

**MEMORANDUM OF AGREEMENT FOR FUNDING AND MUTUAL
RESPONSIBILITIES RELATED TO THE ELECTRICAL IMPROVEMENTS AT THE
INDUSTRIAL WASTEWATER TREATMENT FACILITY BY AND BETWEEN THE
CITY OF SALINAS AND MONTEREY ONE WATER**

This Memorandum of Agreement (“MOA”) is made and entered into on October 23, 2018, by and between the City of Salinas, a California charter city and municipal corporation (City), and the Monterey One Water,¹ a California joint powers agency (M1W), sometimes collectively referred to herein as the “Parties” and individually as “Party,” as follows:

Recitals

WHEREAS, the City owns and operates an industrial wastewater collection and conveyance system (IWCCS) for industrial wastewater from approximately twenty-four (24) food processing and related businesses operating in the City. Through the IWCCS the City transports the industrial wastewater to its Industrial Wastewater Treatment Facility (IWTF) located at South Davis Road south of the City and immediately north of the Salinas River, where the City treats it using aeration and disposes it using evaporation and percolation; and

WHEREAS, M1W owns and operates the Regional Wastewater Treatment Plant (RTP). M1W treats approximately 18 million gallons of wastewater per day through the RTP. M1W owns, operates, and maintains 10 pump stations and 34.2 miles of conveyance pipelines and maintains other pump stations under contract. M1W has also maintained and operated the Salinas Valley Reclamation Plant for 20 years. This facility provides recycled water for approximately 12,000 of prime agriculture land in Northern Monterey County. M1W has provided over 80 billion gallons of recycled water during this 20-year period; and

WHEREAS, as water supplies on the Central Coast of California become less reliable, M1W is committed to providing cooperative water solutions for its member entities and their communities; and

WHEREAS, because of the water supply constraints, M1W and its partner agencies have a need for finding new water sources as influent to the M1W RTP to meet recycled water demands (commonly referred to as source water) for the Pure Water Monterey Groundwater Replenishment Project (PWM) and to augment existing Castroville Seawater Intrusion Project (CSIP) crop irrigation supply to reduce use of Salinas Valley groundwater; and

WHEREAS, M1W is currently constructing new facilities to assist in providing a replacement water supply for the Monterey Peninsula and additional water for Salinas Valley agricultural

¹ Monterey One Water was formerly known as Monterey Regional Water Pollution Control Agency.

irrigation to help mitigate seawater intrusion; and

WHEREAS, in July 2014 and again in March 2015, the Parties hereto, along with the Monterey County Water Resources Agency (MCWRA), entered into a short-term Produce Wash Water Utilization Agreement (Utilization Agreement), whereby industrial wastewater from the IWCCS was diverted, by means of a by-pass shunt to the RTP to provide treatment and to augment quantities of wastewater available as influent to the Salinas Valley Reclamation Project (SVRP) tertiary treatment plant, to then be delivered as recycled water to the CSIP service area; and

WHEREAS, in March 2015, the City and the M1W entered into a further agreement, set forth and memorialized in mutual actions of the governing bodies of each Party, to share the costs of design and construction of the permanent diversion facilities to divert the industrial wastewater to the municipal wastewater system near the Salinas Pump Station for conveyance to the RTP in lieu of conveyance to the IWTF. Construction of the permanent diversion was completed in 2016. Facilities include a diversion structure for controlling the amount and timing of flow diverted to the M1W system, a flow metering device and water quality monitoring station with communication equipment; and

WHEREAS, on October 8, 2015, M1W's Board certified the PWM Environmental Impact Report (EIR) and approved the PWM Project. PWM includes collection, storage, treatment and reuse of urban runoff, including storm water and dry weather runoff flows, from portions of the City of Salinas; and

