

**MINUTES OF A CONTINUED REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
October 22, 2009 Continued to November 9, 2009**

CALL TO ORDER: Chair Thurston Smith called the regular meeting to order at 7:31 a.m. on October 22, 2009 and called the continued meeting to order at 1:00 p.m. on November 9, 2009 in Room 146 at the VVWRA Administrative Offices, located at 15776 Main Street, Hesperia, California, with the following members present:

**TOWN OF APPLE VALLEY
HESPERIA WATER DISTRICT
CITY OF VICTORVILLE
ORO GRANDE (CSA 42) AND
SPRING VALLEY LAKE (CSA 64)**

**Bob Sagona
Thurston Smith
Rudy Cabriaes
Jeff Rigney (October 22)**

VVWRA Staff and Legal Counsel (October 22):

**Logan Olds, General Manager
Piero Dallarda, Legal Counsel (BB&K)
Angela Valles, Director of Admin. Services
Linda Ellsworth, Management Tech to GM
Melanie Mendez, Accounting Supervisor
Robert Coromina, Network Supervisor**

**Patricia Johnson, Secretary to the GM/Board
Gilbert Perez, Director of Operations
Toni Henning, H/R Technician
Kristi Scott, Admin. Aide
Tacey Barclay, Account Technician III
Chris Anthony, Construction Project Manager**

Others Present (October 22):

**Amer Jakher, City of Victorville
Kimberly Cox, Helendale CSD
Sean McGlade, City of Victorville
Brian Johnson, City of Hesperia
Larry Sanders, VVC Student
Pernell Nelson, VVC Student
Andre de Bortnowsky, Attorney
Krista Cacace, VVC Student
Frank Robinson, Town of Apple Valley
Ryan Orr, Passantino Andersen
Matt Weatherly, Public Sector Consultants**

**Bill Pattison, Town of Apple Valley
Joe Flores, City of Victorville
Mike Hardy, CBM
Robert Callis, VVC Student
Anthony Maganuco, VVC Student
Randy Gillette, VVC Student
Corey Hoag, VVC Student
Joseph Garcia, VVC Student
Robert Sanders, VVC Student
Jim Cox, City of Victorville**

VVWRA Staff and Legal Counsel (November 9):

**Logan Olds, General Manager
Piero Dallarda, Legal Counsel (BB&K)
Angela Valles, Director of Admin. Services
Robert Coromina, Network Supervisor**

**Patricia Johnson, Secretary to the GM/Board
Gilbert Perez, Director of Operations
Bruce Correia, Network Coordinator**

Others Present (November 9):

**Amer Jakher, City of Victorville
Sean McGlade, City of Victorville
Brian Johnson, City of Hesperia**

**Bill Pattison, Town of Apple Valley
Mike Hardy, California Bio-Mass
Dean Johnson, California Bio-Mass**

Frank Robinson, Town of Apple Valley
Mark Bulot, Bulot Inc.

Eric Herbert, American Organics

CALL TO ORDER

PUBLIC COMMENTS – CLOSED SESSION AGENDA

On October 22, Chair Smith asked if there were any comments from the public regarding any item on the Closed Session agenda. Hearing no comments, he called for a motion to enter into Closed Session.

On November 9, Chair Smith asked if there were any comments from the public regarding any item on the Closed Session agenda. Hearing no comments, he called for a motion to enter into Closed Session.

CLOSED SESSION

On October 22, Commissioner Sagona made a motion to enter into Closed Session at 7:31 a.m., which was seconded by Commissioner Cabriales and approved by unanimous voice vote.

On November 9, Commissioner Cabriales made a motion to enter into Closed Session at 1:03 p.m., which was seconded by Commissioner Sagona and approved by unanimous voice vote.

REPORT FROM CLOSED SESSION

Upon returning from Closed Session on October 22, Piero Dallarda reported that there was no reportable action from Closed Session at this time. He announced that Closed Session will be continued after open session for the discussion of Item 3 and any action that is taken by the Board will be reported after the adjournment of Closed Session.

