



APPROVED

February 22, 2010

**MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
January 25, 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 7:02 p.m., on Monday, January 25, 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
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
Ken Nishi	Marina Coast Water District, Member
Libby Downey	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Carmelita Garcia	Pacific Grove, Mayor
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
Rob Wellington	Legal Counsel
John Tiernan	Director of Admin Services, Deputy GM
Tom Buell	Director of Finance
Bob Holden	Principal Engineer
Jennifer Gonzalez	Lead Engineer
Betty Nebb	Executive Assistant

OTHERS PRESENT:

Timothy Flanagan – MPWMD
Alison Imamura – Denise Duffy & Associates
Doug Yount – City of Marina
Carl Niizawa – MCWD
Lloyd Lowrey – MCWD, Legal Counsel
Scott Ottmar – City of Seaside
Wayne Downey

3. PLEDGE OF ALLEGIANCE

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

4. PUBLIC COMMENTS

At 7:04 pm, 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 November 30, 2009
- B. Receive Financial Statements for July (revised) and August 2009
- C. Receive Comparison Percentage of Budget Expended Through December 2009 versus 2008
- D. Receive Check Register – November and December 2009
- E. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for November and December 2009
- 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 Residential Dwelling-Unit Aggregate as of December 31, 2009
- I. Establish Nomination Committee for Election of Board Officers for 2010

6. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Special Budget/Personnel Committee

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

Mr. Tiernan explained the Committee's recommendations were received at the November 30 Board meeting and tonight's action would be to review and approve the minutes of that Special BPC meeting.

ACTION TAKEN: On a motion by Ms. Garcia, seconded by Ms. De La Rosa, the Board unanimously approved the Special Budget/Personnel Committee Minutes/ Report of November 30, 2009.

B. Budget/Personnel Committee

1. Receive Committee Recommendations from BPC Meeting of January 8, 2010.

Item 1 – Update on Request for Qualifications (RFQs) for Banking Services

Mr. Tiernan reported that as recommended by the Committee, staff established contact with officials at the First National Bank to monitor the status of the bank's solvency and be ready to move accounts if it became necessary to do so. The FDIC and 110% collateralized insurance by a third party insures there would be no loss of Agency funds; additionally, Mr. Tiernan explained that MRWPCA account balances are currently being kept to a minimum in the bank. Some discussion followed regarding the procedures and time required to transfer funds/accounts to another institution.

Mr. Tiernan indicated that no specific action is needed by the Board at this time; staff will continue to monitor First National Bank's status and, if necessary, change banking institutions.

Item 2 – Review Mid-Year Status Report on Major Capital Agency Projects

Ms. Gonzalez, Lead Engineer, provided a status report on capital projects reflecting activity for the first six months of this fiscal year. She reported that two of the largest projects for the year have been contracted significantly under budget:

- o Bar Screen Replacement Project originally budgeted over three years at \$1.3m was contracted in November at \$850k.
- o Digester Hot Water Loop Replacement Project budgeted \$840k for equipment purchase and construction of the project was awarded for \$390k.
- o Both projects came in under budget by a combined total of nearly \$900k.

Ms. Gonzalez provided information to illustrate the 11 capital projects and reported that the Capital Improvement Program budget totaled \$2.9m with \$1.7m spent or encumbered so far this year. The one major O&M project this year is the Annual Coating Project which was completed in December at a cost of \$134k. In response to a question from a Committee member about the Salinas Pump Station Master Plan, Ms. Gonzalez reported that the budgeted amount of \$100k would be utilized by the end of the fiscal year.

To Chair Calcagno's question, Ms. Gonzalez explained that progress developing the Capital Improvement Plan (CIP) would be reported at the March Board meeting with goals for a short-term (1 to 3 years), mid-term (5 to 7 years) and long-term (10 to 15 years) program. Project funding will also be a major component of the CIP.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Garcia, the Board unanimously accepted the Mid-Year Status Report on Agency Projects and approved the Budget/Personnel Committee Minutes/Report of January 8, 2010.

