



APPROVED
September 26, 2009

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
August 31, 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, August 31, 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
Ramiro Cortez	Boronda County Sanitation District
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
Janet Barnes (arrived at 7:11 pm)	Salinas, Councilmember [Board Alternate]
Dave Pendergrass	Sand City, Mayor
Ralph Rubio	Seaside, Mayor Pro Tem
Vacant – Ex-Officio	U.S. Army, Representative

BOARD MEMBERS ABSENT:

Dan Cort	Pacific Grove, Mayor
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MRWPCA STAFF PRESENT:

Keith Israel	General Manager
Brad Hagemann	Assistant General Manager
George Thacher	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:

Rick Riedl – Seaside
Carl Niizawa – Salinas
Dennis Allion – Del Rey Oaks
Wayne Downey

3. PLEDGE OF ALLEGIANCE

Chair Calcagno asked Mr. Orman 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

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

- A. Approve Board Meeting Minutes/Report for Regularly Scheduled Board Meeting of July 31, 2009**
- B. Receive Comparison Percentage of Budget Expended Through July 2009 versus 2008**
- C. Receive Check Register – July 2009**
- D. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for July 2009**
- E. Receive Actual vs. Budgeted Fiscal Year 2008/09 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund**
- F. Receive Actual vs. Anticipated Fiscal Year 2008/09 Revenues from Capacity Charges**
- G. Approve Contract for CoGen Engine No. 3 Turbo Charger Overhaul**

6. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Recycled Water Storage Committee

- 1. Receive Committee Recommendations from RWC Meeting of August 20, 2009**

Item 1 – Update on Regional Water Supply Program

Mr. Israel stated that approval of the Coastal Water Project is expected from the CPUC by May 2010. In early August meetings were held for proponents of the regional plan to provide cost information. The final regional EIR is set to be published by the end of September; and the CPUC will take action to certify the EIR by the end of this year.

Mr. Israel reported that MRWPCA and Marina Coast Water District (MCWD) met regarding the Brine Outfall and the study to determine how much brine the outfall can handle. At this meeting staff discussed ways to reduce the scope of work for the study, eliminate duplication and limit costs. Instead of six months, as was originally proposed, MCWD is encouraging the study to be completed by the end of the year. Additionally, Denise Duffy & Associates (DDA) will be completing an EIR review of the brine going to the outfall. Another meeting will be scheduled to coordinate continuing work on RUWAP matters.

➤ **Information only – No action taken.**

Item 2 – Update on Groundwater Replenishment Project

Mr. Israel reported on the presentation given on the Hybrid Project, supported by some of the environmental groups, at the August meeting of the Water for Monterey County Coalition. The schedule they proposed for this project was too optimistic to be a component of Phase 1; and there is not yet a financial sponsor for all the studies that are still needed. Mr. Israel stated that because there are many different approvals required, it is difficult to predict how long it could take to implement this project. The Committee confirmed importance to reinforce that the groundwater replenishment is in Phase 2 of the Regional Plan.

Following up on a Strategic Goal to seek funding partners, Mr. Israel reported that while attending the CASA Conference in San Diego, he and Mr. Hagemann met the new Cal Am President Rob McLean and had the opportunity to discuss the Phase 2 scope for the replenishment project. Mr. McLean explained that discussions might be pursued after a decision is made by the CPUC. Until then they are unable to commit to any long-term Phase 2 funding.

➤ **Information only – No action taken.**

Item 3 – Update on Regional Urban Augmentation Project (RUWAP)

Mr. Israel also reported that Cal Am held a meeting to review the “cease and desist” order and the need for small projects that could be implemented quickly to supplement water supplies. They noted that RUWAP costs seem high; however, Mr. Israel stated that if grant/stimulus funding was available, costs would be reduced. A meeting with MCWD and MCWRA staff is scheduled to coordinate further efforts to secure funding sources. Since the Board requested more details on the RUWAP project, staff will seek information from MCWD and plan a

presentation that will discuss the pipeline alignment as well as to provide information on what the updated RUWAP project looks like.