Upon returning from Closed Session on November 9, Piero Dallarda reported that the Board met under Item 4 of the Closed Session agenda from Thursday, October 22, 2009, Government Code Section 54956.8 Conference with Real Property Negotiators. The Board has authorized and directed the General Manager and Legal Counsel to move forward with the assignment of lease from California Bio-Mass to American Organics d.b.a. Athens Services and to finalize the agreement subject to certain conditions that will be discussed among the parties and set forth in writing. If there are any questions, the Board will address them under Item 14.

CALL TO ORDER & PLEDGE OF ALLEGIANCE

REGULAR SESSION

On October 22, 2009, Chair Smith called the Regular Meeting to order at 9:11 a.m.

On November 9, 2009, Chair Smith called the continued Regular meeting to order at 1:00 p.m. for the discussion of Items 9, 10 and 14.

PUBLIC COMMENTS – REGULAR SESSION AGENDA

On October 22, Mike Hardy said he was informed by the General Manager that no conclusions were drawn regarding the assignment of the lease. He said we sent letters out back in June 2009 and it has been an enormously difficult process to get where we are today. There is a concern about the sensitivity to the issues that he has fully addressed and that have economic liability to his family and to his brother's family. He said we tried to close Escrow on September 30 and now he is being asked to bear the burden of this. Mike said he requests the Board's sensitivity to get this matter closed next week. We have to make this a higher priority because he cannot go another month managing the facility unless he has security for his family.

ANNOUNCEMENTS AND CORRESPONDENCE:

5. Possible conflict of interest issues

Manager Olds reported that he was not aware of any possible conflicts.

CONSENT CALENDAR:

- 6. Approve the August and September 2009 Cash Disbursements Register (No. 0809, 0909)**
- 7. Approve the Minutes of the Regular Meetings held on August 26 and September 10, 2009 (Continued to October 7, 2009)**

Commissioner Cabriales made a motion to approve the consent calendar, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

REPORTS & PRESENTATIONS:

8. VVWRA Capital Improvement Program: Manager Olds reported that a handout was provided to the Commissioners of the presentation to be given. He said he is a bit concerned about some of the comments that have appeared in recent news articles and also in some of the discussions regarding VVWRA's Capital Improvement Plan (CIP). He said he wants to give the Board a briefing on the process that we went through, what the projects are, and what needs they are intended to meet.

Manager Olds said the upper left side of slide number two shows a typical triangle diagram that we are accustomed to seeing for any particular project. When you evaluate risk, you are concerned with the

timeliness of the project, the quality of the project and how much that project is going to cost. If one outweighs the others, it tends to slant the project in that direction. To the right, the types of situations dealt with at VVWRA are shown which are: regulatory compliance, capacity, and performance efficiencies. No single project lies exclusively within one category because they share common elements.

Manager Olds said in the discussions that occurred in 2006, the Member Entities wanted a 22 million gallon per day (MGD) facility using Membrane Bio Reactors (MBR), which was identified during that process as the best alternative. We then had an economic drop, and our plans were scaled back to 18 MGD of MBR again. We were then faced with a situation where the City of Victorville decided to go forward with building their own treatment facility. This has allowed a concurrent reduction in the cost of our Capital Improvement Plans to the final element where we are currently de-rating the plant from 18 MGD of secondary effluent to 14 MGD of tertiary effluent using the Integrated Fixed Film Activated Sludge (IFAS) system instead of MBR. This was based on modeling of the existing tankage, so we will not need additional tankage to do this.

Manager Olds said you will notice on page three that there is a letter in relief from the City of Victorville dated October 13, 2006. He said a meeting had been held at the Green Tree Inn and the City of Victorville was very concerned because their previous understanding was that VVWRA was already producing 18 MGD of tertiary Title 22 waters as a result of the expansion from 14 MGD, which was untrue. What concerns him is that some of these questions still occur. In actuality, the plant expansion that had recently been completed was to 18 MGD of secondary treatment and it is the Phase IIIA expansion is designed to make every drop of water that VVWRA produces meet full tertiary Title 22 requirements. Manager Olds said he always thinks of October 2006 as a time when we had to discuss and put the dirty laundry on the table.