C. Recycled Water Committee (RWC)

1. Receive Committee Recommendations from RWC Meeting of January 7, 2010

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

Mr. Israel stated that material presented to the Committee for discussion of the RUWAP status was only in draft form and, therefore, this item was continued to a future meeting.

Item 2 – Update on RUWAP Design Costs

Mr. Israel reported that staff calculated the RUWAP design costs to date in order to keep the Board apprised of these expenses. He explained that over the last several years there have been changes to the original design which had included a 6 acre-foot storage pond for wintertime irrigation for both CSIP and RUWAP and modifications to contact basins. RUWAP construction was originally expected to begin September 2009. Currently this agency has recorded out-of-pocket design costs of \$1,142,700; our portion of the RUWAP components is 99% complete. The work remaining is related to completing the SCADA systems which will allow cohesive interface between our agency and MCWD for the distribution system throughout Ft. Ord and Marina.

Although there were discussions with MCWD regarding a possible relocation for the WAPP pump station, Mr. Israel stated that they have concluded that the expense to move the pump station outweighs the benefits they anticipated.

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

Item 3 – CLOSED SESSION

A. Negotiations with Marina Coast Water District regarding use of the Ocean Outfall

Item 4 – Possible Action on Closed Session Item

Mr. Israel reported that the Committee came back into Open Session with a recommendation to adopt the Outfall Agreement as presented in the Board agenda packet, subject to minor revisions.

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 January 7, 2010.

7. ADDITIONAL ACTION ITEM(s)

A. Adopt MRWPCA Resolution No. 2010-01, Approving the Outfall Agreement with Marina Coast Water District

Mr. Israel stated the Resolution to approve the Outfall Agreement with MCWD is a result of a provision in the RUWAP MOU approved by the Board in April 2009. The Outfall Agreement has been negotiated over the last three months with review by the Recycled Water Committee and is presented for approval tonight.

Mr. Israel provided a summary of the key sections of the agreement allowing Board members the opportunity for review and questions. Mr. Wellington explained that subsequent to the Recycled Water Committee meeting on January 7 he, along with Mr. Israel and Mr. Hagemann, met with the MCWD General Manager, Legal Counsel and Mr. Hansen, Special Counsel familiar with legal requirements related to CPUC documents who provided final framing and editing of the agreement. Changes/edits made were all relatively minor, and there were no disagreements among the parties. The agreement presented tonight is a result of that final collaboration and was formally approved by the MCWD Board last week.

Chair Calcagno congratulated the Boards and staff of MRWPCA and MCWD for working together for the common good of the community. Ms. Downey thanked the Chair for his direction and tenacity to get this accomplished. Mr. Rubio referred to the complexities of the agreement and acknowledged that it identified many issues that needed to be clarified. The formula for the capacity charge was an important piece that took a great deal of work and numerous resources to develop. He stated that the cooperation between the parties has resulted in a good agreement that the Board should feel comfortable approving.

Chair Calcagno noted that if a private corporation establishing a desalination facility had to construct an outfall for brine disposal, they could have costs in the millions of dollars that would unfortunately be passed along to the ratepayers. In

this situation, the outfall paid for by this agency and its ratepayers is being made available to the people of the Monterey Peninsula who will be using desalination water. This Board can be proud to offer such a benefit to our community.

Mr. Israel clarified that estimated costs to build a separate outfall facility for brine discharge ranged as high as \$30m and would require permitting which could be very difficult and time consuming to receive. It is an intangible benefit for the Regional Water Program that the outfall is already available and has been designed with enough capacity to accommodate this project.

Mr. Rubio added that the approach developed by this Board's leadership to have policy makers provide direction and to work directly with legal counsel to formulate these agreements has resulted in a level of consensus building throughout this process and for future negotiations. Chair Calcagno noted that this agreement can be presented to the CPUC and will demonstrate the unity in our community to address our water shortages.

Mr. Wellington qualified that this agreement is not subject to CEQA and provides for the filing of Notice of Exemption after its approval.