WHEREAS, also on October 8, 2015, M1W's Board approved an Interruptible Rate Schedule to appropriately impose costs of primary and secondary treatment, and operations and maintenance of collection facilities for wastewaters that do not contain sewage. This rate is for entities that have other legal methods of treatment/disposal of the wastewater. The Interruptible Rate is updated as part of M1W's annual budget approval in June, including most recently in June 2017; and

WHEREAS, on October 27, 2015, the City and the M1W entered into an Agreement for Conveyance and Treatment of Industrial Wastewater that set forth and memorialized in mutual actions of the governing bodies of each Party, to the terms and conditions for diversion of industrial wastewater to the municipal wastewater system in lieu of conveyance to the IWTF; and

WHEREAS, in October 2017, in coordination with the City of Salinas, M1W and State Water Resources Control Board entered into a \$10 million Proposition 1 Storm Water Grant Agreement (Storm Water Grant), included as Attachment 1, to implement storm water projects for the purpose of reducing pollutant loads to surface waters and putting storm waters to beneficial use. The Storm Water Grant will fund two components of the suite of projects, that include modifying and upgrading the existing City and M1W facilities to enable diversion, storage, treatment, and reuse of storm water and dry weather urban runoff flows from the City of Salinas (the Salinas Storm Water Project); and

WHEREAS, the City of Salinas and M1W desire to continue to successfully work together, continuing the cooperative relationship developing innovative, integrated and precedent-setting strategies for moving, treating, storing and reusing wastewaters on the Central Coast for the benefit of the Salinas Valley Groundwater Basin and urban water users; and

WHEREAS, M1W and the City will collectively work to transfer, convey, store, treat, and recycle industrial wastewater, dry weather urban runoff, and storm water to maximize the beneficial reuse of these waters as influent to the RTP for the benefit of regional water supplies and for meeting water quality objectives; and

WHEREAS, the City intends to work in good faith towards the establishment of an agreement with M1W to grant the right to access and use the City's property for construction of the Salinas Storm Water Project as follows: (a) "TP1" (Treatment Plant 1) in and around the M1W Salinas Pump Station for those improvements in Phase 1A of the Salinas Storm Water Grant projects and (b) City's IWTF for those improvements in Phase 1B of the Salinas Storm Water Grant projects provided that M1W continues to communicate in a transparent manner project schedules, activities, status, and progress of the project. Both the City and M1W recognize the details of this agreement need more time to develop but shall be completed before award of the bid scheduled for January 29, 2018 in order to satisfy the requirements of the grant schedule.

TERMS

Based on the foregoing recitals, all of which are incorporated herein as terms of this MOU by this reference, the City and M1W agree, as follows:

1) M1W will prepare a solicitation for bids for the Salinas Storm Water Project and agrees to provide the draft solicitation to the City for review and approval prior to it being released for bids. M1W agrees to include certain electrical improvements in the solicitation to include electrical improvements to the Aeration Lagoon Motor Control Centers at the IWTF as a base bid item.

2) M1W will receive all bids and will share the bids with the City, all of which will be reviewed by both parties for responsiveness. M1W will make the final determination whether the bidders are responsive and responsible and will make the determination whether to award the project to a bidder, to reject all bids, or to take whatever other action may be appropriate or necessary. The City will be responsible for the costs associated with the electrical improvements to the Aeration Lagoon Motor Control Centers, provided it has sufficient funding available to cover the costs, which will also include a modification to enable M1W to remotely monitor operation of the Aeration Lagoon. However, if the City determines either the overall bid or the bid for the electrical work for the Aeration Lagoon are excessive or beyond the City's ability to fund, M1W agrees to reject all bids and to rebid the project.

IN WITNESS WHEREOF, the Monterey One Water and the City of Salinas have entered into this Agreement as of the date first written above.

MONTEREY ONE WATER

By: _____

Its: _____

Approved as to Form:

Robert Wellington, Legal Counsel

CITY OF SALINAS

By: Joe Gunter _____

Its: Mayor

Approved as to Form:

Christopher Callihan, City Attorney