Manager Olds said for regulatory requirement projects we are burdened with reducing the nitrogen that we discharge and also with removing disinfection byproducts from our effluent. The capacity issues include the Hesperia Interceptor and we have discussed those issues many times. The South Apple Valley Interceptor is also anticipated to be in similar conditions in 2012. These capacity issues will be alleviated through the Hesperia and Apple Valley subregionals.

Manager Olds said performance efficiencies include nitrogen removal projects and we are looking at our utilities doubling in the next five years. The current electrical base load is about 700 kilowatts and will go to 1,400 kilowatts. As of this fiscal year, we are budgeting over \$600,000 for electricity and if we do nothing we will be budgeting \$1.5 million for electricity. We are looking at ways to reduce those costs.

Manager Olds provided a review of the regulatory requirements imposed upon VVWRA by Lahontan that are due to be in place by May 18, 2010. Manager Olds said he is a believer in doing small projects that have big impacts. We are currently rebuilding the aeration systems in our activated solids basins and have installed recirculation pumps. Those recirculation pumps will enable us to remove the nitrogen in our effluent, but they also come with an electrical cost. There are additional improvements that we intend to do with Phase IIIA that are at fairly low cost. They are installing helical skimmers on our primaries to remove grease from the treatment process. Right now, we have grease throughout the works of the facility and it is working its way all the way through to the tertiary filtration system, which exerts a demand. By removing the grease, we will be better off at removing nitrogen. The same goes with rebuilding the original four primary clarifiers. We have equipment and concrete that is currently

rotting. Two of them are ready to fail at any day. Out of eight clarifiers, six are operational. Four are new and four are old. Two of the old ones are still operational, but one is experiencing problems and it is only a matter of time before it fails.

Manager Olds said based on the operational improvements that we have made, we have done a pretty good job of reducing nitrates and nitrogen in our effluent. He said he is required to give quarterly reports to Lahontan based on the Cease & Desist Order. He is very confident that once the Phase IIIA projects are completed and once we do the modeling we may be able to delay the IFAS project for an indeterminate amount of time. We may very well be able to meet 14 MGD without having to do that project. We have to eliminate the use of chlorine gas for disinfection at our facility. The identified solution is Ultraviolet Disinfection (UV), but it comes with a significant costs. It is anticipated that UV will increase our electrical demand by 300 kilowatts.

Manager Olds said everyone is aware of the interceptor capacity problems along I Avenue in Hesperia and the need to address them with the Santa Fe Interceptor. A similar situation based on growth projections will be experienced in the South Apple Valley Interceptor. The long-term projects were also reviewed and relative project costs were provided. Manager Olds said the Member Agencies were informed of our findings and it was determined that these projects would provide the best intermediate solution while we were building the subregional facilities. He said that a technical memo from RBF Consulting was placed in each Commissioner's handout folder that talks about the differences between going through a complete interceptor expansion to send all flows to the existing VVWRA facility versus building the subregionals.

Manager Olds reported that VVWRA is currently spending \$500,000 a year on natural gas in addition to \$670,000 for electricity. How do we address this? As part of the Phase IIIA Expansion project we plan to install a gas scrubbing system that will enable us to use 100 percent of the biogas that is produced onsite. Based on initial engineering estimates, the gas scrubbing system will pay for itself in less than two years because of the benefit of using biogas versus natural gas. The goal is to eliminate our use of natural gas onsite.

Manager Olds said the County of San Bernardino has requested that he look into the possibility of using algae to produce biofuel onsite and what type of biofuel can we use onsite to boost biogas production. We currently have three million gallons of digester capacity. Currently under evaluation is the concept of installing a 1.4 mega watt fuel cell. He said the concept is that we will produce enough biogas onsite, clean it, and send it to a fuel cell that will allow us to meet our electrical demands at the wastewater treatment plant. If we get good enough quality solids to make the gas, we could be energy independent on the digester side.

