



DRAFT

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
July 27, 2009

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 Calcagno at 7:06 p.m., on Monday, July 27, 2009 in the Board Room at 5 Harris Court, Building D, Monterey, California.

2. ROLL CALL

BOARD MEMBERS PRESENT:

Lou Calcagno, Chair	Monterey County, Supervisor
Ron Stefani	Castroville Community Services District
Joe Russell	Del Rey Oaks, Mayor
Kenneth Nishi	Marina Coast Water District, Member
Libby Downey	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Dan Cort	Pacific Grove, Mayor
Dave Pendergrass	Sand City, Mayor
Ralph Rubio	Seaside, Mayor Pro Tem
Vacant – Ex-Officio	U.S. Army, Representative

BOARD MEMBERS ABSENT:

Gloria De La Rosa, Vice Chair	Salinas, Mayor Pro Tem
Ramiro Cortez	Boronda County Sanitation District

MRWPCA STAFF PRESENT:

Keith Israel	General Manager
Brad Hagemann	Assistant General Manager
Rob Wellington	Legal Counsel
John Tiernan	Director of Admin Services, Deputy GM
Tom Buell	Director of Finance
Bob Holden	Principal Engineer
Betty Nebb	Executive Assistant

OTHERS PRESENT:

Wayne Downey

3. PLEDGE OF ALLEGIANCE

Chair Calcagno asked Mr. Cort to lead the Pledge of Allegiance.

4. PUBLIC COMMENTS

At 7:08 p.m., Chair Calcagno asked for Public Comments – none were presented.

5. CONSENT AGENDA

Ms. Downey asked for a correction to the Board Minutes of June 29 to clarify that her nay vote for approval of the Consent Agenda was only related to Items I and J on the Consent Agenda. Mr. Nishi, who also voted nay, concurred that was appropriate for his vote to reflect the same.

Chair Calcagno noted that the correction would be made to the Minutes and then called for approval of the Consent Agenda.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Downey, the Board approved the Consent Agenda, Items A through K as follows:

- A. Approve Board Meeting Minutes/Report for Regularly Scheduled Board Meeting of June 29, 2009 [with correction]**
- B. Approve Special Board Meeting/Ad Hoc Water Committee Meeting Minutes/Report of July 9, 2009**
- C. Receive Financial Statements – June 2009**
- D. Receive Comparison Percentage of Budget Expended Through June 2009 versus 2008**
- E. Receive Check Register – June 2009**
- F. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for June 2009**
- G. Receive Actual vs. Budgeted Fiscal Year 2008/09 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund**
- H. Receive Actual vs. Anticipated Fiscal Year 2008/09 Revenues from Capacity Charges**
- I. Receive Residential Dwelling-Unit Aggregate as of June 30, 2009**
- J. Approve Contract for Year 4 Facility Coating Project**
- K. Approve Contract for Pump Station Monorail Replacement**

6. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Recycled Water Storage Committee

**1. Receive Committee Recommendations from RWC Meeting of
July 16, 2009**

**Item 1 – Approve Contract Amendment for Environmental Services for Regional
Urban Water Augmentation Project (RUWAP)**

Mr. Israel explained the RUWAP consists of two parts: a recycled water component and a seawater desalination portion. Due to the modifications being proposed at the regional treatment plant, some additional CEQA environmental work is required under the RUWAP MOU with Marina Coast Water District. Denise Duffy & Associates (DDA) has been involved in the CEQA process for this project since the beginning and staff has reviewed the tasks being proposed. Mr. Israel stated that once this work is completed, the MRWPCA portion of the project will be ready to go out to bid for construction.

Mr. Russell qualified that DDA would be able to complete the work within the 90 days as required by the RUWAP MOU, and Mr. Israel indicated that because Ms. Duffy had attended the Committee meeting, she was able to confirm they could complete the necessary work within the time frame.

Discussion followed that clarified that the environmental work needed is minor in nature, pertains only to property at the RTP and may be accomplished by “special statement.” Chair Calcagno asked several questions about the RUWAP pipeline, the proposed cost, the length and number of laterals from the main line. Mr. Israel suggested that staff would contact MCWD and request an update on their progress for development of the pipeline. Chair Calcagno stated that if MRWPCA does what they are obligated to do for the RUWAP, then MCWD will do their part.

**Item 2 – Consider Request of Services of Consultant to Develop an Outfall Brine
Discharge Feasibility Analysis**

Mr. Israel explained that Section 3 of the MOU with MCWD obligates the Agency to do a technical feasibility for acceptance of brine in the outfall. Our consultant, Brown and Caldwell, provided a preliminary analysis of brine discharge from the outfall and suggests it is technically feasible. They also provided an estimate of the probable capacity charges and user fees associated with use of the outfall. Mr. Israel stated the next phase is to develop a more comprehensive Brine Waste Disposal Study (Study) in order to meet the requirements of our NPDES permit.

