



APPROVED
April 26, 2010

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
March 29, 2010

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 7:00 p.m., on Monday, March 29, 2010 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, Vice Chair	Castroville Community Services District
Ramiro Cortez	Boronda County Sanitation District
Dennis Allion	Del Rey Oaks, Councilmember
Ken Nishi	Marina Coast Water District, President
Libby Downey	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Carmelita Garcia	Pacific Grove, Mayor
Gloria De La Rosa	Salinas, Mayor Pro Tem
Dave Pendergrass	Sand City, Mayor
Ralph Rubio	Seaside, Mayor Pro Tem
Vacant – Ex-Officio	U.S. Army, Representative

BOARD MEMBERS ABSENT:

None

MRWPCA STAFF PRESENT:

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

Minutes
MRWPCA Regular Board Meeting
March 29, 2010
Page 2

Bret Boatman
Mark Malanka
Jason Sinkler
Jarrod Levine
JR Avila
Betty Nebb

Maintenance Supervisor
Maintenance Manager
Supervising WWTP Operator
WWTP Operator I
WWTP Operator III
Executive Assistant

OTHERS PRESENT:

Carl Niizawa – MCWD
Derrick Hansen – Friedman Dumas & Springwater LLP
Erica Levine

3. PLEDGE OF ALLEGIANCE

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

4. PUBLIC COMMENTS

At 7:02 pm, Chair Calcagno opened and closed Public Comments.

5. CONSENT AGENDA

ACTION TAKEN: On a motion by Ms. Downey, seconded by Ms. De La Rosa, the Board unanimously approved the Consent Agenda, Items A through J as follows:

- A. Approve Board Meeting Minutes/Report for Regularly Scheduled Board Meeting of February 22, 2010
- B. Receive Financial Statements for November, December 2009 and January, February 2010
- C. Receive Comparison Percentage of Budget Expended Through January 2010 versus 2009
- D. Receive Check Register – February 2010
- E. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for February 2010
- F. Receive Actual vs. Budgeted Fiscal Year 2009/10 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund
- G. Receive Actual vs. Anticipated Fiscal Year 2009/10 Revenues from Capacity Charges
- H. Receive Board Committee Assignments for April 2010 through March 2011

Minutes
MRWPCA Regular Board Meeting
March 29, 2010
Page 3

- I. Approve MRWPCA Resolution No. 2010-02, a Resolution Authorizing Purchase of Pump Repair Parts from G3 Engineering without Formal Competitive Bidding
- J. Award Contract for Design of Headwords Wet Scrubber Replacement Project

7. 2009 CWEA Monterey Bay Section Awards

Mr. Hagemann announced that the Regional Treatment Plant was recognized as the Large Plant of the Year for the California Water Environmental Association (CWEA) Monterey Bay Section. As a result of this award, the RTP was nominated for a State-level award and achieved a third place ranking for the State of California.

Mr. Hagemann also announced recognition by the CWEA for two staff members: Mr. Jason Sinkler awarded Supervisor of the Year and Mr. JR Avila awarded Operator of the Year. He congratulated both for their long service to the Agency and the continuing efforts they exhibit to improve and foster efficient operations for the MRWPCA. Both Jason and JR have successfully achieved Grade 5 Operator ranking.

Chair Calcagno congratulated both employees and suggested that photos be taken with different Board members as part of the recognition process, a practice that will continue throughout the year.

8. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Budget/Personnel Committee

1. Receive Committee Recommendations from the BPC Meeting of March 12, 2010

Item 1 – Review Wind Energy Feasibility Study

Mr. Hagemann reported that staff had prepared a thorough review of the feasibility to consider wind energy as a power source for the RTP. The staff recommendation to forego further consideration of this alternative power source at this time resulted from the following conclusions:

- 17 acres of land are needed to produce the same power as accomplished on only 5 acres for the solar project
- current energy needs for the RTP are being met by the co-generation facility
- the solar project will supply 80% power needed for the Reclamation facility
- there would be surplus energy from wind generation sold to the grid
- there are environmental concerns for the wind project

Minutes
MRWPCA Regular Board Meeting
March 29, 2010
Page 4

Item 2 – Update on Capital Improvement Program

Mr. Hagemann stated an update on the CIP was provided to the Committee and will be explained in more detail during the presentation scheduled for tonight's Board meeting.

- **Information only – no action needed.**

Item 3 – Closed Session – Conference with Labor Negotiator

Item 4 – Possible Action on Closed Session Item

- **Information and direction provided to staff – no action needed at this time.**

Mr. Orman asked for a correction to the BPC Minutes noting he was not the Acting Chair of the Committee at the March 12th meeting.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Downey, the Board approved the Budget/Personnel Committee Minutes/Report of March 12, 2010, as corrected, and accepted staff recommendation to forego further study regarding Wind Energy.

