

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

**WASTEWATER RECLAMATION PROJECT
MANAGEMENT COMMITTEE**

MINUTES

**Meeting of February 1, 2013
Pebble Beach Community Services District Boardroom
Forest Lake & Lopez Roads, Pebble Beach, CA**

1. Call to Order

Mike Niccum, PBCSD General Manager, serving as facilitator, called the meeting to order at 9:36 a.m. Members or alternates present were: Bob Siegfried and Ken White, Carmel Area Wastewater District Board of Directors (CAWD); Rick Verbanec and Jerry Verhasselt, Pebble Beach Community Services District Board of Directors (PBCSD); and Mark Stilwell, Executive Vice President, Pebble Beach Company (PBCo).

Others in attendance:

Barbara Buikema, General Manager, CAWD
Rob Wellington, Legal Counsel, CAWD/PBCSD
David Stoldt, General Manager, Monterey Peninsula Water Management District (“MPWMD”)
J.T. Rethke, Associate Engineer, PBCSD
Suresh Prasad, Administrative Services Manager/Chief Financial Officer, MPWMD
Jim Grover, Principal Accountant, CAWD
James J. Pinkevich, Treatment Plant Superintendent, CAWD
Larry Brown, Chief Operator, CAWD
Mike Bowhay, Independent Reclaimed Water Users Group (“IRWUG”)
Laura Dadiw, Clerk, PBCSD

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

There were no comments or requested changes to the agenda.

3. Minutes:

It was moved by Member White, seconded by Member Siegfried, and unanimously carried, to approve the minutes of the Committee meeting of November 9, 2012 with the clarification within the last sentence on page two to “...the duration of time between system cleanings...”from “...recovery timeframe after cleaning of the systems...”.

4. Receive Annual Financial Report for Fiscal Year ending June 30, 2012

Principal Accountant, Jim Grover stated the financial reports were identical to those presented at the November 9, 2012 committee meeting with the exception of the Siemens Corporation payment made in 2013 being booked to 2012. The auditor gave the project financials an unqualified “clean” opinion.

It was moved by Member Stilwell, seconded by Member Verbanec, and unanimously carried, to receive the Annual Financial Report and Independent Auditor Report for Fiscal Year ending June 30, 2012.

5. Receive and consider reports relating to Operations and Maintenance of Project

A. Financial Statements (July 2012 to October 2012)

Mr. Grover reported on the project financial statements for the period July 2012 to October 2012. The current balance in the Santa Barbara Operations and Maintenance bank account is \$684,000 and will be approximately \$800,000 once a \$120,000 transfer from the Water Account is complete. The approximate balance in the water account is \$1,000 after the transfer. Revenues are high as compared to budget due to the price per acre-foot of water, and expenses are in line with the budget.

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

B. Receive/consider reports relating to operations and maintenance - (“O & M”) of Project

Chief Operator, Larry Brown reported that the microfiltration (MF) membranes from Australia are being held in customs at the Los Angeles delivery point. Delivery to the treatment plant is expected on Monday, February 4th. Replacement would commence on Tuesday and take two-to-three days to complete. Siemens representatives will be on site during the replacement. MF bracket welding repairs would be performed at the time of membrane replacement. The second set of MF membranes had been ordered with an as-yet unknown delivery date.

The reverse osmosis (RO) membranes pricing was received from two vendors: Hydranautics enhanced product replacement was quoted at \$136,460 + tax and installation; CSM enhanced product replacement was quoted at \$109,662 + tax + installation of \$10,800. Hydranautics estimated eight to ten weeks for delivery. RO system cleanings are necessary more and more frequently however Mr. Brown has not yet received word from Siemens to replace the RO membranes.

Mr. Brown stated that Carollo Engineering and Hydranautics process engineers had recommended injecting a higher dosage of monochloramine right before the feed water into the RO system to help preserve MF membranes. Mr. Niccum stated he would have staff engineers get a cost estimate to do so.

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.

C. Distribution System O & M

The Committee received a written Distribution System Operations Report from PBCSD Associate Engineer, J.T. Rethke. Mr. Rethke reported that PBCSD is designing drainage improvements to an access road located on the north

embankment of Forest Lake Reservoir in response to concerns raised during the annual inspection by Division of Safety of Dams. Water usage for January was 9 acre-feet, the normal 18-year average usage. The reservoir is 66% full (75.8 million gallons). If repairs are successfully made on the MF system, there should be no concern with filling the reservoir in time for the irrigation season.

Mr. Niccum reported that discussions were underway with Poppy Hills Golf Course to consider building its new distribution system at the Reclamation Project booster pump station near the water storage tank as part of its major golf course renovation and irrigation system rehabilitation. The District could deed the property over to Poppy Hills and they would then be responsible for operations and maintenance costs.

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

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

Member White inquired whether actual costs for treatment plant staffing were in line with original cost projections. Ms. Buikema stated that staff training on new plant processes took longer than originally anticipated and increased system cleanings have resulted in staffing costs 15% - 20% higher than originally projected. Mr. Brown stated that equipment and testing for levels of monochloramines and chlorines had not been anticipated either; the amount of testing was not expected to decrease. Mr. Niccum suggested that costs associated with Siemens providing an inferior product be quantified if possible and factored into future negotiations with Siemens.

Member Stilwell reported that PBCo and IRWUG were still working to de-link the price of recycled water from potable water to achieve a cost per acre-foot based on actual reclamation project costs. Mr. Bowhay was encouraged by the cooperation between PBCo and IRWUG in addressing water pricing to enhance forecasting ability and stability of recycled water costs going forward, and to ultimately reduce project time spent on CPUC matters.

Mr. Stoldt reported that the mayors voted last night to conditionally endorse the CAW Regional Project application now in front of the PUC. The MPWMD board also essentially endorsed the CAW application, in particular the conditions related to the creation of a project governance committee and the contribution of public funds to reduce project costs. Many aspects of the project are very complex and regulatory action to allow it to move forward is at least a year away.

Committee member Siegfried suggested adding discussion of declining plant inflow to a future agenda.

7. Closed Session

The Committee did not meet in a closed session.

Reclamation Management Committee

Meeting held February 1, 2013

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8. Adjournment & Next Meeting Date:

There being no further business at 10:45 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, May 10, 2013, at 9:30 a.m. in the PBCSD Boardroom at 3101 Forest Lake Road, Pebble Beach.

Respectfully submitted:

Laura Dadiw, Clerk

Pebble Beach Community Services District/Dadiw Associates