➤ **Information only – No action taken.**

Mr. Rubio stated the Committee had good discussion and looks forward to getting information about the RUWAP, the types of customers and the extent of infrastructure costs that are going to be needed. Mr. Russell asked for clarification of work being done by Denise Duffy & Associates and Mr. Israel explained DDA would be doing the environmental work regarding the impact for brine going to the outfall. We are waiting for final comments from MCWD on the scope of work in order to meet their request to have the environmental review completed before the end of the year. The cost for the review is \$25,000 and will be reimbursed to us by MCWD. DDA is also doing the environmental review for the MRWPCA components of the RUWAP – this work will be completed in September 2009.

Chair Calcagno asked about Federal stimulus money and Mr. Israel reported some is being administered at the State level. The State Water Resources Control Board, using their own criteria, has ranked water projects and the recycled/RUWAP is not high priority even though we are facing the “cease and desist” order for our area. He explained that he has the opportunity to provide verbal comments to the State Board. Discussion continued on the importance of keeping regional board members informed regarding the scope of projects, modeling efforts and pilot studies.

Discussion followed regarding funding issues. Mr. Israel stated there is still economic stimulus money to allocate until about January 2010 and Mr. Weeks, GM for MCWRA, is drafting the authorization that is needed to receive future funding. The agencies will be meeting again to plan a strategy to approach the funding issues.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Mr. Russell, the Board unanimously approved the Recycled Water Committee Minutes/Report of August 20, 2009.

B. Budget/Personnel Committee

1. Receive Committee Recommendations from BPC Meeting of August 21, 2009

Mr. Israel stated the BPC had an extensive agenda and while the Committee actions are presented here, there is some question as to whether all recommendations received a final vote. As a result, tonight we are asking the Board members to provide input and consideration to validate the Committee’s proposed actions.

Item 1 – Consider Interim Reduction of Overhead Charges for Contracted Services

Mr. Tiernan reported that the Agency has contracts with member entities to provide grease inspections, pump station maintenance, storm water inspections and operation of the Salinas industrial pond. After reviewing our budget requirements and considering some assistance to our members during this difficult economic time, staff suggests that we forego the 10% overhead charge that is included in these service contracts. With contracts totaling \$360,000, the result represents a savings of \$36,000 to seven member entities.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Downey, the Board approved interim reduction of overhead charges for member entity contracted services for this fiscal year. [nay vote by Mr. Nishi]

Item 2 – Approve Contract for Bidding Services and Engineering Services During Construction for Digester Hot Water Loop Replacement

Mr. Hagemann requested approval of a contract amendment to extend design and engineering services in order to assist with bidding services and construction/management services for the Digester Hot Water Loop Replacement Project. This project will replace a temporary system that has been in place for eight months after an emergency repair. Staff also plans to purchase four (4) heat exchangers as “agency-supplied” equipment and then put out to bid a contract to install the equipment. The purchase and installation of the heat exchangers will be approximately \$840k; the construction management services about \$30k and bidding services at \$7k. Mr. Rubio asked about the prequalification language in the bidding documents and Mr. Hagemann confirmed there are requirements for experience in similar jobs, bonding capacity, safety records, etc.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Barnes, the Board unanimously approved a contract amendment to El Dorado Engineering and Architecture, Inc. (EDEA) for an amount not to exceed \$37,000 to provide bidding services and engineering services during construction for the Digester Hot Water Loop Repair.

Item 3 – Review Board Policy Regarding Payment for Board Member Service

Mr. Israel referred to the information in the agenda packet and explained that the previous review of Board policies including Board Member compensation was completed in 2006. Prior to that, the current compensation level was set in June 2001. At the meeting there was a question regarding whether a Board member is required to take the compensation.

Mr. Rubio asked what the intent of this item is and Mr. Orman explained that, on a personal level, he can't be compensated by the Agency for his time while he is in the company car and on duty; however there is no provision in the policy to opt out of the payments. He also stated he felt \$100 per month would be adequate payment for Board service. Ms. Barnes said service for many agencies is

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voluntary and that this Agency offers up to \$600 a month which is more than the compensation given to City Council members. Mr. Pendergrass noted that each Board Member serves on only one committee and that the regional responsibility of this Board justifies the compensation.

