



SPECIAL MEETING
ENGINEERING AND OPERATIONS COMMITTEE

AGENDA

NOVEMBER 16, 2017
1:30 p.m. - Board Room

Tony Heinrichs – Chair
Frank Hilliker – Vice Chair
Marty Miller – Vice Chair
Brian Boyle
Brian Brady
Jerry Butkiewicz
Lois Fong-Sakai

Michael Hogan
Ron Morrison
Ken Olson
Jose Preciado
John Simpson
Tim Smith
Ron Watkins

1. Roll call – Determination of quorum.
2. Additions to Agenda (Government Code Section 54954.2(b)).
3. Public Comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.
4. San Vicente Energy Storage Facility Full-Service Team Proposals. (Presentation)
5. **CLOSED SESSION**
 - 5-A Conference with Real Property Negotiator
Government Code §54956.8

Property: Portions of property owned by the San Diego County Water Authority or City of San Diego at or in the vicinity of San Vicente Reservoir (APN. Nos. 323-111-13, 323-111-14, 323-111-15, 323-111-17, 324-060-04, 325-021-07, 325-021-10, 325-021-13, 325-051-04, 325-070-09, 326-020-21, 326-030-01, 326-030-02, 326-030-04, 326-030-05, 326-061-06, 326-061-06, 326-061-07, 326-061-12, 326-061-13, 326-061-14, 326-061-15, 326-061-16, 326-061-17, 327-110-07, 329-010-04, 329-010-05, 329-010-16, 329-021-03, 329-021-05, 329-021-06, 329-021-07, 329-023-01, 329-023-03, 329-040-02, 329-040-04, 329-041-03, 329-050-01, 329-050-02, 329-050-06, 329-080-01, 329-090-01, 329-090-06, 329-090-07, 329-120-52, 329-120-54, 329-120-57, 329-120-59, 329-121-03, 329-121-04, 329-121-04, 760-148-01, 760-148-10)

Agency Negotiators: Black & Veatch Corporation on behalf of the San Diego County Water Authority and City of San Diego



Negotiating Parties: Brookfield US Generation LLC and Tenaska, Inc. –
Diamond Generating Corporation Joint Venture

Under Negotiation: Price and terms

6. ADJOURNMENT

Melinda Nelson
Clerk of the Board

NOTE: This meeting is called as an Engineering & Operations Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.



November 9, 2017

Attention: Engineering and Operations Committee

San Vicente Energy Storage Facility Full-Service Team Proposals (Presentation)

Purpose

This information item provides an update on the San Vicente Energy Storage Facility Full-Service Team Request for Proposal process.

Background

In early 2017, staff advertised a Request for Letters of Interest to electric utilities, developers, investors, energy offtakers, and other entities wishing to purchase the services that the San Vicente Energy Storage Facility Project would provide. A total of 19 letter responses were received from a broad spectrum of local, national, and international parties. Water Authority and City staff, as well as members of San Vicente Energy Storage Task Force, met with 18 of the letter respondents and determined that there was substantial interest in the Project. The information obtained from these meetings supported the findings of the previous studies. At the April 27, 2017 Engineering and Operations Committee meeting, staff and the Task Force presented the results of this solicitation process and received committee approval to issue a request for proposals from full-service teams. A full-service team would perform all activities to fully implement the Project, including securing an offtaker(s), financing, designing, licensing, permitting, constructing, operating, and maintaining the project.

Discussion

On July 17, 2017, staff advertised a Request for Proposals that solicited proposals from full-service teams to fully deliver the Project. The RFP required proposers, if not already a full-service team, to partner up with other entities to create a full-service team. Proposers were required to submit substantial information regarding the team's qualifications and project approach. They were asked to propose on a business model that focused compensation to the Water Authority and City, the Owners, for use of their water, land, and civil assets. Proposers were also given the opportunity to submit project optimization ideas that could maximize the project value, efficiencies, and additional benefits through enhanced project components such as alternate project configurations and business arrangements. A pre-proposal meeting was held on July 24, 2017 with a significant number of attendees. At the meeting, staff provided an overview of the proposal requirements and answered the attendees' questions. The meeting also provided networking opportunities for attendees.

On September 12, 2017, staff received five proposals. A selection panel comprised of Water Authority and City staff, Task Force Representatives, and Black and Veatch, the Owners' Representative, reviewed the proposals according to evaluation criteria outlined in the RFP. Those proposals that met the initial three pass/fail criteria, (1) proposer qualifications and experience, (2) knowledge of the Project and Owners' requirements, and (3) risk mitigation strategies, moved onto the scoring portion of the evaluation. There were numerous scoring

criteria which generally fell into three categories (1) best value/terms and conditions/financing plan, (2) optimization plan, and (3) offtakers strategy. The panel evaluation yielded a shortlist of finalist teams that were selected to participate in oral interviews.

At the October 11, 2017 Task Force meeting, Water Authority and City staff and Black and Veatch provided an update on this solicitation process, results of the proposer evaluation, and overview of the interview format. On October 31, 2017, the panel interviewed the finalists. A presentation at the November 16, 2017 Special Engineering and Operations Committee meeting will provide additional details regarding the Full-Service Team solicitation process, the outcome of the interviews with the finalists, and next steps.

Prepared by: Kelly Rodgers, Energy Program Manager
Reviewed by: Maureen A. Stapleton, General Manager
Approved by: Michael Hogan, San Vicente Energy Storage Task Force Chair



San Diego County Water Authority

November 9, 2017

Attention: Engineering and Operations Committee

CLOSED SESSION:

**Conference with Real Property Negotiator
Government Code §54956.8**

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Under Negotiation: Price and terms

Purpose

This memorandum is to recommend a closed session, pursuant to Government Code §54956.8, to meet with and provide initial instructions to the Authority's designated negotiators at the November 16, 2017 meeting.

Prepared by: Mark J. Hattam, General Counsel