



Approved
January 25, 2010

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
November 30, 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 6:03 p.m., on Monday, November 30, 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
Gloria De La Rosa	Salinas, Mayor Pro Tem
Ramiro Cortez	Boronda County Sanitation District
Ron Stefani	Castroville Community Services District
Dennis Allion	Del Rey Oaks, Councilmember
Dan Burns	Marina Coast Water District, Member
Libby Downey	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Carmelita Garcia	Pacific Grove, Mayor [arrived at 6:10 pm]
Dave Pendergrass	Sand City, Mayor
Ralph Rubio	Seaside, Mayor
Vacant – Ex-Officio	U.S. Army, Representative

BOARD MEMBERS ABSENT:

None

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

ADDITIONAL MRWPCA STAFF PRESENT:

Kelly Caliente	Accounting Supervisor
Tom Kouretas	Associate Engineer
Leara Sampson	Human Resources Analyst
Betty Nebb	Executive Assistant

OTHERS PRESENT:

Leonard Danna - Vavrinek, Trine, Day & Co., LLP
John Ramirez – Monterey County Environmental Health
Eric Mangahis – Monterey County Environmental Health
Jane Bierstedt – Fehr and Peers
Alison Imamura – Denise Duffy & Associates
Bryce Ternet – Denise Duffy & Associates
Mike Casterline – Solar City
Scott Ottman – City of Seaside

3. PLEDGE OF ALLEGIANCE

Chair Calcagno asked Ms. Downey to lead the Pledge of Allegiance.

4. PUBLIC COMMENTS

At 6:04p.m., Chair Calcagno opened and closed Public Comments.

5. CONSENT AGENDA

ACTION TAKEN: On a motion by Mr. Pendergrass, seconded by Mr. Stefani, the Board unanimously approved the Consent Agenda, Items A through K as follows:

- A. Approve Board Meeting Minutes/Report for Regularly Scheduled Board Meeting of October 26, 2009**
- B. Receive Financial Statements for July 2009**
- C. Receive Comparison Percentage of Budget Expended Through October 2009 versus 2008**
- D. Receive Check Register – October 2009**
- E. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for October 2009**
- F. Receive Actual vs. Budgeted Fiscal Year 2008/09 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund**

- G. Receive Actual vs. Anticipated Fiscal Year 2008/09 Revenues from Capacity Charges**
- H. Approve Contracts for Construction of Barscreen Replacement Project and Engineering Services during the Construction Phase**
- I. Approve Contract for Construction of Digester Hot Water Loop Replacement**
- J. Approve Contract Change Order for New Valve Manhole and Restoration of Paving at Salinas Valley Reclamation Plant (SVRP)**
- K. Approve Contract for Annual Maintenance of SVRP Chlorination Contract**

6. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Budget/Personnel Committee

- 1. Receive Committee Recommendations from BPC Meeting of November 13, 2009**

Item 1 – Accept FY 2008/09 Financial Audit Report

Mr. Tiernan reported that this year's audit verified that all statements are in full compliance with only clean unqualified opinions, no audit adjustments and no deficiencies in terms of the internal control and procedures. He acknowledged the fine work by Ms. Cadiente, Accounting Supervisor, and the Accounting Department staff. Mr. Tiernan noted the auditor's report shown in the Committee minutes on page 80 of the agenda packet and introduced Mr. Danna of Vavrinek, Trine, Day & Co., LLP who is attending the meeting to answer any additional questions.

Mr. Danna spoke about the purpose of the audit and expressed an opinion on the fairness and presentation of the financial statements. He also summarized the procedural matters and expressed gratitude for the Agency staff's preparation and cooperation during the audit. There were no additional questions from the Board.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. De La Rosa, the Board unanimously accepted the FY 2008/09 Financial Audit Report.

Item 2 – Receive Report on Request for Qualifications (RFQs) for Banking Services

Mr. Tiernan reported that three banks responded with proposals for banking services and explained that staff feels it is prudent to look at different offerings from time to time. The Committee decided to deliberate further and scheduled a Special BPC meeting on November 30 just prior to the Board meeting.