Mr. Pendergrass moved to approve the BPC recommendation to authorize staff to develop a process for Board Members to forego payment for services (for personal reasons or because the entity covers compensation and expenses). Mr. Rubio seconded the motion.

Mr. Orman stated that the original request for this agenda item was to review the policy and he then moved to send this agenda item back to the BPC for review. Ms. Barnes seconded the motion.

Based on discussion regarding the level of compensation, Mr. Pendergrass revised his motion to add that the current Board compensation remain at the same level. Mr. Rubio seconded the amended motion.

Several Board members offered opinions and examples for their own situations. Mr. Rubio summarized that Mr. Orman working for the state as a firefighter receives salary that includes his time for community meetings; many others are volunteers. The motion retains the current compensation level and will offer each member the opportunity to relinquish payment.

Based on request for clarification from Ms. Barnes regarding the motions presented, Legal Counsel Thacher explained that Mr. Orman's motion could be considered as a substitute motion and would, therefore, be considered first. If it passed, it circumvents the primary motion.

Mr. Orman stated that the recommendation from the Committee was finalized before the discussion was complete, that all issues were not addressed, and a final vote was not taken; therefore he felt it was appropriate to have the item returned to the Committee for further consideration.

Chair Calcagno opened Public Comments and Mr. Dennis Allion, Del Rey Oaks, came forward speaking as a private citizen said he understood about people's time being valuable and that this seems to be a minor expense. He applauds those who recognize this service is part of their job, but recognizes that the remuneration is very minor for the amount time put into these activities.

ACTION TAKEN: On the motion by Mr. Orman, seconded by Ms. Barnes, the Board approved, by a vote of 6 to 4, that the policy regarding Board Member compensation be reviewed by the Budget/Personnel Committee at its next meeting. [nay votes by Russell, Rubio, Downey and Pendergrass]

Item 4 – Update on Salinas Conveyance Capacity and Capacity Revenues

Mr. Hageman noted that the minutes of the BPC meeting illustrated that the Committee members had extensive discussion on this item. The Salinas conveyance system is part of the Master Plan for the Salinas Area Pump Station (SAPS) which is a project that is funded at \$100,000 in this year's Capital Improvement Program (CIP). One of the primary questions is "does the SAPS have adequate capacity for existing peak wet weather flows?" First, internal reports were completed in the 1990s and in 2004/05 discussing the capacity of the Salinas pump station. The City has made significant improvements to their collection system to reduce wet weather inflow and infiltration, and the Agency has completed repairs and improvements to increase the reliability and peak wet weather capacity at the pump station. The Agency retained Carollo Engineers to study the flows from the pump station and to address existing peak wet weather capacity. Their final report was issued July 2009 and concluded that SAPS capacity is adequate for existing peak wet weather flows (PWWF) and offered alternatives for build-out for PWWF. On August 26 the Carollo report was discussed at the Technical Advisory Committee (TAC) meeting. Representatives from most of our member entities attended and it was determined that an additional TAC meeting would be scheduled to discuss the Salinas conveyance and peak wet weather conveyance alternatives in more detail.

Mr. Hagemann utilized the Carollo report data to estimate how long the station capacity will be sufficient based on the historical population growth rates for Salinas. SAPS has adequate peak capacity for at least 8,000 additional residential units with records showing long-term Salinas growth at about 500 units/year over the last 23 years. Peak multi-year growth is estimated to be 700 units/year; and even using this peak growth, capacity should last at least 11+ years.

Mr. Hagemann stated that the next steps regarding development of the SAPS Conveyance Master Plan is to have further TAC input and evaluation of recommendations; develop scope for the SAPS master plan; formalize the Capital Improvement Program by February 2010; and update our rate model to address CIP costs. He stated that staff was able to address specific questions from the Committee on this topic and asked if Board Member's had any additional questions.

