



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: June 4, 2019

DEPARTMENT: PUBLIC WORKS

FROM: DAVID JACOBS, DIRECTOR

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TITLE: AGREEMENT WITH MONTEREY ONE WATER TO ENTER AND CONSTRUCT AT THE INDUSTRIAL WASTEWATER TREATMENT FACILITY AND SALINAS PUMP STATION

RECOMMENDED MOTION:

A motion to approve a resolution related to an agreement with Monterey One Water to enter and construct at the Industrial Wastewater Treatment Facility and Salinas Pump Station.

RECOMMENDATION:

Staff recommends that the City Council approve a resolution related to an agreement with Monterey One Water to enter and construct at the Industrial Wastewater Treatment Facility and Salinas Pump Station.

EXECUTIVE SUMMARY

The City of Salinas and Monterey One Water (M1W) have worked together for a number of years to increase water recycling and improve groundwater quality for the Castroville Seawater Intrusion Project. M1W in coordination with the City, successfully secured a \$10 million state grant to construct improvements at the City's Industrial Wastewater Treatment Facility (IWTF) and the Salinas Pump Station (TP1) to advance the capture and reuse of stormwater. Plans for Phase 1B of the Salinas Storm Water Project prepared under the joint direction of the City and M1W to implement the grant-funded improvements are complete and bids have been received.

The grant agreement for the Salinas Storm Water Project (Phases 1A and 1B) requires that M1W have access to both construct and operate all grant-funded facilities at the IWTF and TP1. This current agreement covers access to construct only. Given that details of an operations agreement tie into issues broader and more long-term in nature, it will require more time to develop. However, in the interest of maintaining the grant schedule the City can allow access for construction then develop the operations agreement while the projects are being implemented.

BACKGROUND:

The City of Salinas operates an Industrial Wastewater Treatment Facility which accepts discharges from a group of industrial users. Operational expenses are paid from an enterprise fund which in turn receives revenue from each of the industrial users.

The City of Salinas and M1W have been working collaboratively for over 6 years to increase the amount of water available for recycling and to improve groundwater conditions for the Castroville Seawater Intrusion Project. In October 2015, the City and M1W signed a 30-year *Agreement for Conveyance and Treatment of Industrial Waste Water by and Between the City and the M1W* by City of Salinas (Resolution 20862) under which M1W agreed to provide new facilities to convey untreated industrial wastewater, stormwater and effluent from the IWTF to the Regional Treatment Plant (RTP). A portion of these infrastructure improvements have been completed and now allow untreated industrial wastewater to be conveyed directly to the RTP.

M1W in coordination with the City, also secured \$10 million in State Proposition 1 grant funds from State Water Resources Control Board to construct improvements at the City's IWTF and TP1 to facilitate the capture and reuse of stormwater and pumping of effluent from the IWTF (State Agreement No. D1712659). Plans and specifications prepared under the collaborative direction of the City and M1W to implement these improvements are now complete. Bids were solicited and received on May 20 and 23, 2019 and are being analyzed to determine whether they may be accommodated under the Grant budget.

M1W staff will recommend to their Board of Directors to award the contracts at their June 24, 2019 meeting. The attached agreement will also be recommended for approval to their Board at the same time.

In addition to allowing permission for M1W to access and encroach upon City properties for the purpose of constructing the various components of Phase 1A and 1B of the Storm Water Projects, the agreement stipulates:

- 1) M1W shall not in any way impede City activities or the continuous operation of the affected facilities.
- 2) The City shall not be responsible for any direct or indirect costs related to the construction because the Industrial Waste Enterprise funds may not be expended on the Storm Water Projects and the City has no other funds available for this purpose.
- 3) The City intends to work in good faith towards the establishment of an agreement with M1W to grant the right to operate and maintain the newly constructed facilities of the Salinas Storm Water Project.

In conclusion, staff recognizes the need to allow M1W access to implement grant-funded improvements to the IWTF and TP1 but wishes to give more careful consideration to a future agreement to operate the installations, given the broader and long-term implications.

CEQA CONSIDERATION:

The grant-funded work implements a component of the Pure Water Monterey Groundwater Replenishment Project (“PWM”) that the M1W (MRWPCA, at the time) Board approved on October 8, 2015. The M1W Board certified the Environmental Impact Report (“EIR”) for the GWR Project as complete and in compliance with the California Environmental Quality Act (“CEQA”), and adopted the findings required by CEQA on October 8, 2015. On October 30, 2017, M1W adopted an addendum to the EIR to address changes to the PWM and approved those changes.

Based on analysis by M1W and City staff, no subsequent or supplemental EIR is required for approval of the agreement because:

1. The action will not require major revisions of the certified PWM EIR because the project modifications will not result in new significant environmental effects or a substantial increase in the severity of previously identified environmental effects;
2. No substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revisions of the previous certified PWM EIR due to the involvement of new significant effects or a substantial increase in the severity of previously identified environmental effects;
3. No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete, shows any of the following:
 - a. The project will have one or more significant effects not discussed in the previous certified PWM EIR;
 - b. Significant effects previously examined will be substantially more severe than shown in the previous certified PWM EIR;
 - c. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project but the project proponents decline to adopt the mitigation measure or alternative;
 - d. Mitigation measures or alternatives which are substantially different from those analyzed in the previous certified PWM EIR would substantially reduce one or more significant effects of the PWM, but the project proponents decline to adopt the mitigation measure or alternative.

This agreement is approved based on the EIR as certified and the Addendum as adopted. A CEQA memorandum was prepared to document changes to the Salinas Treatment Facility Storage and Recovery Component of the PWM reflected in this design and is attached for further clarification.

STRATEGIC PLAN INITIATIVE:

The proposed project and agreement relate to the following City Council’s Strategic Plan Initiatives:

1. Economic Diversity and Prosperity: Enables improvements to the Industrial Wastewater Treatment Facility which will ultimately benefit local agricultural interests.
2. Well Planned City and Infrastructure: This project helps provide safe, secure sources of water.

DEPARTMENTAL COORDINATION:

This project will rely on coordination between the Public Works Sewer and Water, Waste and Energy (WWE) divisions. WWE will provide engineering support and decision making during the project while the Maintenance Industrial Waste Division will need to coordinate on-site activities with the continued operation of the facility. In addition, the success of this undertaking is very dependent on a cooperative working relationship with M1W.

FISCAL AND SUSTAINABILITY IMPACT:

This project is funded completely by the Proposition 1 Salinas Storm Water Project Agreement No. D1712659. The agreement also requires that the City not be responsible for any related costs nor that Industrial Waste Enterprise funds be expended on the implementation of the Storm Water Projects. Hence, this project will have no impact on the General Fund.

ATTACHMENTS:

CEQA Memorandum - Monterey One Water, February 27, 2018

Memorandum of Agreement by and Between the City of Salinas and Monterey One Water to Enter and Construct Facilities Funded by the Storm Water Grant at the Industrial Wastewater Treatment Facility and Salinas Pump Station, June 4, 2019.