Manager Olds said there are projects currently in the CIP to allow us to meet the Regulatory compliance deadline and the needs of our customers. At this moment, we have two waste gas burners on either side of our digesters that are burning gas and he sees this as money we are not recovering.

Chair Smith asked what the timeline was for starting the Phase IIIA project. Manager Olds said as staff knows he has been anxiously awaiting the receipt of a letter from SRF. He has been expecting that letter for over two months now and he is probably close to getting an ulcer. Linda Ellsworth spoke to Mr. Woolridge, who informed her that we were supposed to receive the letter last week. The letter has not

been received, but could arrive at any time. Chris Anthony is working on completing the pre-qualification process now. Once we receive the letter, we will see what they qualify as loan-able costs and what they disqualify and then figure out the financing mix and move forward. Commissioner Cabriales asked what the cost of the Phase IIIA project is. Manager Olds said the engineering estimate is \$24 million and \$2 million of that has already been expended. That is the engineer's estimate, but given the current bidding climate he hopes it will come in at \$18 to \$19 million. If we are able to bid this in December, it will be a very good time. For the capacity projects, the cost estimate for the interceptor projects is \$8 million. Manager Olds said the estimated total cost is \$85M for all projects. Under the financing study, that was the first swipe to enable VVWRA to acquire approximately \$30 million in financing. Manager Olds said he is not moving forward on any other projects until we hear from SRF.

Manager Olds said there is a Grant Program for the algae project that will be available in June or July and the initial cost to start the project will be about \$10,000 to evaluate the project to see if it is sustainable. For the fuel cell project, through SCE and Pacific Gas and Electric there is a self-generation program that covers half the cost of the projects. The Capital cost is \$10 or \$11 million however the twist is that we are not eligible for the Grant as a public agency. We have been working with legal counsel and the provider on evaluating a power purchase agreement wherein the remaining Capital cost of that project plus the future O & M and R & R cost of that project are converted to a cost per kilowatt hour. We will then compare the cost per kilowatt hour to what we would pay Southern California Edison to see if we can come up with something in the long-term that would meet our needs.

ACTION & DISCUSSION ITEMS:

9. Resolution 2009-25: A Resolution of the Victor Valley Wastewater Reclamation Authority to Adopt an Amended and Restated Joint Powers Agreement: Manager Olds said Mike Podegracz has been taking the lead on this item, but he does not see him in the audience today. Manager Olds asked Jim Cox if he would care to comment on the status because he is not sure what the status is at this point. Jim said the Management group has been meeting for several months on the Joint Powers Agreement and we have agreed to all issues as far as we know with one exception. That is the unanimous or three-quarter vote in regard to Section 56 Financing. He said there is an absolute and genuine difference of opinion and that is not going to change. Based upon a newspaper article that mentioned capital improvements, we checked with your Secretary to check the record and Victorville has never withheld its vote. We have voted on the Capital Improvement Program. We are not sure if someone is trying to cause trouble and we do not care.

Jim said the Victorville Council wants to state for the record that they have made all concessions they are willing to make. The JPA needed to be updated and we listened to all comments that were incorporated into the JPA except Section 56. This JPA agreement needs to state why the requirement for a unanimous vote was originally there. Victorville did not place it there it was a state law requirement in 1975 that indebtedness must be by unanimous vote under JPA rules. After our attorney's careful analysis of this we wanted to provide assurance to all of the Member Entities so the Council adopted a Resolution stating that they do support the JPA changes and the other member entities. They support the regulatory requirements needed for the plant and they do support the right of all entities to build a subregional. The City of Victorville intends to move forward and the public discussion and

adopted resolution should resolve any questions and provide for the changes that need to be made for all of the Victor Valley.

Frank Robinson said that Mike Podegracz has been the lead on the JPA negotiations. He said Mike could not be here today and asked him to speak today. Frank said we have met and it has taken time and we appreciate the spirit of cooperation in modernizing the JPA. In regard to Section 56, the resolution adopted by Victorville is a step in the right direction. However, their resolution is not binding and could be changed at any time. We request that the Resolution language be included in the JPA as an Exhibit.