Information from B&C indicated the Study would be quite expensive, so staff seeks Board approval to solicit proposals acceptable to MCWD to do this work.

Mr. Israel stated a Draft Request for Services (RFS) was presented to the Committee for review and comments and to MCWD for corrections or modification

to the document prior to being distributed to various consultants for bid. MCWD will be responsible for funding the Study; and so it is important they concur with not only the scope of work, but the selection of the consulting firm.

Item 3 – Consider Funding for TRG & Associates for Updated Groundwater Replenishment Outreach Program

Mr. Israel noted the Committee Minutes summarize the discussion and indicated that several questions were raised regarding use of current funding for the outreach program. The item was tabled so that an updated proposal can be provided to the Committee at a later date.

Mr. Pendergrass expressed concern about the report from the Committee on the outreach program stating it is important not to neglect the Seaside Basin. He also reminded the Board that the Strategic Goals call for the Board to consider an update of the Public Outreach Plan by the end of July working with TRG & Associates, and now this item has now been tabled for a later date. Mr. Pendergrass spoke about the successful program of providing recycled water for irrigation of food crops and that the further purification of water insures it will be safe for replenishment. He, therefore, hopes there is not a draw back of interest in the replenishment water project.

Mr. Rubio stated it was more a timing issue as there is some technical work still to be done. It becomes a matter of determining the best time to spend the money on outreach and that is why the Committee has asked staff to provide more information at a future meeting.

Mr. Pendergrass commented that even though the Replenishment is scheduled for Phase 2 of the Regional Water Supply Program, we have learned from Orange County that they continued to support an extensive outreach program even though the project has been in operation for 30 years. He continued to say that we already have a website and that it is best to get the correct information out there; there are some who are circulating incorrect information. He agreed the information may need to be further refined.

Mr. Rubio stated there was also discussion regarding where the injection is going to take place and that information should be provided in the outreach materials and could make a difference in support.

Mr. Russell affirmed Mr. Pendergrass' concerns and stated there was nothing at the meeting to suggest this project was going to die; it was a matter of timing and being able to best maximize our spending. Ms. Downey asked how soon the matter would be reconsidered as it is important to keep this project alive and well. Mr. Israel stated he anticipates bringing the item back for further review no later than September.

Item 4 – Update on California Public Utilities Commission Hearings in Monterey on July 13 and 14, 2009

Mr. Israel reported that the CPUC had held four public meetings: two in Monterey and two in Seaside, and that our Board Chair presented the MOU's to the Administrative Law Judge and to Commissioner Bohn at the first meeting in Monterey. He stated many spoke about the proposed regional plan with approximately 75%+ in support. All four meetings were very well attended.

Item 5 – Consider Ongoing Funding for Water for Monterey County Coalition

Mr. Israel indicated receipt of a funding request for the Water for Monterey County Coalition (WFMCC), formerly REPOG. In September 2008, the Board approved limited funding of about \$2,400/month for six+ months. The new request would fund meetings through October and includes support from Cal Am (50%), and MCWD, MPWMD and MRWPCA (17%). Mr. Israel reported that the Committee noted the work that has been done by this group, that it has provided a good forum for various types of public input, but that the goal for the next three months was rather vague. The consensus of the Committee was to be to provide some level of support through October for WFMCC at \$2,000.

Discussion continued with Chair Calcagno cautioning that any funding paid out whether to REPOG, Replenishment, or RUWAP will be scrutinized by City of Salinas as they expect to have a long-term capital plan in place to provide for the growth they anticipate.

Mr. Israel stated meetings are planned with the City of Salinas and the August Budget/Personnel Committee meeting will be discussing the capacity fee issue. Staff is making every effort to understand and address their concerns. Chair Calcagno responded that the Salinas staff and City Council feel rates paid to the Agency should have been set aside in a special fund to support capital expenditures for the City.

Mr. Hagemann stated that monies for recycled water projects are not coming out of the Capital Funds account, but out of General Fund reserves with records maintained in order to track costs for reimbursement by an eventual water purchaser. He explained that he has been meeting with Mr. Niizawa of Salinas over the last three to four months to address their concerns.

Mr. Pendergrass reminded the members that the Budget/Personnel Committee did receive a comprehensive report that detailed all revenues and expenditures allocated to Salinas and hoped the City staff conveyed that information to the Council and other interested parties.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Mr. Russell, the Board unanimously approved the Recycled Water Committee Minutes/Report of July 16,

2009 with the following recommendations:

- That the Board approve a Request for Services to Denise Duffy Associates for a cost not to exceed \$17,929 to provide environmental support for MRWPCA's portion of the RUWAP project.
- That the Board approve staff request to distribute the Request for Services document to solicit proposals from various consultants as soon as the document is acceptable to MCWD; and, MCWD has confirmed their willingness to pay for the study. A contract with the consultant will be returned to the Board for approval prior to execution.
- That the Board consider approving \$2,000 for financial support to the Water for Monterey County Coalition pending continuing support from Cal Am.

