



APPROVED

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
July 30, 2007

1. CALL TO ORDER

The Regular Meeting of the Board of Directors of the Monterey Regional Water Pollution Control Agency was Called to Order by Chair Russell at 7:06 p.m., on Monday, July 30, 2007, in the Board Room at 5 Harris Court, Building D, Monterey, California.

2. PLEDGE OF ALLEGIANCE

Mr. Haferman led the Pledge of Allegiance.

3. ROLL CALL

BOARD MEMBERS PRESENT:

Joe Russell, Chair	Del Rey Oaks, Mayor
Dave Pendergrass, Vice Chair	Sand City, Mayor
Ramiro Cortez	Boronda County Sanitation District
David Lewis	Castroville Water District, President
Kenneth Nishi	Marina Coast Water District, Vice President
Jeff Haferman	Monterey, Vice Mayor
Gage Dayton	Moss Landing County Sanitation District
Gloria De La Rosa	Salinas, Mayor Pro Tem
Steve Bloomer	Seaside, Mayor Pro Tem
Dewey J. Baird – Ex-Officio	U.S. Army, Chief – Utilities Branch

BOARD MEMBERS ABSENT:

Lou Calcagno	Monterey County, Supervisor
Dan Cort	Pacific Grove, Mayor

MRWPCA STAFF PRESENT:

Keith Israel	General Manager
Jim Heitzman	Assistant General Manager

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Rob Wellington	Legal Counsel
John Tiernan	Director of Administrative Services
Tom Buell	Director of Finance
Bob Holden	Recycled Water Project Coordinator
Karen Harris	Community Relations Specialist
Lindsay Synstebly	Customer Service Supervisor
Jean Premutati	Human Resource Officer
Leara Ventura	Administrative Support Specialist II

OTHERS PRESENT: George Bittorf, Engineering Technician – US Army
Carl Niizawa – City of Salinas
Les Turnbeaugh – City of Monterey

AUDIENCE: 1

4. PUBLIC COMMENTS

At 7:08 p.m., with no comments from the public received, Chair Russell opened and closed Public Comments.

5. CONSENT AGENDA

ACTION TAKEN: On a motion by Mr. Pendergrass, seconded by Mr. Lewis , the Board unanimously approved Consent Items A – H, as follows:

- A. Approve Board Meeting Minutes/Reports for Regular Board Meeting of June 25, 2007**
- B. Receive Percentage of Budget Expended Through June 2007**
- C. Receive Check Register – June 2007**
- D. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina Plant, Fort Ord, and Castroville for June 2007**
- E. Receive Actual vs. Budgeted Fiscal Year 2007/08 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund**
- F. Receive Actual vs. Anticipated Fiscal Year 2007/08 Revenues from Capacity Charges**
- G. Receive Residential Dwelling-Unit Aggregate as of June 30, 2007**

**H. Approve Award of Construction Contract for 36-inch Salinas
Interceptor Corrosion Control System Project**

6. PUBLIC HEARINGS

A. Staff Report on Proposed User Fee Increase & Board Questions to Staff

Mr. Tiernan explained notices were sent to all customers 45 days in advance of implementing the rate increase in accordance with Proposition 218. The proposed rate goes into effect on August 1st. He continued that our rates have increased an average of less than 1% per year over the past 15 years.

Mr. Tiernan indicated that the Agency has received five letters of protest regarding the rate increase; however, 50% of the customer base (approximately 25,000) would have to provide written protest before the increase would require a vote by users.

B. Comments from the Public

With no comments from Public received, Chair Russell opened and closed the Public Hearing.

C. Board Discussion

Members requested additional information regarding the letters of protest. Protest letters were related to residential properties found in Salinas and Monterey.

[At 7:13 pm, Chair Russell called for a short recess so staff could provide copies of the five protest letters to the Board members. Meeting was called back to order by Chair Russell at 7:16 pm.]

Mr. Haferman asked for clarification regarding the frequency of the rate increases; Mr. Tiernan stated the rates were first increased by 40 cents in 2004 after 12 years of no increases. Rates were raised by 30 cents in 2006 and this year by 75 cents to a monthly charge of \$10.75. Mr. Tiernan provided charts for the members showing the stability of our Residential User Rates and a comparison to the Statewide User Rate Averages. He continued to explain about the rate model that provided guidance on how past flows could determine the cost for service. Legal Counsel Wellington stated the rate model is approved by SWRCB and all sewer agencies follow the guidelines. Mr. Lewis stated the increase is also required to maintain the level of reserves needed to support the facility.

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Discussion followed regarding the costs to commercial users and why the costs fluctuate for various businesses. Mr. Israel stated it is based on categories with each paying the same for flow depending on BOD and suspended solids. The formula for calculating this has been used for many years. Mr. Baird stated he has seen fluctuation of the rate structure over the years and realizes it is a result of increase in solids, water conservation and other issues. However, he verified his confidence for the science and data that determine the rate structure.

Mr. Nishi stated that although the increase this year is slightly larger, the rates had not increased for many years. A key issue for the increase is the capital improvements needed for the facility as it ages. Historically the Board has encouraged seeking grants for funding; however, many funding sources are no longer available. Mr. Israel continued that the funds borrowed last year for capital improvements require a certain coverage ratio that must be met by revenues.

D. MRWPCA Ordinance for User Fees

1. Adopt MRWPCA Ordinance No. 2007-02, Amending Ordinance No. 2001-01, in part, to Change the MRWPCA User Fees

ACTION TAKEN: On a motion by Mr. Lewis, seconded by Ms. De La Rosa, a roll call vote was taken and the Board unanimously approved adoption of MRWPCA Ordinance 2007-02, Amending Ordinance No. 2001-01, in part, to Change the MRWPCA User Rates (9 affirmative votes and 2 absences).

7. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Budget/Personnel Committee

1. **Receive and Approve Committee Minutes/Report Monday, July 16, 2007**

Mr. Russell stated the minutes accurately reflect the Committee's discussion and recommended action.

ACTION TAKEN: On a motion by Mr. Russell, seconded by Mr. Lewis, the Board unanimously approved the Budget/Personnel Committee Minutes for Monday, July 16, 2007, with the following recommendations:

- **That the Board authorize HDR Engineering, Inc. to continue the work on the As-Built Update Project at a cost not to exceed \$75,000 for FY 2007/08.**

- That the Board approve award of Year 2 (FY 2007/08) of the Facility Coating Management Project to Techno Coatings, Inc. in the amount not to exceed \$450,000.

B. Recycled Water Storage Committee

1. Receive and Approve Committee Minutes/Report, Thursday, July 19, 2007

Mr. Pendergrass indicated the minutes were correct and encouraged any questions from the members.

ACTION TAKEN: On a motion by Mr. Pendergrass, seconded by Ms. De La Rosa, the Board approved the Recycled Water Storage Committee Minutes for Thursday, July 19, 2007, with the following recommendations:

- Information only – no action taken.

8. INFORMATIONAL ITEMS

A. Fort Ord Update

Mr. Buell stated the flow meter is working; however, data is still being collected for another month to ensure accuracy.

B. Reclamation Project Status Summary

No questions or comments.

C. Strategic Planning Goals (2005-2008)

No questions or comments.

9. STAFF REPORTS

A. General Manager/Assistant General Manager/Legal Counsel

Mr. Israel introduced Ms. Leara Ventura who was filling in to record the Board meeting and congratulated her on work related to completion of the Final MRWPC Budget. The Final Budget was presented to each member that evening and Mr. Israel stated that if there were any questions regarding the Budget, a staff member should be contacted.

Mr. Israel also had the members refer to page 61 of the agenda packet for the "Updated Residential Dwelling-Unit Aggregate Allocation" chart. He noted the wastewater allocation quarterly report per AMBAG is only 13% of total

remaining allocation. We expected a higher percent but have not had a lot of hookups over the last few years. To Mr. Russell's question about hookups for Fort Ord, Ms. Synstebly responded that Fort Ord has a credit of 3 million GPD for connection fees.

B. Department Heads

No comments or questions.

C. Presentation: Capital Improvement Projects - Biosolids

Mr. Heitzman, Assistant General Manager, presented information about the installation of the Screw Presses at the RTP. The project started in November 2006 and is estimated to be completed by this November. This innovative screw press technology represents the largest units installed in North America. Some questions followed the presentation related to sludge disposal and storage.

10. BOARD MEMBER COMMENTS

Mr. Pendergrass announced that MRWPCA had sponsored the recent meeting for the Monterey Bay Regional Water Solutions Leadership Task Force held on July 23rd at the Seaside Community Center and expressed thanks to the staff members who had organized the meeting. He continued that it was very well attended and that each entity had a representative present at the meeting. Mr. Russell also thanked the City of Seaside for the use of the facility.

[At 7:48 p.m., Chair Russell adjourned Open Session for a short recess prior to Closed Session.]

12. CLOSED SESSION

A. Conference with Labor Negotiator

- i. Unrepresented Employee: Assistant General Manager
Agency Negotiator: Keith Israel**
- ii. Unrepresented Employee: General Manager
Agency Negotiator: Budget/Personnel Committee**

[Mr. Nishi excused himself from the Closed Session Item B.]

- B. Negotiations with Marina Coast Water District**
- i. Property: Water Rights**
 - ii. Negotiator(s): Joe Russell, Dave Pendergrass and General Manager, Keith Israel**
 - iii. Negotiating Party: Marina Coast Water District**
 - iv. Term: All Terms and Conditions**

[At 9:25 p.m., the Board came back into Open Session and Legal Counsel Wellington announced that in regards to Closed Session Item A, the Board approved a salary adjustment for the General Manager as noted in “Schedule C” of his proposal (attached) and confirmed an increase of 4% for salary and 3.5% for deferred compensation. The Board also approved a corresponding adjustment for the Assistant General Manager. In regards to Closed Session Item B, Legal Counsel Wellington announced the Board received information and gave direction to the General Manager and Legal Counsel. No other action was taken.]

13. ADJOURNMENT

With no further business, Chair Russell adjourned the meeting at 9:26 p.m. to the next regularly scheduled Board Meeting in the Board Room at 5 Harris Court, Building D, on Monday, August 27, 2007, at 7:00 p.m.

/s/ Keith Israel

Keith E. Israel, General Manager
Secretary to the Board

/s/ Joseph Russell

Joseph Russell, Chair
MRWPCA Board of Directors

Proposal

General Manager Salary Plan For FY 2007/08

Current Base Salary	\$15,195/month
(with PARS)	\$16,320/month

Basis – set salary close to median of comparison agencies

A.	In 2006, it was recommended that future adjustments be based on COL (2.5%) + 5% = 7.5% to stay close to median of comparison agencies	
B.	Therefore, propose same % for FY 2007/08 - 4% in salary, 3.5% in Deferred Compensation (7.5% Total)	
C.	Proposed new Base Salary with 4% Adjustment	\$15,803/month
D.	Supplemental PARS Deferred Compensation (3.5%)	\$ 616/month
E.	Existing PARS	\$1,125/month
	Total Direct Compensation	\$17,544

NOTE: Same % increase proposed for AGM