Commissioner Rigney said the vote issue regarding financing is the only item that is at issue at all. Victorville needs assurance that VVWRA will treat their sludge. Hesperia and Apple Valley need assurance that all entities will vote on the subregionals. These are really the three issues and he thinks we can get there and all assurances could be there if we simply take the language from the Victorville Council resolution and put it into the JPA. All entities have indicated that they are there with the JPA. Now all we have to do is have every member entity vote on the JPA and then everybody gets what they want and we would be done with this issue. Commissioner Rigney said that is his recommendation. Commissioner Sagona asked if there is currently anything in the JPA to meet that objective. Commissioner Rigney said no, it would have to be put in and he is sure that our legal counsel can find the appropriate place to do that.

Commissioner Cabriaes said on behalf of the Victorville City Council, there was a discussion of putting the wording into the JPA and it was a 4 to 0 vote not to do that. Chair Smith said this resolution has not been to the entity Councils yet or to our legal counsels. What Victorville did last night did not give us an opportunity to do anything today. Commissioner Sagona said time is what we need. Chair Smith said we diligently worked with staff and Victorville was to schedule a meeting, but it was canceled. We need a short meeting to get together. Commissioner Rigney said he does not understand why putting all these things in the JPA for everything that everyone is trying to accomplish would not be possible. Frank said we were in agreement and the next step was for the SAC to meet one more time and then come to the Board for approval. Frank said Commissioner Rigney's service on the SAC is very helpful.

Brian Johnson said Mike Podegracz discussed this with him and Mike said he is available to meet with the other entities to put these things into the JPA. Jim Cox said please understand that he takes direction from the Victorville Council. We have been advised by our attorney what we can and cannot put in the JPA and he is inclined to follow that. Unless we can clear the legal hurdle it is unlikely that can happen.

Manager Olds said due to the need to be timely on this, he would suggest that we continue this meeting on Items 9 and 10 so that the member agencies are able to reach an agreement. Once again, we can meet as quickly as possible to resolve this. If the Member Agencies can meet to resolve this issue, we will schedule the continued meeting. Commissioner Sagona said he would like to see that enthusiasm spread. Bending over backward is the name of the game. We are one family and he takes a lot of stock in Mr. Rigney and Mr. Robinson and he respects Mr. Cox and his Council, but we have to get this hammered out.

Chair Smith made a motion to continue items 9 and 10, which was seconded by Commissioner Sagona and approved by voice vote.

Chair Smith called for a Roll Call vote. The Board Secretary conducted a Roll Call of the Commissioners with the following result:

Commissioner Rigney	Aye
Chair Smith	Aye
Commissioner Cabriales	No
Commissioner Sagona	Aye

Chair Smith announced that the motion passed.

On November 9, 2009, Chair Smith said it is his understanding that there have been no further meetings regarding the revision of the Joint Powers Agreement. He asked Frank Robinson to provide status on this item. Frank Robinson reported that there has been one meeting and documents are still floating back and forth for tweaking.

10. Resolution 2009-26: A Resolution of the Victor Valley Wastewater Reclamation Authority to Approve a Sludge Management Agreement between VVWRA and City of Victorville: On October 22, this item was continued by a majority vote of the Commissioners.

On November 9, 2009, Manager Olds reported that Sean McGlade was present to give a presentation. Sean said he was asked to give a presentation at last week's City Council meeting and Commissioner Cabriales asked him to give the presentation to the Board of Commissioners. He provided a brief presentation consisting of a series of photographs of the City of Victorville's Industrial Pretreatment Plant that is currently under construction at SCLA. Commissioner Sagona asked what the principle use of the reclaimed water will be. Sean said it will be used for irrigation and for High Desert Power Plant No. 1.

At the end of Sean's presentation, Commissioner Sagona said it has been publicly announced that Victorville has elected to haul the sludge away from your facility and we have since read in the newspaper by statement of the City Manager's statement in the newspaper that the sludge will be hauled away. Sean said that is an option we originally considered and we are exploring other options as well. The Commissioners thanked Sean for his presentation.