8. INFORMATIONAL ITEMS

A. Fort Ord Update

No questions or comments.

B. Reclamation Project Status Summary

No questions or comments.

C. Strategic Planning Goals (2008-2011) and One-Year Objectives Update

Mr. Israel reported this is only the second month since the Strategic Planning Workshop; however, there are some updates.

9. STAFF REPORTS

A. General Manager/Assistant General Manager/ Legal Counsel

Mr. Israel noted that the Water Quality and Operations Committee meeting on July 30 would include an update on the Salinas River Diversion Facilities start up costs. The project has been planned for a long time and is moving forward.

Mr. Israel stated he is working to schedule a meeting with our Congressman at the end of next month to encourage him to do all he can to help with financial support for the Regional Urban Water Augmentation Project to get it moving.

Mr. Israel announced that American Water Works Association (AWWA) held a desalination workshop at the RTP that was very well attended. They expected 40 with approximately 60 participating and noted that several staff members from Marina Coast Water District were in attendance. He also announced that on

Wednesday evening there would be a meeting with a very comprehensive agenda to deal with North County water issues.

B. Department Heads

Mr. Tiernan reported that our accounting department has for the fourth straight year been awarded a Certificate for Excellence in financial reporting. He explained we had submitted our Comprehensive Annual Financial Report (CAFR) to be considered. This is a voluntary program in the spirit of full disclosure and is the highest form of recognition in financial reporting for a government agency.

C. Presentation: Solar Power Project by Brad Hagemann, Assistant General Manager

Mr. Hagemann provided a summary on a proposal to provide energy for the Salinas Valley Reclamation Project (SVRP) utilizing solar power options at the RTP. Although the primary and secondary treatment facilities at the RTP are powered by the cogen engine that uses methane gas from the digesters, the SVRP relies solely on PG&E for power which costs approximately \$350,000 per year. With PG&E rates increasing typically 5-7% per year, the power costs could escalate to \$400,000 per year relatively quickly.

He continued to explain that we have 5 to 15 acres available that might be used for a solar voltage facility. The idea is to contract with a firm to design, install, own and operate the facility and enter a power purchase agreement to buy the power. This eliminates the capital outlay of \$8 to \$10 million for the facility. The investors are able to take advantage of tax credits and energy rebates that are not available to us as a non-profit/special district. A Request for Proposals was distributed in May 2009 and four firms have responded. Mr. Hagemann provided details on the estimated savings over the course of 20 years and showed a photo illustrating the proposed site for the solar facility.

Mr. Cort congratulated staff on this effort to look at the sustainability and use of solar power. He cautioned the importance to move fast enough that the contractors will be able to take advantage of the tax incentives that are currently being offered.

Mr. Russell asked if consideration had been given to partner with the Waste Management District and Mr. Hagemann responded that there have been discussions to partner with them on a combined landfill gas/wastewater treatment facility cogen energy project and staff will continue to push that concept forward.

Chair Calcagno expressed concern about using space that may be needed for future expansion of the treatment plant and asked about methane being converted to electricity. Mr. Hagemann explained we currently digest the solids and capture the gas to run the entire primary and secondary areas on our own power. Mr. Rubio noted the actual site for the solar panels may look quite different than

the sample shown as the contractor could probably plan a more efficient array that would use the landscape better and allow more room for any future expansion.

Chair Calcagno suggested that the adjacent land owned by Marina Coast Water District could allow the project to double in size and provide power both for the desal and for reclamation.

Mr. Israel responded to concerns regarding space for expansion of the RTP. Currently the plant is running at 20 to 21 million gallons a day. Over the next 20 years, Salinas growth will add approximately 3 million gallons a day; East Garrison, Fort Ord conversion, and North County development would add an extra 1 million gallons a day. All projections show that 20 years from now we should still have excess capacity; we are, however, planning for the future because of other projects that could come along. Naturally we would want to make sure we have room for groundwater replenishment facilities and we do. As part of our Capital Plan, staff will be addressing the need for future facilities.

Chair Calcagno thanked Mr. Hagemann for his presentation.

10. BOARD MEMBER COMMENTS

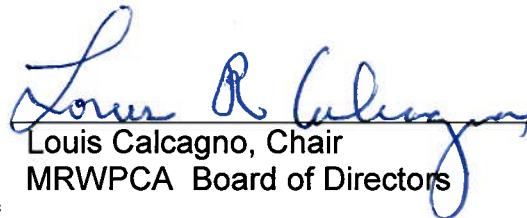
Mr. Rubio thanked staff for providing the Capacity Fee Ordinance showing the new language that was added/changed.

11. ADJOURNMENT

With no further business, Chair Calcagno adjourned the meeting at 8:04 p.m. to the next regularly scheduled Board Meeting on August 31, 2009.



Keith E. Israel, General Manager
Secretary to the Board



Louis Calcagno, Chair
MRWPCA Board of Directors