

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

**WASTEWATER RECLAMATION PROJECT
MANAGEMENT COMMITTEE**

MINUTES

**Meeting of May 20, 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 9:38 a.m. Members or alternates present were: Charlotte Townsend 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
Robert Rathie, Legal Counsel, CAWD/PBCSD
David Stoldt, General Manager, Monterey Peninsula Water Management District (“MPWMD”)
J.T. Rethke, Associate Engineer, PBCSD
Brent Reitz, Capital Services Project Manager, PBCo
James J. Pinkevich, Treatment Plant Superintendent, CAWD
Mike Bowhay, Independent Reclaimed Water Users Group (“IRWUG”)
Rick Busman, 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 Verbanec, and carried, to approve the minutes of the Committee meeting of February 1, 2013. Director Townsend abstained having not attended the February 1st meeting.

4. CAWD/PBCSD Reclamation Project Budget for fiscal year 2013-14

CAWD General Manager, Barbara Buikema gave highlights of the proposed budget that had been reviewed by the Technical Advisory Committee on May 10th. Member White complimented staff on the detailed descriptions of budget items beginning on page 18.

It was moved by Member Stilwell, seconded by Member White, and unanimously carried, to adopt the CAWD/PBCSD Reclamation Project Budget for fiscal year 2013-14.

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

A. Financial Statements (July 2012 to February 2013)

General Manager Buikema gave a brief overview of the financial information.

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

Treatment Plant Superintendent, James J. Pinkevich reported that the plant had been down five days in May due to a gearbox malfunction: thickened solids captured from microfiltration were routed back to the head works instead of to a digester. The plant recovered very well with staff making effective changes to the solids process. Maintenance is being performed today on the reverse osmosis units; although they are beyond the expected useful life, routine maintenance appears to keep them functioning optimally. All microfiltration units are up and running.

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 changes to the reclaimed water meter reading charts for February through May: the potable water usage column on the right was removed, and CAWD inflow and outflow columns were added beginning in May. Mr. Rethke noted that reservoir volume is currently below the 18-year average. Potable water may be available to the project for emergency situations such as the gearbox failure resulting in five days of down time in May. The Reclamation Project Oversight Committee will meet in the near future and the potential need of potable water for the project will be discussed.

Each golf course has a contingency conservation plan ready if needed. Member Stilwell advised that the reverse osmosis system could be turned off to increase flow to the reservoir. Poppy Hills Golf Course is expected to begin irrigating in September.

Mr. Niccum stated the PBCSD board approved the budget allocation for the Forest Lake Reservoir North Embankment Roadway Project to meet California Division of Safety of Dams requirements. The project was also included in the reclamation project budget adopted earlier in the meeting.

Mr. Niccum advised that PBCSD has been trying for nearly eight years to get a master permit to consolidate five recycled water requirements orders issued by the Regional Water Quality Control Board (“RWQCB”). The understaffed RWQCB has been unable to address PBCSD’s request and suggested obtaining a state-wide general permit for its distribution system which would allow individual users to irrigate within

50 feet of buildings. CAWD would continue under its current recycled water requirements order. The District is in the process of applying for the state-wide general permit. In the meantime, the RWQCB staff verbally approved users proceeding with landscape irrigation modifications. PBCSD will review each user's re-plumbed recycled water irrigation lines to insure no cross-connections.

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

6. Receive report on negotiations to modify water sales agreements to eliminate the link between the price of recycled and potable water

Member Stilwell reported that the cost of potable water has increased dramatically in the last few years, primarily due to surcharges levied by CAW, and is anticipated to continue increasing sharply over the next several years at least. PBCo and IRWUG are 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 reflected in each year's budget. De-linking the cost from potable water is essentially accelerating by ten years the arrangement that will be in effect when project bonds are paid off in 2022. An agreement in principal has been reached between PBCo and IRWUG on this matter. PBCo and IRWUG hope to finalize an agreement with MPWMD by the start of the upcoming budget cycle on July 1, 2013. The effort to amend is not to change the guaranty aspect of the agreement between PBCo, PBCSD and CAWD – the financial guaranty by PBCo is needed due to the variables in revenue generated – but is an effort to change only how the project is funded.

Mr. Niccum recalled the basis for pricing recycled water cost may be referenced in other project agreements: Member Stilwell is having the documents reviewed to determine which beyond the Recycled Water Sales Agreement may need to be amended. Mr. Stoldt noted that fiscal agreements with CAW and MPWMD reference how surcharges and loss of potable water sales are handled with respect to the recycled water project.

Mr. Bowhay stated that all IRWUG boards have discussed the issue and IRWUG is highly motivated to get the amendments completed before July 1, 2013 for ease of project accounting, as opposed to attempting to transition mid-year. IRWUG is handling all the legal fees in the matter and feels it would be detrimental to wait until later in the year or until the 2014-15 budget cycle to proceed.

7. Receive Miscellaneous Information or Announcements from Members, Staff or Visitors

There was no further information or announcements from those present.

8. Closed Session

The Committee did not meet in a closed session.

9. **Adjournment & Next Meeting Date**

There being no further business at 10:50 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 date to be determined in October or November 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