11. Recommendation to Revise FY 2009-10 Budget: Manager Olds said due to some financial issues that have occurred with our last budget, he would like to ask Angela Valles to discuss this with the Board. Angela said she would like to defer to Melanie Mendez, who is the department head. Melanie said when she reviewed the End of Year statement for FY 2008-09 there were some budgeted expenses that were expected to occur at the end of the 2008-09 fiscal year, which did not occur. She said those items need to be moved into the FY 2009-10 Budget into the correct period.

Commissioner Sagona made a motion to approve the recommendation to revise the FY 2009-10 Budget, which was seconded by Commissioner Cabriales and approved by unanimous voice vote.

12. Correction of Award Bid No. 04-2009 Interceptor Cleaning and Inspection: Manager Olds reported that there was a slight discrepancy when the bid award was presented to Board and we are proposing to address that at this time. He asked Marce Delaney to describe the details. Marce said the wrong amounts were entered into the Excel spreadsheet and we are changing who the bid was awarded to due to the changed amounts. Chair Smith said so we are going with three different companies to get the best possible price. Marce said that is correct. Chair Smith asked what the term of the agreements are. Marce said the term is two years. Piero said the Board authorized the award of the bid, but it has actually never been awarded. Your staff is telling you that before they can award it, they need to change the bid award because of those amounts. Chair Smith said he will now entertain a motion.

Commissioner Rigney made a motion to approve the correction of Award Bid No. 04-2009, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

13. Recommendation to Approve Environmental Proposal for Nanticoke Sewer Project Manager Olds reported that this item relates to the Nanticoke Pump Station and the intent to build a sewer interceptor that will divert flows from that location and redirect it to the Otoe Pump Station. He said the direction that he has received from two of the member agencies that are involved in the current design of those facilities is that we are going to move forward with seeking Federal Grant monies as part of this so the amount to perform the environmental work will not to exceed \$20,000. If we were only going to comply with CEQA, that value would be about \$12,000. However, NEPA has some additional studies that are required to meet compliance, which increases the value to \$20,000. This is intended to perform the environmental studies necessary to construct the Nanticoke sewer for elimination of the Apple Valley pump station.

Commissioner Sagona made a motion to approve the Environmental Proposal for the Nanticoke Sewer Project, which was seconded by Commissioner Cabriaes and approved by unanimous voice vote.

14. Assignment of Lease from California Bio-Mass to Athens Services: Manager Olds reported that he had hoped to have the backup item available to hand out today. The Commissioners heard the earlier comments from Mr. Mike Hardy and he will defer to Piero Dallarda to discuss this with the Board. Piero said without disclosing any of the items that were discussed during Closed Session, there are some issues about the assignment of the lease. The Board has authorized us to negotiate the items that give concern and we will get back to the Board as soon as we can. Piero said there is no action to be taken by the Board at this time. Manager Olds said this item should be discussed further when we go back into Closed Session.

On November 9, 2009, Chair Smith announced that a Speaker Request card was received from Mr. Michael Hardy. Mike Hardy reported that Dean Johnson was present to answer questions about plant operations that may have arisen during Closed Session and that Mark Bulot is also present to answer any questions the Board may have about the letter from Mr. Bulot that was provided to the Commissioners at the last meeting. Mike said Eric Herbert, President of American Organics, is also present today.

Chair Smith announced that he received Speaker Request cards from Mr. Eric Herbert and Mr. Mark Bulot and asked if they would like to address the Board. Eric and Mark said only if the Board has any questions. Manager Olds asked Mark Bulot to provide a brief synopsis of the letter that was transmitted to legal counsel regarding the TDS issues. Mark said over the course of his investigation he reviewed the

groundwater and water quality issues at the CBM site and he found that some of the earlier methods that CBM used had over saturated the compost material and that it contained salts and leached salts. He said the liquids they brought in were over-applied to the point where the subsurface soil became saturated. Over a number of years, the salts accumulated in the soil and the TDS increased significantly. The cessation of over-watering the compost has shown an amazing reduction of about one-third. In the springtime, it will flush the salts out of the subsoil and over time this will correct itself.