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

Item 3 – Update on Solar Project for Salinas Valley Reclamation Project (SVRP)

Mr. Hagemann reported that the BPC received information regarding the CEQA review and evaluated the Power Purchase Agreement that was being finalized. This item was continued to the Special BPC meeting on November 30, 2009.

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

Item 4 – Review of Biosolids Handling Alternatives Report

Mr. Hagemann stated that MRWPCA, Carmel Area Wastewater District (CAWD) and the Monterey Regional Waste Management District (WMD) have been working to evaluate existing biosolids management practices and to examine alternatives. Previously the WMD has taken our biosolids (20,000 tons per year) and composted it with green waste to be used as a vegetative layer/erosion control material on side slopes and final cover areas. The District now has enough of that material on site (300,000 tons) which exceeds their long-term needs.

Discussion followed regarding the implications for the recycling credits to the County if the biosolids are going directly into the landfill which is being proposed by WMD. Mr. Hagemann explained that various alternatives are being reviewed to possibly develop markets for the biosolids with the County Health Department working with the three agencies to determine if there can be local options for in-county use of composted materials.

Mr. Ramirez, Assistant Director, Environmental Health for Monterey County, expressed appreciation for being able to work with the agency and WMD to find suitable options for using the biosolids with the primary goal being to find an alternative market and, secondly to retain legislation to affect changes in the recycling credits.

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

Item 5 – Update on Asset Management Program

Mr. Hagemann provided a presentation to the Board illustrating the process for developing the Asset Management Plan that will lead into the Capital Improvement Plan (CIP). He explained that the Agency has assets with a book value of approximately \$230m; the replacement cost is about double. Most of the assets are long-term structural type, such as concrete structures and piping with estimated life of 25 to 70 years. The existing asset renewal program consists of ongoing preventive and predictive maintenance of operating equipment. Mr. Hagemann highlighted the benefits of a formal Asset Management Program and the need to do long-term strategic planning to maintain manageable spending.

Minutes

MRWPCA - Regular Meeting

November 30, 2009

Page 5

Mr. Hagemann stated that staff is developing a 5, 10 and 15 year Capital Improvement Plan. The initial plan will include a 5-year Capital Improvement Plan with detailed pump station assessment and all other projected project needs; a detailed assessment will also allow for more accurate planning and funding requirements as facilities age; and the future assessments will add up to refine the long-term CIP.

Discussion followed regarding the current assessment being completed on six pump stations that will include the electrical, mechanical and structural aspects of those assets. Experienced experts familiar with our industry are providing the assessments and a comprehensive report that will be completed soon.

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

Item 6 – Review Schedule for 2010 Board/Committee Meeting Dates

Mr. Israel introduced the proposed dates for the 2010 Board meetings and the January/February meeting dates for the Budget/Personnel Committee.

ACTION TAKEN: On a motion by Ms. De Le Rosa, seconded by Mr. Rubio, the Board unanimously approved the schedule for 2010 MRWPCA Board of Directors' meetings and accepted BPC meetings scheduled for January and February.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Mr. Orman, the Board unanimously approved Budget/Personnel Committee Minutes/Report of November 13, 2009.

B. Recycled Water Committee (RWC)

1. Receive Committee Recommendations from RWC Meeting of November 19, 2009

Item 1 – Update on Regional Urban Water Augmentation Project (RUWAP) Funding

Mr. Israel announced that the SRF stimulus grants that have been awarded were listed on the State website. The list was put together quickly as many prior projects that were partially funded were included on the final list. The joint application filed by MCWD for the RUWAP was submitted in September and it is currently being reviewed with a response from the State due in December.

Mr. Israel reported that Mr. Eric Sapirstein, our lobbyist in Washington DC, was present at the RWC meeting to answer questions and offer suggestions on the Federal funding process. Mr. Sapirstein indicated that there may be additional stimulus dollars coming next year through a "jobs" bill program.

Ms. Downey noted that there was apparently a difference in the approach to prepare a funding authorization and expressed the importance of coordination for the effort to secure funding for the RUWAP.

