



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: WRAG 19-088, **Version:** 1

- a. Approve Amendment No. 1 to the Amended and Restated Water Recycling Agreement with Monterey One Water for a time extension related to the Conditions Precedent for the New Source Water Facilities; and
- b. Request the Chair of the Monterey County Water Resources Agency Board of Supervisors to execute the Amendment.

RECOMMENDATION:

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

- a. Approve Amendment No. 1 to the Amended and Restated Water Recycling Agreement with Monterey One Water for a time extension related to the Conditions Precedent for the New Source Water Facilities; and
- b. Request the Chair of the Monterey County Water Resources Agency Board of Supervisors to execute the Amendment.

SUMMARY/DISCUSSION:

The Monterey County Water Resources Agency (MCWRA) and Monterey One Water (M1W), formerly known as Monterey Regional Water Pollution Control Agency (MRWPCA), entered into an Amended and Restated Water Recycling Agreement (Restated Agreement), which included consideration of the financing, design, construction, operation, maintenance, and replacement of New Source Water Facilities to provide approximately 4,381 acre-feet per year (AFY) of additional recycled water to MCWRA for use in the existing Castroville Seawater Intrusion Project (CSIP), a coastal irrigation project. In addition, M1W would be provided approximately 4,320 AFY of new source water to supplement the Pure Water Monterey Groundwater Replenishment Project which has been developed to provide drinking water.

Portions of the Amended and Restated Water Recycling Agreement applicable to the New Source Water Facilities will not become effective until the following conditions in Section 16.15 are all met:

1. Water Rights for the Blanco Drain and Reclamation Ditch are obtained from the California State Water Resources Control Board.
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.
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.
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.
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.

6. Inclusion of Salinas Pond Water Return Facilities as New Source Water Facilities requires execution of a separate agreement between the Parties.

MCWRA and M1W are cooperatively working through the conditions in Section 16.15 but they have not all been completed. The construction of the New Source Water Facilities will be substantially complete on August 23, 2019. The capital cost of the New Source Water Facilities are funded by M1W through grants and a low-interest loan from the State of California, Water Resources Control Board, State Revolving Funds with the first payment due on December 31, 2019. An extension of the first payment to June 30, 2020 will likely be received.

An Amendment is being requested to extend the payment schedule until such time the conditions in Section 16.15 could be reasonably satisfied. In addition, M1W has the right to full use of the New Source Waters by M1W until such time the conditions in Section 16.15 have been satisfied. All other terms and conditions of the Agreement remain unchanged and in full force.

OTHER AGENCY INVOLVEMENT:

Monterey One Water participated in the preparation of Amendment No. 1.

FINANCING:

There is no increased financing related to the amendment.

Prepared by: Shaunna Murray, Senior Water Resources Engineer, (831) 755-4860

Approved by:

Brent Buche, General Manager, (831) 755-4860

Attachments:

1. Amendment No. 1
2. Amended and Restated Water Recycling Agreement
3. Executed MCWRA Board Order