Manager Olds asked Mark to explain the reference to Monitoring Well 3 (MW-3). Mark said that is the well with the most history three more wells were put in last spring. Manager Olds asked Mark if Lahontan has indicated to him any particular concerns they may have with this monitoring well and what it indicates because regardless of whether the levels have dropped there were apparently several instances where TDS in excess of 2,500 milligrams per liter was measured in that monitoring well. Mark said that is correct. Manager Olds said with the placement of the new wells would you say Lahontan is trying to define the boundaries of the plume and the rate it is traveling. Mark said Lahontan has responded and that is part of the determination and why the other three wells were installed. We found ways to stop certain activities. Commissioner Cabriales asked who continues to monitor these wells. Mark said his associates do and the reports go to Lahontan on a quarterly basis. Manager Olds asked Mark to provide him with copies of all past and forthcoming reports submitted to Lahontan. Mark said he would provide those reports to Manager Olds. Commissioner Sagona thanked Mr. Hardy, Mr. Herbert and Mr. Bulot for making themselves available today to answer questions.

Chair Smith said if there are no further questions on Item 14 he will entertain a motion.

Commissioner Sagona made a motion to approve the assignment of lease from California Bio-Mass to Athens Services, a division of American Organics, which was seconded by Commissioner Cabriales and approved by unanimous voice vote.

15. Request from City of Adelanto to Extend Temporary Wastewater Treatment Agreement: Manager Olds reported that the situation at the City of Adelanto has not resolved itself yet and they are concerned about their long-term ability to meet their requirements. Mr. John Sponslor is in the audience today. Manager Olds said changes have been made to the agreement in the agenda package. We have gone back and forth and both agencies are agreeable to the current version of the agreement. One concern we had was specific to capacity issues. In section 3, there is a 30-day notice period. We have evaluated the fee structure and feel it is fair for the strength we are receiving. He asked John Sponslor of the City of Adelanto to address the Board.

John said he appreciates the help from VVWRA over the past 60 days. He said we have had our problems and it is no big secret. We are in process of expanding and are having difficulties with it and our ponds cannot handle it due to bad evaporation rate, etc. and we are very grateful to the Commission and to the Authority. Commissioner Sagona asked if Adelanto is considering coming back to VVWRA. John said he can only speak back to 2006, but it makes a lot of sense because there is an interceptor right outside our gate. John said he would like to give a hand to Logan and his staff, who have been very helpful. Manager Olds said it is more of a volume issue than a strength issue and we will work out any issues. The fee of \$754 per million gallons was based on the low strength of the waste they are sending because Adelanto is acting as a scalping plant. Commissioner Cabriales said the fee all member agencies pay is \$2,100 per million gallons. He said flow is still going through the pipes and he is still

concerned not because we are helping a neighbor that is not a member, but because Victorville as a member submitted a sludge agreement 10 months ago and it bothers him that a non-member would get preference over a member. Commissioner Cabriales said the City of Victorville is proceeding with what we have to do.

Commissioner Sagona asked Manager Olds to illustrate how he reached the rate to be charged to Adelanto. Manager Olds said the treatment cost is \$2,100 per million gallons. Then you ascribe to that our average daily flow and you also ascribe the average influent strength of the wastewater based upon the 2008 annual report that was submitted to Lahontan. Then you crunch the numbers to come up with the cost. He said he will send the Commissioners the detail on how the number was calculated.

Chair Smith asked if there is a stipulation that if the strength rises above a certain point it can be stopped. Piero said according to the contract you can actually stop it. We cannot stop the flow of a member entity, but for a non-member we can stop it at any given time for a quality or a capacity issue. Chair Smith asked if the price can also be adjusted. Piero said yes. Commissioner Sagona said staff is doing every bit of accuracy to charge a fair rate for service. This is a business and they should pay their fair share. It is fair. Commissioner Cabriales said he will vote yes only based on the fact that Adelanto is a good neighbor to Victorville.

Chair Smith said we have tried to accommodate all the schedules and Victorville has blatantly missed meetings. If you had not waited until the eleventh hour you could have had a Special Meeting several weeks ago. Commissioner Sagona said, "Mr. Chair I recommend that we move on". Chair Smith called for a motion.

