



Monterey County

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Board Report

Legistar File Number: WRAA 15-015

November 03, 2015

Introduced: 10/12/2015

Current Status: Agenda Ready

Version: 1

Matter Type: WR Agreement

- a. Approve the Amended and Restated Water Recycling Agreement between the Monterey Regional Water Pollution Control Agency and the Monterey County Water Resources Agency (“Water Recycling Agreement”); and,
- b. Authorize the Chair of the Monterey County Water Resources Agency Board of Supervisors to execute the Water Recycling Agreement.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Supervisors:

- a. Approve the Amended and Restated Water Recycling Agreement between the Monterey Regional Water Pollution Control Agency and the Monterey County Water Resources Agency (“Water Recycling Agreement”); and,
- b. Authorize the Chair of the Monterey County Water Resources Agency Board of Supervisors to execute the Water Recycling Agreement.

SUMMARY/DISCUSSION:

On October 8, 2015 a Memorandum of Understanding regarding Sources Waters and Water Recycling (“MOU”) was entered into between the Monterey Regional Water Pollution Control Agency (“MRWPCA”), Monterey County Water Resources Agency (“MCWRA”), City of Salinas, Marina Coast Water District (“MCWD”), and Monterey Peninsula Water Management District (“MPWMD”). That MOU provided the framework for agreements among the parties for provision of additional source waters (“New Source Waters”) that could be dedicated to the Pure Water Monterey (“PWM”) Project and provide additional supply to the Castroville Seawater Intrusion Project (“CSIP”). The Water Recycling Agreement is one of the resulting six complementary agreements shown below.

Agreement	Parties
Water Recycling Agreement	MCWRA/MRWPCA
Water Purchase Agreement	Cal Am, MPWMD, MRWPCA
Water Rights – Ag Wash Water	City of Salinas, MRWPCA
Operation of Industrial Wash Water Ponds	City of Salinas, MRWPCA
Marina Coast Water District – RUWAP Pipeline	MCWD, MRWPCA
Umbrella Agreement	MCWRA, MRWPCA, City of Salinas, MCWD, MPWMD

The proposed Water Recycling Agreement provides, *inter alia*, for new source waters from the Blanco Drain, Reclamation Ditch and the City of Salinas (produce wash water) for CSIP and the Pure Water Monterey Project. It was developed by combining provisions of (i) the MRWPCA agreement with MCWRA, dated June 15, 1992, for construction and operation of a tertiary treatment system (the “1992 Agreement”), with subsequent amendments thereto, as follows:

Amendment No. 1 on May 30, 1994; Amendment No. 2 on February 16, 1998; and Amendment No. 3 on May 28, 2002, (ii) agreement between MRWPCA and MCWRA entitled “Operation and Maintenance of the Salinas River Diversion Facility”, dated February 3, 2011 (“SRDF Agreement”) and, (iii) the MOU.

Specific to the Water Recycling Agreement are the following:

- 4,320 acre-feet/year for PWM (49.6%)
- 4,381 acre-feet/year for CSIP (50.4%)
- New Source Water Facilities capital (44% WRA, 56% MRWPCA)
- Growers have minimum volume of all wastewater flows going to plant, (except MCWD flows and 650 acre-feet that go to MRWPCA)
- MRWPCA has first call on 4,320 acre-feet/year of New Source Waters
- Revised accounting protocols at MRWPCA
- 30-year term with automatic extensions
- Provisions for Phase II-4,665 acre-feet/year for CSIP

Portions of the Water Recycling Agreement applicable to the New Source Water Facilities will not become effective until the following conditions are met:

1. Water Rights for the Blanco Drain and Reclamation Ditch are obtained from the California State Water Resources Control Board; and,
2. A fully executed, and California Public Utilities Commission approved, Water Purchase Agreement, between MRWPCA, MPWMD, and California-American Water, is approved by the California Public Utilities Commission and executed by the parties thereto; and,
3. Written finding by the Regional Water Quality Control Board that utilization of the Blanco Drain dry weather flows as New Source Water meets all treatment requirements for the aforesaid dry weather flows; and,
4. An independent third-party review of proposed capital and operating costs and preparation of an Engineer’s Report is approved by the MCWRA Board of Directors and Board of Supervisors. The costs of the aforesaid third-party review shall be shared equally between MCWRA and MRWPCA; and,
5. A successful assessment or Proposition 218 process for rates and charges related to the operation and maintenance of the New Source Water Facilities and proportional primary and secondary treatment charges; and,
6. Inclusion of Salinas Pond Water Return Facilities as New Source Water Facilities requires execution of a separate agreement between the Parties.

The Amended and Restated Water Recycling Agreement is not subject to environmental analysis under the California Environmental Quality Act. The Agreement is not final as to new source waters and any activities that have potential for effect on the environment. Several conditions precedent must be satisfied before those activities would occur. The portions of the Agreement that can be said to be final upon execution are those relating to all non-New Source Water matters. Those provisions of the Agreement are financial. To the extent the Agreement touches on activities linked with the PWM project and new source waters, those activities were environmentally assessed under CEQA, and an EIR was certified.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the Water Recycling Agreement. The Regional Water Quality Control Board has been consulted and is a proponent of the Source Water/Pure Water Monterey Project. The Monterey Regional Water Pollution Control Agency Board of Directors approved this agreement on October 26, 2015. The Monterey County Water Resources Agency Board of Directors considered this item on October 26, 2015 and requested a special meeting on November 2, 2015 to review revisions to the Agreement prior to submission to the Water Resources Agency Board of Supervisors for approval.

FINANCING:

The Water Recycling Agreement will not require any financing from MCWRA. MRWPCA will finance, or cause to be financed, all capital costs related to the New Source Water Facility.

Prepared &

Approved by:

David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

Amended and Restated Water Recycling Agreement Between the MCWRA and MRWPCA
Memorandum of Understanding Regarding Source Waters and Water Recycling dated 8 October 2014