



Approved
March 29, 2010

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
February 22, 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, February 22, 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
Jerry Edelen	Del Rey Oaks, Mayor
Ken Nishi	Marina Coast Water District, Member
Libby Downey	Monterey, Councilmember
Carmelita Garcia	Pacific Grove, Mayor
Dave Pendergrass	Sand City, Mayor
Steve Bloomer	Seaside, Mayor Pro Tem
Vacant – Ex-Officio	U.S. Army, Representative

BOARD MEMBERS ABSENT:

Chris Orman	Moss Landing County Sanitation District
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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
James Dix	WWTP Supervisor
Patrice Parson	Laboratory Supervisor

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Karen Harris
Mark Malanka
Jose Guzman
Betty Nebb

Community Relations Specialist II
Maintenance Supervisor
Wastewater Operator
Executive Assistant

OTHERS PRESENT:

Carl Niizawa – MCWD
Don and Gerri Bowles – Toro Park Coalition
Judi Lehman – MPWMD
Scott Ottmar – Seaside

3. PLEDGE OF ALLEGIANCE

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

Chair Calcagno acknowledged Mayor Jerry Edelen's attendance representing Del Rey Oaks on behalf of Director Allion and Mayor Pro Tem Steve Bloomer representing Seaside on behalf of Director Rubio. He also greeted Ms. Gerri Bolles, his former aide, who was in the audience.

4. PUBLIC COMMENTS

At 7:04 pm, Chair Calcagno opened and closed Public Comments.

5. ELECTION OF BOARD OFFICERS FOR 2010

Chair Calcagno noted that Mr. Orman was not present and asked Ms. Downey to provide the report from the Nomination Committee. She announced the Committee nominated Chair Calcagno to continue as Chair for a second year in order to continue the work of influencing water solutions for our area. For Vice Chair, the Committee nominated Mr. Stefani, Castroville Community Services District, who has been on the Board for several years and has shown outstanding leadership in his community. No nominations were made from the floor.

ACTION TAKEN: On a motion by Ms. Downey, seconded by Mr. Bloomer, the Board closed nominations for Chair and Vice Chair positions.

ACTION TAKEN: On a motion by Mr. Pendergrass, seconded by Ms. De La Rosa, the Board unanimously accepted the recommendations and report from the Nomination Committee.

Chair Calcagno thanked the Board for their support during the last year and expressed his hope to assist the Monterey Peninsula with bringing forward water solutions during the coming year.

6. CONSENT AGENDA

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

- A. Approve Board Meeting Minutes/Report for Regularly Scheduled Board Meeting of January 25, 2010
- B. Receive Financial Statements for September and October 2009
- C. Receive Comparison Percentage of Budget Expended Through January 2010 versus 2009
- D. Receive Check Register – January 2010
- E. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for January 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. Approve Contract for Class A/B Water System Design Services

7. EMPLOYEE RECOGNITION

Mr. Hagemann introduced Jose Guzman who joined the Agency in February 2008 as a Wastewater Treatment Plant Operator after graduating from CSUMB with a BS degree in Environmental Science and work experience as a laboratory technician. Mr. Guzman has successfully completed the Grade III exam for Wastewater Treatment Plant Operator.

Mr. Hagemann introduced our Laboratory Supervisor Patrice Parsons has been with MRWPCA since August 2003. She was promoted to Laboratory Supervisor in July 2007 and recently completed the Grade 4 Laboratory Analyst exam in January 2010. Ms. Parsons serves as a Director on the CWEA Monterey Bay Local Section Committee and holds a BA in Earth Sciences and a MA in Marine Sciences from CSUSC.

Chair Calcagno congratulated both employees and commended all the employees of MRWPCA on the great job they do providing a valuable product that irrigates 12,000 acres of the finest agriculture ground in the world. He noted the impact the agency has in this region and expressed appreciation for the success that is a result of the work by the entire staff of the organization. He reiterated his and the Board's continuing support for a job well done.

8. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Projects/Planning Committee

1. Receive Committee Recommendations from the PPC Meeting of February 4, 2010

Item 1 – Consider Wastewater Treatment Services for the Toro Park Region

Mr. Buell stated this item is a result of a request from Supervisor Potter to evaluate the feasibility of providing wastewater service to Toro Park Region. The area is currently being serviced by California Utility Service (CUS) which has proposed a monthly rate increase from \$61 to \$139. The homeowners have organized a coalition to consider options that might delay or cancel this rate increase while investigating the possibility to join the regional wastewater treatment system. Mr. Buell stated the committee reviewed information on previous service area studies and the issues that would need to be addressed in considering services for this area. The Committee considered whether to do an internal, preliminary review that could be completed by our engineering staff or to conduct a more thorough study that would be prepared by an outside consultant and would include the CUS service area as well as Indian Springs and Las Palmas as part of the study.

Mr. Nishi stated the staff report was very accurate and noted that the Committee did recommend spending up to \$35,000 to have this study completed.

Mr. Bolles clarified that Toro Park is the largest homeowners' association which includes 476 homes; however, it is not the only association included in the coalition. CUS services approximately 1,100 customers; the coalition represents 1,086 homeowners including Creekside, Serra Village, Toro Park, Toro Hills Estates Corral de Tierra, Villas, Meadows and Markham Ranch. Corral de Tierra Country Club, Toro School and Toro Park are also serviced by CUS.

Chair Calcagno outlined some of the options that may be available to the coalition when considering how to proceed and cited the example of how Boronda had come into the service area through the County. He also recommended the coalition look at Proposition 218 and evaluate forming a community services district similar to what Castroville had done. He suggested that consideration and coordination ought to be extended to the owner of the current service, Adcock Company, as they proceed.

Ms. Downey asked if other areas could request a study funded by the agency to determine feasibility to join the system. Mr. Wellington provided the Board with a memo which stated that it is always at the Board's discretion on a case-by-case basis. Often a newly developed area would be annexed by an existing member entity and, therefore, join the Agency in that way. If an area that was not annexed by a member entity wanted to join, funds expended by MRWPCA could be reimbursed as a condition of joining the Agency. Chair Calcagno asked that this

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process for reimbursement be included in the motion to approve funding for the study.

Mr. Pendergrass offered his support, but cautioned that consideration be given for the capacity reserves that are available to all the members and for the future expansion plans in Salinas and Fort Ord. Mr. Buell noted that the study would specifically address this issue.

Item 2 – Consider Next Committee Meeting Date(s)

Mr. Buell stated the next committee meeting date would be determined after the study/analysis is completed.

ACTION TAKEN: On a motion by Ms. Downey, seconded by Mr. Bloomer, the Board unanimously approved a study/analysis of providing sewer service to Toro Park Region which may also include analysis of Indian Springs and Las Palmas, at a cost not to exceed \$35,000. And, if the region is allowed to join the Agency, the cost of the study would be reimbursed to the MRWPCA.

ACTION TAKEN: On a motion by Ms. Downey, seconded by Ms. Garcia, the Board unanimously approved the Projects/Planning Committee Minutes/Report of February 4, 2010.

B. Budget/Personnel Committee

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

Item 1 – Review Mid-Year Budget Status and Investment Portfolio

Mr. Tiernan reported that information regarding the mid-year status of the budget and investments was discussed with the Committee and would be presented to the Board in more detail tonight under Staff Presentations.

Item 2 – Request Hiring Contract SRDF Laboratory Analyst

Mr. Hagemann reported that beginning in April, the Laboratory will perform all regulatory, process control, and food safety monitoring related to operation of the rubber dam for the Salinas River Diversion Facility (SRDF) under contract with MCWRA. The requested monitoring program is expected to require additional labor equivalent to approximately 70% of one full-time laboratory staff member (about 1,400 hours in this initial year). He noted that due to the level of effort that Water Quality and Ops Committee wants to see on the initial start up on this project, the work can not be adequately covered by current staff without significant increases in overtime. Staff also evaluated the possibility to outsource this additional work, but concluded it was more effective and more cost efficient to handle the work in house.