Commissioner Sagona made a motion to extend the temporary service agreement with the City of Adelanto, which was seconded by Chair Smith and approved by unanimous voice vote.

16. Resolution 2009-27: Amend Resolution 2008-20: Resolution to Approve and Authorize Execution of a Contract with the State Water Resources Control Board: Manager Olds reported that the original resolution was more reflective of the 18 MGD project and he did not feel comfortable moving forward with that resolution. What you see before you is the actual amount requested to SRF. We can either hold off on this until we see the letter to get the actual dollar value or the Board can authorize this now so he can move forward when he receives the letter. He said on July 16 he outlined a 16-step process to the Board and we are at step 9 or 10 now. He said he put the Resolution in the agenda package to leave it to the Board's discretion. Piero said it makes no difference because the Board has already authorized a certain amount and staff will still have to come back to the Board with the loan documents. Commissioner Cabriales said the \$24 million is just a cap and if a lower amount comes in, that lower number is the amount you would apply for. Manager Olds said that is correct. It is for the Phase IIIA project and there are other projects waiting in the queue. He said he will come back to the Board with a recommendation of projects in order of priority.

Commissioner Cabriales made a motion to approve Resolution 2009-27, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

17. Recommendation to Restructure VVWRA Job Classifications: Manager Olds said it is his recommendation to table Item 17.

Chair Smith made a motion to table Item 17, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

STAFF/PROFESSIONAL SERVICES REPORTS:

- 18. Public Relations Update**
- 19. Financial and Investment Report – July/August 2009**
- 20. Customer Account Past Due Report – August/September 2009**
- 21. Operations and Maintenance Report/Performance Efficiencies – September 2009**
- 22. Pretreatment and Interceptor Cleaning and Inspection Reports – August/September 2009**
- 23. Septage Receiving Facility Reports – August/September 2009**

AGENDA ITEMS FOR FUTURE MEETINGS:

Quarterly CIP Implementation Update (June/September/December/March)

Resolution 2009-8: Adopt April 2009 Flow Projection Study by RBF Consulting (November)

Resolution 2009-14: Authorize Repayment of Interfund Loan and Adopt Repayment Policy (November)

Recommendation to Approve a Survey of Salaries and Benefits and Implement the Consultant's Recommendations during FY 2009-2010 (November)

Interceptor Connection Requirements and Enforcement and Industrial Pretreatment Program

Upper and Lower Narrows Sonar Investigation of Sewer Interceptor

NEXT BOARD MEETING:

Thursday, November 19 - Regular Meeting of the Board of Commissioners

COMMISSIONER COMMENTS

At 10:21 a.m., Chair Smith announced that he will now consider a motion to return to Closed Session.

Commissioner Sagona made a motion to re-enter Closed Session, which was seconded by Commissioner Cabriales and approved by unanimous voice vote.

At 11:22 a.m., Chair Smith announced that the Board will now reconvene into open session. He announced that Items 9, 10 and 14 are continued and Item 17 was tabled. This meeting is continued to a date to be determined for discussion of Items 9, 10 and 14.

Piero advised the Commissioners that a motion was made and approved to continue the discussion of Items 9 and 10, but that no motion was made regarding Item 14.

Commissioner Sagona made a motion to continue the discussion of Item 14 to the continued meeting, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

ADJOURNMENT

At 11:28 a.m. on October 22, Chair Smith announced that the meeting will be continued to a date and time to be determined for the discussion of items 9, 10 and 14. The date and time of the continued meeting will be posted and noticed at least 72 hours prior to the meeting in accordance with the Brown Act.


On November 9 at 1:43 p.m., Chair Smith called for a motion to adjourn the meeting.

Commissioner Cabriales made a motion to adjourn the meeting, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

Chair Smith announced that the meeting was adjourned and no items are continued.

APPROVAL:

DATE: 11/19/09
Approved by VVWRA Board

BY: 
Robert G. Sagona, Secretary
VVWRA Board of Commissioners