

DRAFT

**Carmel Area Wastewater District/Pebble Beach Community Services District
Pebble Beach Company**

**WASTEWATER RECLAMATION PROJECT
MANAGEMENT COMMITTEE**

MINUTES

**Meeting of January 12, 2007
Pebble Beach Community Services District Boardroom
Forest Lake & Lopez Roads, Pebble Beach, CA**

1. Call to Order

Ray von Dohren, CAWD General Manager, serving as facilitator, called the meeting to order at 9:36 a.m. Members or alternates present were: Charlotte Townsend and Joyce Stevens, Carmel Area Wastewater District Board of Directors (CAWD); Gary D. Hornbuckle and Richard Verbanec, Pebble Beach Community Services District Board of Directors (PBCSD); and Mark Stilwell, Executive Vice President, Pebble Beach Company (PBCo).

Others in attendance:

Craig Anthony, General Manager, PBCSD
Ray von Dohren, General Manager, CAWD
Rick Dickhaut, ASM/CFO, Monterey Peninsula Water Management District (MPWMD)
Michael Niccum, P.E., District Engineer, PBCSD
Brent Reitz, Capital Services Project Manager, Pebble Beach Company
Barbara Buikema, Accountant/Controller, CAWD
Michael Magretto, Operations Supervisor, California American Water
Vinod Badani, Vice President, E2 Consulting Engineers
Laura Paxton, Paxton Ad Hoc, Clerk

2. Period for welcoming visitors, receiving public comment regarding matters not listed or considering changes to the agenda:

Following introductions, there were no comments from visitors or Committee members regarding matters not listed on the agenda, and no requests were received to change the content or order of the agenda.

3. Minutes:

It was moved and seconded by Member Townsend and Member Stevens, and carried, to approve the minutes of the Committee meeting of November 6, 2006.

4. Receive and consider reports relating to operations and maintenance (“O & M”) of Project:

4-A-1. Audited Financial Statements

Huthchison and Bloodgood LLP (H & B) presented the audited financial statements for the CAWD/PBCSD Wastewater Reclamation Project as of June 30, 2006 and 2005. Director Hornbuckle inquired why water rights are amortized as the rights last forever. H & B stated that the equipment that delivers the water has a finite life, so those capital assets are amortized. Forest Lake assets will move to PBCSD next fiscal year.

It was determined by consensus of the members to accept the Independent Auditor’s Report on Financial Statements as of June 30, 2006 and 2005 for the CAWD/PBCSD Wastewater Reclamation Project.

4-A-2. Consolidated Financial Statements from July 2006 through November 2006

Barbara Buikema reviewed the financial statements for the period from July 2006 through November 2006. The ratio of assets to liabilities excluding restricted cash and current portion long term debt is 1.98:1 which is very good. Michael Niccum, District Engineer, PBCSD, highlighted items predicted to be over or under budget, with an overall bottom line close to the budget total. Member Stilwell requested that the budget not be adjusted for over/under budget items, with some exceptions, so differences can be clearly seen each month. Ms. Buikema responded to questions from committee members.

The O & M Financial Statements for the period were received for information and no action was required or taken by the Committee.

4-B-1. Treatment Plant O & M

The Committee received a written status report from CAWD Treatment Plant Superintendent, Mark Scheiter, regarding treatment plant operations for November/December 2006. The costs for CAWD to discharge into the Carmel River Lagoon are recovered by negotiated terms with California American Water.

There being no further questions or comments, the written and oral reports regarding Treatment Plant O & M were received as informational and no action was required or taken by the committee.

4-B-2. Tertiary Budget Adjustment – Effluent Pump Soft-Start Unit Replacement

The Committee received a written Staff Report recommending replacement of one tertiary project soft-start unit for effluent pump from CAWD Treatment Plant Superintendent, Mark Scheiter,

It was determined by consensus of the members to approve replacement of one soft-start unit for the #3 tertiary effluent pump and to authorize amendment of the Tertiary Plant Capital Budget accordingly.

4-C-1. Distribution System O & M; reclaimed and potable water use

PBCSD District Engineer, Michael Niccum, reviewed his Distribution System Operations Report, dated January 12, 2007 and responded to questions.

The Distribution System O & M Report was received for information and no action was required or taken by the Committee.

5. Receive status reports concerning Main Components Phase II (Expanded) Reclamation Project:

5-A. Planning and Design of Advanced treatment: micro-filtration/reverse osmosis facilities

CAWD General Manager, Ray von Dohren, reported that two layers of reinforced steel foundation are being constructed. The concrete will be poured over two days – January 31 and February 2, starting at 4:30 a.m. and ending before dark. It is imperative to complete this key component to avoid major project delays. The steel alone is 108 tons and the total foundation is approximately 2,000 tons.

5-B-1. Forest Lake Reservoir Construction Project

Mr. Niccum reviewed his submitted report regarding a 50 acre-foot increase in storage capacity of Forest Lake Reservoir. Vinod Badani, Vice President, E2 Consulting Engineers, stated that a south embankment analysis most likely will be required by Division of Safety of Dams to see if reconstruction is needed for more stability; if so, any costs will be minimal due to previous work done during the north side construction. Mr. Niccum and Mr. Badani responded to questions from committee members.

It was moved and seconded by Member Stilwell and Member Verbanec, and carried, to approve budget allocation of \$50,000 for engineering services required to increase the storage capacity of Forest Lake Reservoir.

6. Receive Miscellaneous Information or Announcements from Members, Staff or Visitors:

Mark Stilwell, Executive Vice President, PBCo, commented that proceedings between California American Water (“Cal-Am”) and the Public Utilities Commission (“PUC”) involve two rate proceedings: 1) a Cal-Am request for a general rate increase on potable water which the PUC approved last November; and 2) a Cal-Am proposal to add a surcharge to potable water to fund the Coastal Water Project. The Independent Recycled Water Users Group (“IRWUG”) submitted to the PUC that Pebble Beach golf courses be exempt from paying any surcharge on potable water inasmuch as the courses use recycled water for irrigation. The PUC denied IRWUG’s request and ordered MPWMD to meet with IRWUG to amend contracts to the satisfaction of all. This meeting will occur in the next couple of months. Reclamation-related

contracts cannot be amended unless Pebble Beach Company agrees, and it does not plan to. There was further discussion regarding the nature of the surcharge billing and long-term recycled water costs to IRWUG, Pebble Beach Company, and CAWD.

Member Joyce Stevens bid farewell to the committee, this being her last meeting after having served since the committee was first formed. Mr. von Dohren stated that a solicitation was distributed seeking a replacement for Ms. Steven's position. He expected that a replacement request would be sent to the Board of Supervisors for approval by January 25, 2007.

There were no further reports or announcements from Committee members, staff or visitors.

7. **Closed Session**

The Committee did not meet in a closed session.

8. **Adjournment & Next Meeting Date:**

There being no further business at 10:57 a.m., it was moved and seconded, and determined by consensus of the members, that the Reclamation Management Committee adjourn to its next regular meeting on Friday, March 2, 2007 at 9:30 a.m. in the PBCSD Boardroom at 3101 Forest Lake Road, Pebble Beach.

Respectfully submitted:

Laura Paxton

Clerk

Pebble Beach Community Services District/Paxton Ad Hoc