ACTION TAKEN: On a motion by Ms. Downey, seconded by Mr. Bloomer, the Board unanimously approved the request to hire a contract Laboratory Analyst (subject to MCWRA budget concurrence) in order to meet the needs of the SRDF beginning in March 2010.

ACTION TAKEN: On a motion by Ms. Garcia, seconded by Mr. Stefani, the Board unanimously approved the Budget/Personnel Committee Minutes/Report of February 12, 2010.

C. Recycled Water Committee (RWC)

1. Receive Committee Recommendations from RWC Meeting of February 17, 2010

Item 1 – Update on Grand Jury Response to Water Issues

Mr. Israel stated the Grand Jury report came out in January 2010 and addressed long-term water issues for Monterey County. The report generally supported the regional water efforts and listed MRWPCA as a responsible agency since this agency has the recycled water and the outfall that will be available for brine disposal. Because many of the recommendations/findings in the report involve multiple public agencies that are working on the Regional Water Project, Mr. Israel explained it has been suggested that a joint response be drafted which would make it clear to the Grand Jury that the parties are making progress and are coordinating their efforts. He indicated a draft response would be available for the RWC review in March. To Ms. Downey's inquiry, Mr. Israel stated he would follow up to schedule a meeting as soon as possible with the general managers to get this information completed.

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

Item 2 – Update on Interest by Monterey Peninsula Water Management District in Groundwater Replenishment

Mr. Israel stated that this item relates to a joint MOA signed last year with MPWMD to work together on water supply projects. That MOA indicated that a further joint MOU should be developed and would be more specific regarding project needs with a plan that could provide some funding for the Groundwater Replenishment (GWR) Project. He stated that one of our Board goals is to seek funding for some of the studies needed for GWR; and because MPWMD recently adopted a short-term goal to receive an update on this project, Mr. Israel provided a presentation to their Board on January 28. He stressed that GWR was a Phase II water project that needs funding to complete the studies necessary to verify its viability. Because the Regional Water Supply Program is scheduled for approval this summer, Mr. Israel suggests that dialogue with MPWMD could continue after that time frame. The MPWMD has demonstrated strong support for both the RUWAP and GWR and this continuing cooperation between the two agencies is encouraging.

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

Item 3 – Review Settlement Agreement for Water Purchase Agreement (as a Party on the ADR)

Mr. Israel stated a Water Purchase Agreement for the Regional Water Supply Project is currently going through an Alternative Dispute Resolution (ADR) process with the CPUC. There are primarily three agencies negotiating this agreement: MCWD, MCWRA and Cal Am. MRWPCA is, however, a party to these proceedings and would be requested to sign the final agreement. Because the negotiations may be finalized in March and since they want to move quickly, staff suggests that the Board Chair be given authorization to sign the agreement when it is ready. Mr. Israel noted that staff and counsel have monitored the settlement process and all negotiations thus far seem consistent with our outfall agreement with MCWD and have no other significant impact for this agency.

Regarding the Committee's recommendation, Chair Calcagno asked the Board to consider scheduling a Special Board meeting, if necessary, to review the Settlement Agreement before signing. He felt that because the agreement is prepared by someone outside the agency and relates to an important issue, he would feel more comfortable with staff and counsel having an opportunity to fully review the agreement and then present it to the Board for final consideration.

ACTION TAKEN: On a motion by Ms. Downey, seconded by Ms. Garcia, the Board unanimously agreed to have the CPUC Settlement Agreement reviewed by Agency Counsel and then presented to the full Board for consideration and approval.

Item 4 – Washington DC Funding Trip

Mr. Israel stated the Committee discussed that MRWPCA, as a key supporter of the Regional Water Project, should participate in a funding trip to meet with Congressional leaders and staff in Washington DC. Tentative dates being discussed for this trip may be the end of March, perhaps first part of April; and staff will make arrangements once the dates are finalized. The Committee agreed that the Board Chair and a member of the RWC could accompany the General Manager on this trip.