B. Recycled Water Committee

1. Receive Committee Recommendations from RWC Meeting of March 12, 2010

Item 1 – Update on Proposed Winter Storage for Recycled Water

Mr. Holden reported that Marina Coast Water District, working with Monterey County Water Resources Agency, has proposed a potential way to store underground the winter wastewater which is currently sent through the outfall to the ocean. During the winter (rainy season), it is not recycled for use on the agricultural fields. He explained that this proposal calls for wastewater treatment of the winter water to the tertiary level before sending it through the RUWAP pipeline to an aquifer location generally south of CSUMB. The water would percolate through the soil into the perched aquifer for storage; then pulled out during the summer to supplement the supply of recycled water available for RUWAP. Mr. Holden indicated this information was presented to the Committee for review and staff would provide further updates as studies are scheduled.

- **Information only – no action needed.**

Item 2 – Review 2009 California Recycled Water Policy

Mr. Holden introduced the new California State Water Quality Control for Recycled Water Policy to the Committee and provided a more in-depth report to the Board on the significance of this policy. Statements made in the policy are helpful in promoting the use of recycled water:

Minutes
MRWPCA Regular Board Meeting
March 29, 2010
Page 5

- “recycled water is safe . . . “
- “recycled water is presumed to have a beneficial environmental impact”
- “Water Code violation to not use recycled water when . . . available . . .”

Mr. Holden provided graphics showing the development of the uses of recycled water since 2001 illustrating a large increase in the production of replenishment water. He explained that the State has set mandates for the use of recycled water and requires water and wastewater purveyors to develop a consistent Salt/Nutrient Management Plan for every groundwater basin/sub-basin in California which would include the following:

- Identifying all water sources
- Identifying all salt, nutrient and constituents of emerging concern (CEC)
- Determining assimilative capacity of basin
- Implementing measures to manage salt and nutrient leading on a sustainable basis
- Analyzing to ensure there is no degradation of the groundwater

Mr. Holden also noted that there are policy guidelines for landscape irrigation projects as well as groundwater replenishment projects. In order to implement the Salt/Nutrient Plan, MCWRA and MRWPCA working together with the growers will probably have to amend the basin management plans.

Ms. Garcia asked about the Blue Ribbon Advisory Panel guiding future actions related to constituents of emerging concern. Mr. Hagemann stated the panel, formed by the California Department of Public Health, is on schedule to complete their work in six to eight months. Mr. Holden added that the members are nationally recognized experts in this field.

Mr. Orman asked about the development of the State Policy, and Mr. Holden explained that initially the State was unable to prepare an acceptable plan, so a group of water agencies and environmentalists developed the Policy which was adopted by the State in May 2009.

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

Item 3 – Review Draft Response to Grand Jury

Mr. Israel stated a draft response was reviewed by the Committee and will be presented tonight to accept input from the Board members as a separate agenda item (Agenda Item 8 – Additional Action Item).

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

Item 4 – Update on Settlement Agreement with CPUC for Regional Water Project

Mr. Israel announced that the Settlement Agreement is not yet a public document and will, therefore, be reviewed by the Board in Closed Session.

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

Item 5 – Update on Washington DC Funding Trip

Mr. Israel stated there was a trip to Washington DC taken earlier in the month by Mr. Heitzman, Mr. Weeks and Mr. Collins to discuss some food safety issues that also included discussions related to the Regional Water Supply Project. Apparently this was successful in getting Congressman Farr to request \$3m in funding for RUWAP. Mr. Israel suggested it may be appropriate to plan a follow up to those initial discussions with a Washington trip at the end of April. Further information will be provided to the RW Committee at the April meeting.

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

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. De La Rosa, the Board unanimously approved the Recycled Water Committee Minutes/Report of March 18, 2010.

8. ADDITIONAL ACTION ITEMS

A. Approve Draft Joint Regional Response to Grand Jury Water Report

Mr. Israel noted that the members had received the Draft Grand Jury response in advance of the meeting and proposed addressing the response to each Finding and Recommendation so that the Members could provide additional comments as necessary.

Regarding formation of a JPA (F6.2), Mr. Orman stated that while this agency provides a good illustration of a JPA, to create such an organization now would add another layer of bureaucracy. Ms. Downey noted that entities/agencies/districts are already working together which is what the Grand Jury has recommended. Mr. Rubio cautioned that forming a JPA now could result in a duplication of costs in administering the regional plan. Mr. Israel noted these comments would be added to the draft response.

Discussion followed regarding the procedural manner to respond to the Findings and to the Recommendations. Ms. Garcia explained that generally a respondent is asked to concur or disagree with the Findings, and to add comments/suggestions when responding to the Recommendations.

Regarding F6.10 the Finding by the Grand Jury that “There’s been too much talk and not enough action,” Mr. Rubio stated that this Board has taken action and worked very diligently to come to agreement with the other agencies in structuring the MOU’s that have provided significant progress towards a regional water plan. Mr. Israel noted staff would expand on this and provide that information under Recommendation 6.1.

Mr. Israel introduced the Grand Jury Recommendations and several Members specifically addressed R6.2, Form a JPA to manage the Regional Project. Discussion followed on the possibility of a JPA that would include having Carmel Wastewater District, Pebble Beach CSD and Cal Am join together with others in a new JPA. Mr. Wellington noted that there might be obstacles in doing this; however, while not easy, it may be possible. For the reasons staff cited in the draft response to this Recommendation, the members concurred that a JPA was probably not an appropriate solution for the Regional Project.

