

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
January 25, 2010**

CALL TO ORDER: Chair Thurston Smith called the meeting to order at 2:01 p.m. on January 25, 2010 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**

VVWRA Staff and Legal Counsel:

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

**Patricia Johnson, Secretary to the GM/Board
Gilbert Perez, Director of Operations
Chris Anthony, Construction Project Manager**

Others Present:

**Dennis Cron, Town of Apple Valley
Sean McGlade, City of Victorville
Arun Sharma, UTS Bioenergy LLC
Juan Josse, HDR Engineering
Anthony Magnuco, VVC Student
Peter Allan, Town of Apple Valley**

**Frank Robinson, Town of Apple Valley
Brian Johnson, City of Hesperia
Guillermo Garcia, HDR Engineering
Andrew Dale, HDR Engineering**

CALL TO ORDER & PLEDGE OF ALLEGIANCE

REGULAR SESSION

Chair Smith called the Special Meeting to order at 2:01 p.m.

PUBLIC COMMENTS – REGULAR SESSION AGENDA

Chair Smith asked if any member of the public would like to comment on the agenda. There were no comments made by a member of the public.

ANNOUNCEMENTS AND CORRESPONDENCE:

None.

PRESENTATIONS:

1. Fuel Cell Presentation by UTS Bioenergy LLC: Manager Olds introduced Arun Sharma of UTS Bioenergy LLC and Guillermo Garcia and Juan Josse of HDR Engineering. A presentation was given by

Arun Sharma that outlined how fuel cells can reduce energy costs for VVWRA, followed by a presentation by Juan Josse.

ACTION & DISCUSSION ITEMS:

2. Fuel Cell Discussion: A discussion was held following the presentations that were provided by Arun Sharma and Juan Josse. Manager Olds said if we have the capacity and can be entrepreneurial in spirit it will reduce fees to the member agencies. The goal is to generate income in two ways: tipping fees and biogas. Manager Olds said he is waiting to receive a letter regarding the \$24 million SRF loan that has been applied for. Once he gets the letter, he will come before the Board to review all outstanding projects. We are now down to 122 days before the May 18, 2010 regulatory deadline. Manager Olds said he spoke to Mike Plaziak at Lahontan regarding reopening the NPDES Permit to include a time schedule order. He said he submitted the necessary letter last Thursday and that issue will resolve itself.

Commissioner Rigney asked if there would have to be any rate increase for this fuel cell project. Manager Olds said absolutely not. Chair Smith asked if VVWRA would get any Emission Credits. Piero said UTS gets the credits and we get 50 percent of the Air Quality credits. He said VVWRA would be obligating itself to biogas or natural gas for the power and you are also agreeing to buy the power back. The term is 15 years with 5 additional years. UTS will build, operate and maintain the system. We do intend to install a heat exchanger. UTS would get the tax credit and the carbon emission credit. Everyone believes those will be worth something in the future. If VVWRA defaults in the agreement, we would have to pay UTS its costs including all tax credits. The price is fixed for 10 years. You have to look at whether or not there will be tax credits. There is also a risk of regulatory changes. It is risky that Lahontan could say you have to make changes. It is a long-term agreement and once you commit to it you would be the first agency to do something like this. It is the wave of the future with all of the air quality changes coming down the pike. AB118 is trying to suspend the implementation of AB32. This is a very good project and seems to make a lot of sense. He said he gets paid to tell you the bad things, but there are a lot of good things.

Brian said the timing on this project needs to be considered in the context of the budget process. PPA's are usually to purchase power. One thing useful is that are we sort of the Beta site. PPA is a new and emergent process. Piero said because of the way we treat our water and the type of biogas we generate, it works well for VVWRA. Brian said he would like to see some of this in writing, especially for a long-term agreement. Manager Olds said the 14.5 and 18 MGD expansion projects were completely self-financed. During those projects, the clarifiers and digesters were expanded. We have a lot of additional capacity at our plant to handle this waste. The financing arrangements are key. Other agencies pursuing this are doing so at direct cost.

Dennis Cron said he had a lot of questions regarding the carbon offset credits. If they become worth real value, what happens to the credits and what might they be valued at should VVWRA choose to purchase the system. Sean McGlade asked if there were any penalties for pulling power off the grid. Manager Olds said we are currently working with Southern California Edison and the cost would be fairly minimal. We are trying to nail down that exact cost. If we do not address the JPA we might have other diversions. Commissioner Rigney said Supervisor Mitzelfelt is very supportive of this project and what it could bring to the Victor Valley. He is not concerned about the term of the agreement because

we have to buy power from someone anyway. However the uncertainty of the Joint Powers Agreement should be all wrapped up before moving forward.

3. Resolution of the Victor Valley Wastewater Reclamation Authority to Adopt an Amended and Restated Joint Powers Agreement: Chair Smith announced that Items 3 and 4 can be taken together because it is his understanding that no progress has been made. He said we can table the two items or we can call another Special Meeting.

Sean McGlade said the Managers tried to meet last Thursday, but Frank Robinson was out of town. We tried again today, but Mike Podegracz is sick. The soonest we could get everyone together was February 8. He said that capacity reduction and the rate at which we would flow back in are the issues to be discussed. Chair Smith said you are trying to put the meeting together and if the Managers get it done sooner he will call a Special Meeting.

4. Resolution of the Victor Valley Wastewater Reclamation Authority to Approve a Sludge Management Agreement between VVWRA and City of Victorville: Discussed under Item 3.

NEXT BOARD MEETING

Thursday, February 18, 2010 - Regular Meeting of the Board of Commissioners

COMMISSIONER COMMENTS

ADJOURNMENT

Commissioner Sagona made a motion to adjourn the meeting at 3:58 p.m., which was seconded by Chair Smith and approved by unanimous voice vote.

APPROVAL:

DATE: 2/18/10
Approved by VVWRA Board

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