Ms. Barnes wanted to clarify that the City of Salinas will not support an equalization (EQ) basin facility to address the peak wet weather flows. The City believes an EQ basin would only be a temporary solution and the site shown in the Carollo report would be on prime agricultural land. Reviewing the four options presented in the Carollo report, she stated the only suitable option is #2 which is a 48" parallel force main pipeline and would like the Agency to consider that. The City is asking the Agency to set aside money and use capacity fees to insure that Salinas will be able to continue development. Mr. Hagemann stated it is clear that Salinas does not support the equalization basin as shown in the Carollo report;

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however, there is still plenty of time for a thorough vetting of the options. The Carollo report is not meant to be the end solution. Rather our recommendation is to continue the process with the TAC to look at the various options. The cost of the options becomes a matter for consideration: the equalization basin costs could be \$2.3 to \$6.5 million; the parallel pipeline is estimated at \$32.9 million.

Chair Calcagno asked where the funding comes from and while waiting for the CIP, there should be steps in place on how to fund this work. Mr. Hagemann responded saying the capacity fee revenues will grow as Salinas adds new connections – the number of connections that will come with 8,000 residential units (\$3,000 per) brings in \$24 million. While that isn't all dedicated to a pump station, the balance will come from user fees. He agreed that what is needed is a plan, a project and a funding mechanism to make it happen. Based on engineers' opinions and flow levels, we have adequate capacity at that pump station for the foreseeable future.

Discussion followed regarding future annexations, new users' fees, the difference between development fees and capacity fees. Mr. Hagemann explained there is unused capacity at the treatment plant – capacity up to almost 30 million gallons per day. We are currently at 20 million gallons a day, so there is 10 million gallons a day available. That capacity is something that all users paid for and continue to support. New users pay a fair share, based on our nexus study, of that capacity up to the 30 million gallons.

Mr. Rubio suggested this discussion would be more productive once the technical work is completed in order to better understand the options and the viability of each option. He continued saying it would be good to go back to the CIP and set aside funds for this project. He also suggested it would be good for the Board to have a study session just on this item with flow charts to show the relationship between the capacity user and developer fees and how the fees are determined, how they flow into the program, and how they are used.

Mr. Hagemann acknowledged that Salinas' points are well taken; however, based on existing average daily flows and projected peak wet weather flows, there is no need to rush to a project and/or spend more money than is necessary to address the issue. The Agency is committed to build whatever is needed to ensure that no sewage overflows occur, but we must ensure it is a cost-effective solution. We will continue the process by fully vetting the options at the technical level and then considering budget and finance processes.

Chair Calcagno opened the discussion for Public Comments; Mr. Carl Niizawa, Salinas Public Works, thanked Mr. Hagemann for his presentation and the Board for their discussion and comments. He reiterated that a master plan and budget is needed for Salinas' growth and the City has waited five years for this. The City's Sanitation Master Plan says that the Salinas pump station at peak wet weather capacity at build out would be 50 million gallons – quite a bit more than the 36

million gallons this station has capacity for. Our data shows more conveyance capacity is needed now. The lack of progress has threatened the City's growth and we have had to ask for "can and serve" letters from the Agency for some large projects coming to Salinas. Although the mechanical condition of the pipeline is probably suitable for many years, it is the capacity that needs to be looked at. The pipeline is restrictive – it is a small pipeline carrying an average of 12 million gallons a day with a variance of 5 to 20 million gallons a day. Mr. Niizawa provided details regarding the flow metering discrepancies, predictions for overflows and the issue of AB 32 regarding the four pumps at the Salinas pump station.

To Ms. Downey's question, Mr. Niizawa responded that he is a member of the TAC and noted that information for the committee to consider can vary depending on the source. Mr. Rubio suggested it is appropriate for the technical aspects of this issue to be discussed with engineers and public works officials at the TAC meetings with information in a condensed form brought back to this Board for consideration and action. Additional discussion continued with input from several Board Members before the following motion was presented.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Downey, the Board unanimously approved the Budget/Personnel Committee Minutes/Report of August 21, 2009, and asked to:

- 1. Refer the Salinas Conveyance Capacity issue to the TAC to review the options and provide the science in a recommendation to this Board;**
- 2. Request staff provide an historical look at this issue in a study session after the TAC has done their work in order to properly understand the TAC recommendations; and then**
- 3. Refer this to a Board Committee for devising a mechanism to set aside funds for such improvement.**