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

Item 2 – Update on Solar Project for SVRP

Mr. Israel noted that this item was provided as an opportunity for RWC members to provide input. The final contract will be presented to the Board after the Special BPC meeting on November 30.

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

Item 3 – Update on April 2009 MOU Requirements for Use of MRWPCA Outfall

Mr. Israel stated there are three items to be accomplished to satisfy requirements for MRWPCA under the April 2009 MOU for Use of the MRWPCA Outfall. The first is an environmental analysis for brine disposal. Denise Duffy & Associates estimated completion of this analysis by January 2010. The second requirement is to provide a technical feasibility analysis to meet RWQCB requirements on NPDES permit. And, third to complete the negotiations with MCWD on the detailed terms for use of the outfall.

Mr. Israel indicated that negotiations are continuing with MCWD, and staff continues to move as quickly as possible to complete this agreement.

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

Item 4 – Update on Regional Water Supply Program

Mr. Israel noted the Cal Am Coastal Water Project Final EIR was distributed at the end of October and that the CPUC plans to certify the FEIR by the third week of December. Chair Calcagno stated he is contacted by public members saying that representation from the Monterey Peninsula should be more directly involved in the regional process. Mr. Rubio added that currently the negotiations involve the purveyors of water, recycled water and sewer services, but that the three agency managers from MCWD, MCWRA and MRWPCA have requested to meet with the MPWMD General Manager to discuss the role the District might play.

Discussion followed regarding whether the MPWMD actually has authority or rights regarding the Seaside water basin. Mr. Pendergrass stated the MPWMD has had water projects over the years, but those projects have been turned down by the voters; although the District is currently supporting the 95-10 project. He added that the ratepayers of the Monterey Peninsula have been paying for the studies related to the proposed Cal Am Moss Landing Desalination Plant without a guarantee for a water project.

Chair Calcagno noted the comments and added that he feels there is a consensus of support from the growers regarding the Regional Water Supply Program. Mr. Pendergrass cautioned optimism because of the actions of the environmental groups who have promoted a "hybrid" project trying to circumvent the current regional project.

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

Item 5 – Consider Further Funding of "Attenuation of PPC/EDCS through Golf Courses using Recycled Water" Project

Mr. Israel described the research being supported by the Water Environment Research Foundation and the WaterReuse Foundation for removal of PPC and EDC's on golf courses using recycled water irrigation. He explained the compounds are endocrine disrupters-type of compounds for personal care products that potentially cause concern in the long term for drinking water supplies. We have previously supported this work and staff recommendation is to continue that support. Staff feels this research is of value and will continue to receive the semi-annual reports on the research.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Garcia, the Board unanimously approved \$10,000 in financial support for the PPCP/EDCS Project.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Garcia, the Board unanimously approved the Recycled Water Committee Minutes/Report of November 19, 2009.

C. Budget/Personnel Committee)

1. Receive Committee Recommendations from Special BPC Meeting of November 30, 2009

[Agenda items were considered in reverse order.]

Item 2 – Receive Report on Request for Qualification (RFQs) for Banking Services

Mr. Tiernan provided more detail to the Board regarding the three RFQs received from RaboBank, Wells Fargo Bank and our current bank, First National. He stated that our auditor was present at the BPC meeting and was able to provide details regarding how our current deposits with First National are protected in two ways: 1) by the FDIC, and 2) as a government agency, deposits are collateralized by a third party by 110%. As a result, staff feels funds are secure and requests additional time to evaluate the market and more fully analyze the proposals that were received. Chair Calcagno commended staff for their continuing vigilance on this matter.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Downey, the Board unanimously authorized staff to further analyze banking RFQs and make recommendation at the January Budget/Personnel Committee meeting.

Item 1 – Update on Solar Project for SVRP

Mr. Hagemann confirmed that the Committee felt it was appropriate to approve the contract with Solar City for development of the Solar Project, following certification of the Negative Declaration. He noted that the next agenda item will introduce the Public Hearing on the initial study and mitigated negative declaration for the project.

