.

7.1.3. Members of the TAG shall be responsible to gather and disseminate data concerning the Study to their respective jurisdictions.

7.2. Composition of the TAG shall consist of one staff member each from FORA, Marina, Seaside, Del Rey Oaks, Monterey County, CSUMB, UCSC, PCA, MCWD and MPC. FORA staff shall chair the TAG.

7.3. Appointment to the TAG shall be made by the FORA Administrative Committee based upon nominations from the respective jurisdictions.

7.4. Frequency of meetings shall be once every two months, or as the chair determines based on Study status.

7.5. The TAG shall be appointed within 120 days of signing this MOU, and dissolved upon selection of a Preferred Water Augmentation Mix by the FORA Board.

8. Consultant/Contractor Selection for Study Work

8.1. A Selection committee will be established for the requirements development and review of requests and evaluation criteria, interviewing, evaluation of proposals, and selection of consultants and/or contractors to conduct the Study.

8.2. The committee shall be comprised of 3 staff members, 1 from each of The Parties.

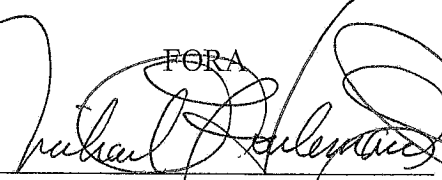
8.3. It is recommended the committee members follow one of the two consultant selection procedures:

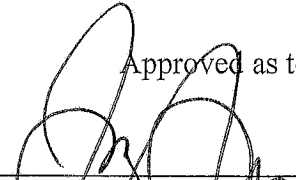
8.3.1. Engineering Firm Selection Process: Recommendations for Small Public Water Systems Utilizing CDPH Infrastructure Funding, California Department of Public Health, Division of Drinking Water and Environmental Management, August 2012.

8.3.2. Consultant Selection Guidebook: Procedures for Selecting Consultants for FHWA Federal-Aid Projects and State Funded Projects, STATE OF CALIFORNIA, Department of Transportation, Division of Local Assistance, Office of Procedures Development, January 2002, as may be updated from time to time.


8.4. It is recommended that the committee members give priority to consultants and contractors able to demonstrate a mature project management model utilizing an earned value management system.

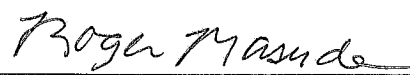
IN WITNESS WHEREOF, FORA, MCWD and MRWPCA execute this Agreement:

FORA
By  5/13/2016
Michael A. Houlemard, Jr. Date
Executive Officer

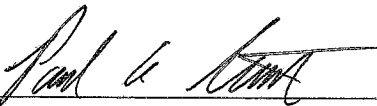
Approved as to form:
By  5.13.16
Jon Giffen Date
Authority Counsel

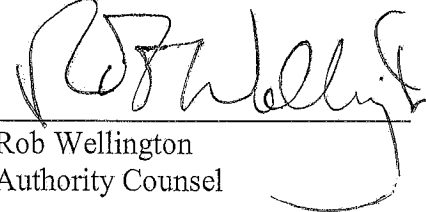
MCWD

By  5/4/16
Keith Van Der Maaten Date
General Manager

By  5/4/16
Roger Masuda Date
Authority Counsel

MRWPCA

By  5/10/16
Paul Sciuto Date
General Manager

By  5/11/16
Rob Wellington Date
Authority Counsel