And that the Board further direct staff to:

- 1. Receive input and recommendations for the TAC on the Salinas Sewage Conveyance Study;**
- 2. Have consultant evaluate other flow equalization options that better meet Salinas' needs;**
- 3. Further refine discussion of the derivation (the calculation) and use of capacity fees, as needed;**
- 4. Look into whether it might be possible to assist new system connectors, when appropriate, with means to potentially ease the impact of capacity fees, including consultations with local agency planning/building departments;**

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5. Continue dialogue with City of Salinas' staff on the above matters; and
 6. Report above findings to a future Budget/Personnel Committee and Board for further consideration and action.
7. **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**
No questions or comments.
8. **STAFF REPORTS**
- A. **General Manager/Assistant General Manager/ Legal Counsel**
Mr. Israel noted that the Technical Advisory Committee (TAC) met last Wednesday and the draft summary minutes will be included for information in the September Board agenda packet.

Mr. Israel indicated that he would draft verbal comments for the September State Water Resource Control Board CDO Hearing regarding stimulus funding for RUWAP and circulate his proposed comments to members for review.
 - B. **Department Heads**
No comments.
 - C. **Presentation: Update on Asset Management Plan/Capital Improvement Program by Brad Hagemann, Assistant General Manager**
Mr. Hagemann provided an update on the CIP as it pertains to our strategic goals and reported that staff had prepared a Capital Projects Planning Study in June 2003 that included an update on growth projections, an assessment of existing facilities and an implementation plan. This report will be used as a starting point for development of the new program. The report initially identified 99 projects, screened down to 60 projects at an estimated total cost of \$30 million. Our Lead Engineer reviewed the study and determined that 39 of these projects have been completed, 5 partially completed, 5 were deleted as unnecessary and 11 are in some phase of not being done until there is further evaluation. The point of showing this report and discussing the elements is not to focus on numbers but show the process that was used to present this information so that the new program can dovetail off this 2003 report.

Mr. Orman asked about a gap analysis to accommodate growth and Mr. Hagemann responded that we do have to monitor that. Mr. Rubio asked about

the preventative maintenance program and Mr. Hagemann explained that our Planner is responsible for scheduling routine maintenance prescribed by manufacturers for equipment and systems. Mr. Israel noted that within the preventative maintenance program, we also do predictive maintenance in order to anticipate when parts might fail.

Discussion followed regarding the maintenance issues sometimes faced by the cities for maintaining their sewer lines. Ms. Barnes asked if something could be considered to deter vandalism associated with the manhole covers.

In conclusion, Mr. Hagemann announced that a new Asset Management and Capital Improvement Program would be presented to the Board in February 2010. Chair Calcagno thanked Mr. Hagemann for his presentation.

9. BOARD MEMBER COMMENTS

Ms. Downey stated her regret that the Board was losing two members: Mayor Joe Russell and Mayor Dan Cort. She thanked them for their efforts on behalf of the Agency and said their work was appreciated. Mr. Russell thanked the members. He said staff, general manager and department heads do a wonderful job and that he will greatly miss coming to this Agency.


Ms. Barnes requested a copy of the statement showing detailed revenue and expense allocation to Salinas that had been included in a staff report to the Budget/Personnel Committee and for the agreement that says MRWPCA can bill directly to developers. Mr. Hagemann responded to Ms. Barnes' requests.

Mr. Nishi asked for a copy of MRWPCA Ordinance 1987-06 and requested that there be an agenda item regarding the allocation of the 29.6 mgd either for review by the Budget/Personnel Committee or the Board. Mr. Hagemann indicated that he would research whether there is a reserve allocation for MCWD and/or the former Ft. Ord based on Mr. Nishi's request.

10. ADJOURNMENT

With no further business, Chair Calcagno adjourned the meeting at 8:51 p.m. to the next regularly scheduled Board Meeting on September 28, 2009.


Keith E. Israel, General Manager
Secretary to the Board


Louis Calcagno, Chair
MRWPCA Board of Directors