

DRAFT

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

**WASTEWATER RECLAMATION PROJECT
MANAGEMENT COMMITTEE**

MINUTES

Meeting of March 2, 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 9:40 a.m. Members or alternates present were: Charlotte Townsend and William Englander, 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
Robert Wellington, Legal Counsel, CAWD/PBCSD
Rick Dickhaut, Administrative Services Manager/Chief Financial Officer,
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
Charles Kemp, Operations Manager, California American Water
Michael Magretto, Operations Supervisor, California American Water
Vinod Badani, Vice President, E2 Consulting Engineers
Laura Dadiw, Dadiw Associates, Clerk

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

Director Englander, CAWD Board member, was welcomed to the committee. No requests were received to change the content or order of the agenda.

3. Minutes:

It was moved and seconded by Member Verbanec and Member Hornbuckle, and carried, to approve the minutes of the Committee meeting of January 12, 2007. Acronyms in the minutes will be spelled out per the request of Member Townsend.

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

4-A-1. Confirmation of Audit Contract

Barbara Buikema reviewed the Staff Report on Audit Services for Reclamation Project – Confirmation of Audit Contract.

It was moved and seconded by Member Englander and Member Townsend, and carried, to approve the contract with Porter & Company to perform the CAWD/PBCSD Reclamation Project’s financial audit for the fiscal years ending 2007-09 on January 25, 2007, and to approve the audit performed.

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

Barbara Buikema reviewed the financial statements for the period from July 2006 through December 2006. The ratio of assets to liabilities excluding restricted cash and current portion long-term debt remains at approximately 1.98:1, a very good ratio. 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 January 2007. Mr. von Dohren responded to member questions.

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

PBCSD District Engineer, Michael Niccum, reviewed his Distribution System Operations Report, dated March 2, 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 (“MF/RO”) facilities

CAWD General Manager, Ray von Dohren, reported that a project schedule would be presented at the next committee meeting. The project is progressing satisfactorily with the slab poured and drainage work currently being done. The next step is laying the foundation, ordering equipment, and proceeding through the submittal process. There have been approximately 50 changes to the project so far. The facility is designed with a roof only; walls can be accommodated and will be installed if noise levels dictate. Mr. von Dohren responded to committee member questions.

5-B-1. Forest Lake Reservoir Construction Project

Mr. Niccum reviewed his submitted report regarding the Forest Lake Reservoir Project. The reservoir is full. After pipeline repairs are complete, the enlargement application process with Department of Safety of Dams (“DSOD”) will commence to reduce the freeboard of the reservoir from 8 feet to 4 feet. Construction modifications to the outlet structure are minor; the determination of what studies are needed by DSOD is more complex. Member Townsend recommended that public media efforts be made to establish awareness of water augmentation benefits as a result of the reservoir and MF/RO projects.

The Forest Lake Reservoir Construction Project 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:

Mark Stilwell, Executive Vice President, PBCo, submitted to the committee a copy of a letter that was sent to the Public Utilities Commission (“PUC”) by PBCo via the Monterey Peninsula Water Management District explaining the reclamation project to the PUC and the fact that the project’s reclaimed water contract is not under PUC authority. Independent Recycled Water Users Group (“IRWUG”) is requesting Pebble Beach Company “de-link” the cost of potable water from the cost of reclaimed water. PUC upheld PBCo’s position that reclamation-related contracts cannot be amended by denying special dispensation to IRWUG. Mr. Stilwell pointed out that the surcharge levy is a short-term issue ending when the Coastal Water Project is on line in approximately 2012. Then California American Water will revert back to a normal rate increase process for potable water.

Mr. von Dohren noted that when the project bonds are paid off in 2022, the District, together with PBCSD, must develop an operations and maintenance budget to justify costs that could be higher than what IRWUG is currently paying. Member Stilwell pointed out that the project agreements took into consideration adjustments necessary when the bonds are paid off. In

2022, when the bonds are paid off, the actual production cost to produce 1,000 acre-feet of reclaimed water will be used to determine rates. When the project is complete, rates are anticipated to go down.

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 10:40 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 11, 2007 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