

**SCWD RESPONSE TO MNWD’S PROPOSAL TO TRANSITION REGIONAL TREATMENT PLANT OPERATIONS TO MNWD ON JUNE 30, 2024**

*Note that many of the following points are contingent upon agreement by the other members of PC-17 (i.e., City of Laguna Beach, Emerald Bay, and El Toro WD).*

- 1) SCWD is recommending a date of transition to full MNWD operation of RTP no sooner than June 30, 2024.
  - SCWD is requesting that MNWD develop a DRAFT RTP Operations Agreement for PC-17 review by February 28, 2024.
  - SCWD will work diligently with MNWD (and the other PC-17 agencies) to finalize this agreement by May 31, 2024.
  - MNWD will need to work with SOCWA staff, OCEA, and other interested SOCWA member agencies’ staff to identify existing SOCWA employees that will be transitioning to MNWD. To complete the above agreement in a timely fashion, MNWD should furnish the proposed SOCWA staffing plan (post-June 30, 2024) by January 31, 2024.
  
- 2) Governance structure:
  - LIQUIDS
    - The SCWD Board supports MNWD having sole authority on decisions re: operations and capital projects (& related costs) for RTP “Liquids” projects/programs.
  
  - SOLIDS
    - However, the SCWD Board is WILLING TO consider an alternative, to-be-proposed by MNWD for RTP “Solids” projects/programs (maintaining similar rights as the current SOCWA governance structure)
      - This proposed governance structure should be drafted by MNWD and submitted to all PC-17 agencies by January 31, 2024.
  
- 3) MNWD Buyout from CTP
  - SCWD will work diligently with the PC-15 agencies for a resolution to this buyout number by January 31, 2024.

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4) Shifting of Costs from MNWD operations of RTP

- The SCWD Board is firm that the CTP buyout number will be contingent upon MNWD’s commitment to pay all costs that will be shifted to the remaining six (6) SOCWA member agencies through 2030.
- On November 2, 2023, the Interim GM of SOCWA presented the preliminary costs number to the SOCWA Board, and the costs will continue to be refined by the SOCWA Finance Committee members. The costs need to be finalized by February 28, 2024, along with a corresponding commitment by the MNWD Board to pay this annual dollar amount through 2030, when plant ownership officially transitions away from SOCWA.

5) MNWD Ownership of RTP

- The SCWD Board considered the request by MNWD to own RTP in 2024, rather than awaiting the rough 7-year waiting period for ownership. The SCWD Board is recommending that PC17 continue with the original 7-year plan and allow MNWD to own RTP in 2030.
  - Note that MNWD will be the only member agency allowed to operate a SOCWA treatment plant in the year 2024.
  - SCWD or Laguna Beach plan to operate the CTP in 2030.
  - SCWD will operate JBL Secondary upon SMWD’s readiness to operate their Advanced Treatment facility. Ownership of JBL would not transition until the same time as RTP in 2030.