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

7. PUBLIC HEARING AND ADDITIONAL ACTION ITEM(S)

A. Public Hearing on Initial Study and Mitigated Negative Declaration for the Solar Power System for MRWPCA Recycled Water Facility

Mr. Hagemann announced that the environmental review process for the Solar Project has been completed and the Initial Study and Mitigated Negative Declaration have been circulated. One comment was received from the City of Marina in regards to citations or findings related to the Marina Airport, the Clear Zone and the reflectivity of the solar panels. The response to their comment which was supported by work by Denise Duffy & Associates was completely satisfactory to the City and is presented to the Board tonight.

Mr. Hagemann commented that the Solar Project and contract with Solar City has been thoroughly reviewed and with input from the Board, staff feels the contract being presented tonight is very sound. Mr. Mike Casterline of Solar City was present at the meeting to answer any last questions or provide any additional information about the project.

Chair Calcagno called for Public Comments. Hearing none, he called for a motion to approve the MRWPCA Resolution No, 2009-14 and then a motion to approve the contract with Solar City.

ACTION TAKEN: On motion by Mr. Rubio, seconded by Ms. Garcia, the Board adopted MRWPCA Resolution No. 2009-14, Approving Initial Study and Mitigated Negative Declaration for Solar Power System for MRWPCA Recycled Water Facility.

ACTION TAKEN: On motion by Mr. Rubio, seconded by Ms. Garcia, the Board authorized General Manager to Execute Power Purchasing Agreement (PPA) with Solar City on Behalf of MRWPCA.

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 indicated the progress on the planning goals. There were no questions or additional comments.

9. STAFF REPORTS

A. General Manager/Assistant General Manager/ Legal Counsel

Mr. Israel referred to the letter received by the Agency recognizing November 19 as World Toilet Day; and while it initially invoked humor, he qualified that modern sanitation and the toilet have been one of the biggest advances in the twentieth century in promoting higher health standards.

Mr. Israel introduced a second letter from Supervisor Potter regarding the possibility to provide sewer service to the Toro Park area. The homeowners there have been told their sewer rates will increase to about \$120 month, almost a 50% increase. In comparison, our rates for a family in Salinas are about \$15 a month. Staff will follow up on this request and would like the Board to support having the Projects and Planning Committee meet to review and consider what options might be available for this area.

Discussion followed regarding the costs to bring Toro Park into the service area and the work that needed to be done by staff to prepare for future deliberations extending the service area.

Lastly, Mr. Israel commented on the dry weather since the middle of October and there has been some discussion about starting the reclamation plant for irrigation water. Chair Calcagno added that the strawberry growers require a great deal of water and he noted that more and more acres are being planted. Mr. Israel indicated staff would wait to hear from the growers about any need they have.

B. Department Heads

No reports.

C. Presentation: Update on Salinas River Diversion Facilities – Keith Israel, General Manager

Mr. Israel provided photographs to illustrate the current status of the Rubber Dam and the Salinas River Diversion Facilities.

10. CORRESPONDENCE

Mr. Israel previously introduced the letters of November 19 from Ms. Ann Pettit, Pacific Grove resident, recognizing "World Toilet Day" and from Supervisor Potter

requesting consideration for request from residents of Toro Park region for services by MRWPCA.

11. BOARD MEMBER COMMENTS

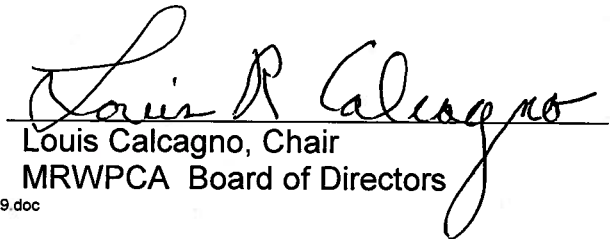
Mr. Burns noted Mr. Hagemann's holiday tie and Chair Calcagno wished all a happy holiday season.

12. ADJOURNMENT

With no further business, Chair Calcagno adjourned the meeting at 7:25 p.m. to the next regularly scheduled Board Meeting on January 25, 2010.



Keith E. Israel, General Manager
Secretary to the Board



Louis Calcagno, Chair
MRWPCA Board of Directors