R6.4 regarding RUWAP, Mr. Allion suggested the response should indicate MRWPCA fully supports this and has completed the majority of our portion of the project, but funding is necessary for the major part of the project which is being constructed by others. Mr. Rubio stated a reference should be made about the amount of funding that has already been invested to develop this project. Ms. Garcia added that the delays to this project are really out of the control of this agency.

Mr. Israel reviewed the remaining responses to the report. Mr. Orman referred to the staff report that the local managers were working together on a joint response to the Grand Jury. Mr. Israel stated the managers have coordinated, shared their drafts with each other and then determined that each agency could submit their own responses since all seemed to be in consensus. Mr. Israel explained a final draft would be prepared and emailed to all members for final comments prior to mailing to the Grand Jury by the April 9 deadline.

Chair Calcagno called for Public Comments and Mr. Niizawa, MCWD, stated that if the Board would like a more positive response on the question of the RUWAP, there could be some discussion on implementation. For example, FORA and MCWD are currently putting in two miles of pipeline for the RUWAP project. FORA has recently contributed substantially to that project.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Downey, the Board unanimously approved the Response to the Grand Jury Report on Water Issues, pending email review of final draft.

9. INFORMATIONAL ITEMS

A. Reclamation Project Status Summary

No comments/no questions.

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

Mr. Israel stated the Strategic Planning Workshop will be held on Friday, April 23, starting at 8:00 am at Embassy Suites. He encouraged all members to attend

and, if unable to participate, to be sure their Board Alternate has the information and can participate on their behalf.

10. STAFF REPORTS

A. General Manager/Assistant General Manager/ Legal Counsel

Mr. Israel reminded the members about MCWRA's ribbon-cutting ceremony for the Salinas River Rubber Dam Project on Thursday, April 22, that will be held at the Regional Treatment Plant. MCWRA has arranged for buses to take everyone down to the river site to see a partial operation of the rubber dam.

B. Department Heads

No reports.

C. Presentation: Capital Improvement Program – Jennifer Gonzalez, Lead Engineer, and Brad Hagemann, Assistant General Manager

Ms. Gonzales explained how the Asset Management Plan was implemented with the assistance of a consulting firm that assessed the six largest pump stations while staff assessed an additional four pump stations. Additionally staff evaluated the regional treatment plant and over 400 other assets that were identified for assessment. She explained the asset management approach and the condition assessment criteria.

Mr. Hagemann introduced the Capital Improvements for the RTP and Pump Stations and provided charts that illustrated the timing for the various projects. He noted the costs for capital improvement as follows:

- RTP
 - 1 to 5 Years: \$7 million
 - 5 to 10 Years: \$20 million
- Pump Stations
 - 1 – 5 Years: \$15 million
 - 5 to 10 Years: \$4.5 million

Mr. Hagemann stated that initial projections for the CIP costs during the next fiscal year are \$5.4 million total; capital equipment outlay is projected to be \$1.1 million. Staff will be further refining the projects and project costs over the next three to four weeks. He explained that for the April Board meeting there would be more details on the capital improvement program for the next year and that budget options for rate planning over the next 5 to 10 years would be discussed. During the next fiscal year there would also be additional refinement of asset planning and ongoing annual updates to the Assessment Management and CIP.

Mr. Nishi asked specifically about funding currently available to meet the costs for the CIP, and Mr. Tiernan responded that we currently have \$5 million in the General Fund and also bond money of \$4 to \$4.5 million available that hasn't yet

been drawn. Mr. Nishi stated that because this agency hasn't had rate increases, we may find that in years 4 and 5 the needed money for the CIP would not be available. Mr. Hagemann stated staff would be reviewing these projected costs with the rate model and will be able to provide more information at the next Board meeting. Staff will also be considering the capacity fee rates; to date, revenues for capacity fess has been low due to the slow down of the economy.

Chair Calcagno congratulated staff for looking at this and projecting needs for the future.

11. BOARD MEMBER COMMENTS

No comments.

[Chair Calcagno adjourned Open Session and immediately called for Closed Session to begin at 8:38 pm.]

12. CLOSED SESSION

A. Conference with Legal Counsel – Existing Litigation: Application of California American Water Company to the Public Utilities Commission (Application No. 01-09-019 – Coastal Water Project).

[Chair Calcagno reconvened Open Session at 9:25 pm.]

13. POSSIBLE ACTION ON CLOSED SESSION ITEMS

Legal Counsel Wellington reported that the Board received information during Closed Session and, by consensus, authorized execution of the Settlement Agreement between Marina Coast Water District, Monterey County Water Resources Agency and California-American Water Company relating to the Regional Desalination Project. No other action was taken.

14. ADJOURNMENT

With no further business, Chair Calcagno adjourned the meeting at 9:26 p.m. to the Strategic Planning Workshop on Friday, April 23, 2010, at 8:00 a.m. and to the next regularly scheduled Board Meeting on April 26, 2010.

Keith E. Israel, General Manager
Secretary to the Board

Ron Stefani, Vice Chair
MRWPCA Board of Directors