



Monterey One Water

Providing Cooperative Water Solutions

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August 5, 2024

City of Salinas
ATTN: Rene Mendez, City Manager
200 Lincoln Ave.
Salinas, CA 93901

SUBJECT: Letter of Agreement for Temporary Diversion of Industrial Wastewater Effluent from Monterey One Water's Pond 3 Pump Station

Dear Mr. Mendez,

This letter agreement confirms the City of Salinas (City) has requested Monterey One Water (M1W) accept diversions of industrial wastewater effluent from the Industrial Wastewater Treatment Facility (IWTF), specifically Pond 3 ("Pond 3 Water") via the Pond 3 Pump Station for conveyance to and treatment at the Regional Treatment Plant ("RTP"). The request is due to the IWTF being close to permitted freeboard requirements. The effective date for M1W starting the diversions will be the day following receipt of a signed version of this letter agreement from the City.

Pursuant to the terms of this letter agreement, M1W will accept industrial wastewater effluent diversions from the IWTF into the Pond 3 Pump Station for treatment at the RTP for a period of up to **90** consecutive days from the effective date of this letter agreement. All the diverted water shall meet the water quality parameters established by M1W (Total Suspended Solids, Conductivity, and pH) and the volume of water diverted from Pond 3 does not create other process issues at the Regional Treatment Plant.

M1W will make all operational decisions on how and when diversions can take place at Pond 3 Pump Station. Depending upon the water quality parameters, diversion volumes will start at 1 MGD to determine if any deleterious effects are noticed at the RTP. Amounts could be increased if no adverse effects are noticed at RTP. This diversion duration will be subject to interruption due to water quality abnormalities. M1W shall have the right to terminate this agreement and/or not accept water which does not meet the water quality parameters established by M1W (Total Suspended Solids, Conductivity, and pH) or which create treatment process issues at the RTP.

After the water has been diverted from Pond 3 and treated at the RTP, M1W, in its sole discretion, may use the treated Pond 3 water (1) to augment agricultural irrigation supply for CSIP, if requested by the Monterey County Water Resources Agency; (2) for the Pure Monterey Groundwater Replenishment Project ("PWM"); or (3) in the event the treated Pond 3 water is not needed for CSIP or PWM, M1W may divert the treated water to the Ocean Outfall.

The Parties agree that the costs for diversion and treatment of the Pond 3 Water included the following:

- a. Pro-Rated Annual Fixed Costs: Pond 3 Pump Station: \$203,352 total annual Fixed Cost/ 365-a day (Pro-rated amount - \$557.12/day).
- b. Variable Treatment Rate at Regional Treatment Plant: For Pond 3 water taken to RTP using Pond 3 Pump Station: \$417.32 per MG (or \$136/AF). M1W will measure the amount of water diverted to account for the volumetric rate charge.

- c. Staff and Operational Costs Associated with Diversion: Costs associated with actual diversion from the Pond Three Pump Station. M1W's costs associated with operating the diversion is \$1,000 per week ($\$1,000 / 7 \text{ days} = \$142.85/\text{day}$)
- d. Standard Overhead Rate: 20% of Variable Treatment Rate and Staff and Operational Costs Associated with Diversion. The overhead rate is calculated for the combined daily rate of operational costs ($\$142.85 * 20\% = \28.57).

In the event the diverted and treated water is used for CSIP or PWM, the City will not be responsible for paying the Primary & Secondary Treatment Cost but will be required to pay for the Pro-Rated Annual Fixed Costs for the operation of the Pond 3 Pump Station identified in (a) above. In the event the diverted and treated water is not needed and used for CSIP or PWM, the City will pay all costs associated with the diversion and primary and secondary treatment of the industrial wastewater to go to the ocean outfall as set forth in (a), (b), (c) and (d) above. The Parties agree that the fixed costs and interruptible rates identified above are subject to change by the M1W Board of Directors at their next scheduled meeting on August 26, 2024. The City agrees to pay the fixed cost (a) and interruptible rate (b) as approved by the M1W Board.

The City guarantees at least **60** days of diversions of the Pond 3 Water, but may, after 30 days, terminate this agreement anytime thereafter by providing M1W with **thirty (30)** days written notice. The notice shall be in writing and sent to Mike McCullough at mikem@my1water.org. The notice needs to indicate the effective date of the termination. Thereafter, M1W shall cease accepting diversion from Pond 3 through the Pond 3 Pump Station.

The City agrees to indemnify, defend and hold M1W harmless against any and all adverse effects of the aforesaid diversions. The City further agrees that nothing in this letter agreement affects or changes M1W's right to divert industrial wastewater pursuant to the terms of the Agreement for Conveyance & Treatment of Industrial Wastewater dated October 27, 2015, which shall remain in full force and effect.

Please sign and return this Letter of Agreement indicating the City's agreement to the terms and conditions set forth above.

Sincerely,



Paul A. Sciuto, PE
General Manager

BY SIGNING BELOW, THE CITY AGREES TO AND ACCEPTS THE TERMS SET FORTH IN THIS LETTER AND THE REPRESENTATIVE OF THE CITY SIGNING THIS LETTER AGREEMENT DECLARES THAT HE HAS BEEN GIVEN AUTHORITY TO SIGN ON BEHALF OF THE CITY OF SALINAS.

Dated: _____	City of Salinas By: _____ Rene Mendez City Manager
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