Chair Calcagno called for Public Comments. Mr. Doug Yount, Development Services Director for the City of Marina, commended the MRWPCA Board and staff for coming to resolution on this very important component of the Regional Water Project.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Garcia, the Board unanimously adopted MRWPCA Resolution No. 2010-01, approving the Outfall Agreement with Marina Coast Water District.

Mr. Nishi thanked the MRWPCA staff, the Board Chair and members of the Recycled Water Committee for their work in completing this agreement. He stated his belief that the agreement benefits all, but especially the Peninsula and extended appreciation from the MCWD Board.

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 updates have been provided on the report.

9. STAFF REPORTS

A. General Manager/Assistant General Manager/ Legal Counsel

Mr. Israel announced that the MRWPCA website now provides not only the Board agendas, but also the supporting background documents. He expressed appreciation to staff for having made these improvements; and although paper copies of the agenda packet would still be available as needed, this improvement would surely save natural resources.

B. Department Heads

No reports.

C. Presentation: Water Recycling and Wastewater Trends – Keith Israel, General Manager

Mr. Israel provided information on the trends in recycled water being discussed at industry conferences during this last year. He emphasized that the safety of recycled water for use on food crops and landscaping is continually being reconfirmed with continuous testing and many new projects coming on line. Micro-constituents (in particular pharmaceuticals, personal care products and some chlorine byproducts) are reduced through a wastewater treatment plant, and with new technology that is available, further reductions have been possible. The State and Federal governments are continuing to evaluate this issue and don't currently see this as a major concern; however, the wastewater industry continues to monitor this very closely for any long-term impacts.

Mr. Israel stated that the use of recycled water is increasing dramatically through the nation and the world. As a result, better technology is available as groundwater recharge is being expanded. Some innovated uses of recycled water are seen at zoos, firefighting training and more use in wetlands. There is also interest in utilizing grey water which has resulted in pressure on the regulatory associations to set accurate safety standards.

He noted that there is a lot of focus on energy, carbon footprint, storage and recharge, salinity issues, and the possibility of substituting recycled water for potable water. Many of the issues being addressed are the same things we are doing here and in many cases we are generally a little further ahead of many in the industry.

Mr. Israel indicated he would provide information about new trends in the wastewater industry at a future Board meeting.

10. CORRESPONDENCE

There were no questions or comments regarding the listed correspondence.

11. CLOSED SESSION (if needed)
12. RECONVENE TO OPEN SESSION

Mr. Wellington announced that a Closed Session was not required.

13. BOARD MEMBER COMMENTS

Mr. Allion announced that Mr. Edelen, Mayor of Del Rey Oaks, would be attending the February Board meeting on his behalf.


Chair Calcagno announced that operation of the Salinas River Rubber Dam has been tested – everything is connected and the pumps are in place. As water flows down the river to the rubber dam, it will be pumped, treated and mixed with the reclaimed water in the Reclamation Pond at the Regional Treatment Plant. If everything goes well, approximately 20 wells in the Salinas Valley will no longer be pumping out water, the 180 foot aquifer will begin to be replenished, and roughly 6,000 to 10,000 AF of fresh water will be available for agricultural needs. With some additional infrastructure, water could become available for North County Granite Ridge area.

Mr. Israel announced the possibility of holding a future Board meeting at the Regional Treatment Plant so that a tour of the Rubber Dam Project and the Reclamation Plant could be planned for the Board members. Chair Calcagno suggested that May might be a good time as the dam would be in position to capture river water.

Chair Calcagno congratulated the Salinas Valley area for the number of projects that have been implemented during the last 50 years in order to take care of the water needs of the County, and encouraged the Monterey Peninsula to move forward as well.

13. ADJOURNMENT

With no further business, Chair Calcagno adjourned the meeting at 8:02 p.m. to the next regularly scheduled Board Meeting on February 22, 2010.



Keith E. Israel, General Manager
Secretary to the Board



Louis Calcagno, Chair
MRWPCA Board of Directors