Chair Calcagno stated he would like to make the trip because this is such an important project for the area and selected the representative from the City of Monterey to participate. He reported that several other representatives from our communities/agencies would also be traveling to DC and that there would be a coordinated strategy to maximize contact with key Congressional Members to give a set program for our regional funding request.

Mr. Pendergrass, referring to Item 2 of the RWC agenda, stated that Monterey Peninsula Water Management District has issued a Resolution in support of the

Regional Water Project. Additionally, Mr. Pendergrass stated that the District is willing to work together with MRWPCA to save the Seaside Basin – the GWR project is purified water (like Orange County) that can and should be injected into this basin to reduce the overdraft. He explained that Seaside faces a \$3m penalty from the adjudication court because there is no new water to replenish the basin; and, next year Cal Am will be assessed over \$10m which ultimately will be passed on to the ratepayers. With the environmental community very much in favor of the GWR project, he stated this seems an easy way to begin to solve the overdraft of the Seaside Basin. MPWMD is willing to proceed with assistance on a pilot project to verify studies for the GWR. He stated that while some MRWPCA members may feel there a need to focus only on the Regional Water Project, it is important to remember that RUWAP is a part of Phase I and should be constructed as soon as possible to implement the distribution of recycled water for urban irrigation and, then later, replenishment water for GWR project. Mr. Pendergrass encouraged the Board to begin work in a collaborative activity with MPWMD to solve the Seaside Basin water problems.

Chair Calcagno thanked Mr. Pendergrass for his comments and called for any further discussion. Ms. Downey concurred that providing an update to the MPWMD was good because the Groundwater Replenishment Project is supported by this Board and is very vital to the area. However, is it not part of Phase I, and focus must remain on the projects included in the first phase of the Regional Water Program. She did recommend that Board members who had not yet visited the Orange Country Replenishment facility should do so in order to have a better understanding of what is possible to replicate here on the Peninsula.

ACTION TAKEN: On a motion by Mr. Stefani, seconded by Mr. Bloomer, the Board unanimously approved the Recycled Water Committee Minutes/Report of February 17, 2010.

9. INFORMATIONAL ITEMS

A. Fort Ord Update

No questions or comments.

B. Reclamation Project Status Summary

Mr. Israel stated that because of the continuing rain, the reclamation plant may be starting a little bit later this year.

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

Mr. Israel stated the Strategic Planning Goals Workshop is scheduled for April 23, Friday morning. It will be a half-day workshop held at Embassy Suites and he encouraged all members to participate.

10. STAFF REPORTS

A. General Manager/Assistant General Manager/ Legal Counsel

Mr. Israel suggested that staff was considering steps that would streamline the agenda packet by summarizing and/or deleting some routine information. For example, the Fort Ord staff report has become a static report with no changes over that last year. Staff plans to delete that report until such time that development or activities occur that should be reported. Secondly, the RTP permit compliance reporting is lengthy and can be difficult to interpret. Staff will summarize the information to be included in the agenda materials, but the full report will always be available upon request.

Mr. Pendergrass commented that while the Fort Ord report may have become static, the military community is very important to this Board. He encouraged staff to continue contact with Colonel Brewer to be certain he understands the history of the Army's role on our Board and the desire of the members to have the military representation serving on this body. Mr. Israel added that the previous representative, Dewey Baird, was extremely helpful and provided a lot of input to the Board regarding development of the community. He confirmed contact has been made with Colonel Brewer, and stated he would follow up with an offer for him to tour the regional treatment plant.

Mr. Bloomer confirmed, with no objections from the Board, support to staff in their efforts to reduce the amount paper used for agenda preparation.

B. Department Heads

No reports.

C. Presentation: FY 2009/2010 Mid-Year Budget and Investment Review – John Tiernan, Dir of Adm Services and Tom Buell, Dir of Finance

Mr. Tiernan provided an update on the mid-year budget and reported that costs are being held within budget. Revenues are on target of 50% at mid year. Costs for CSIP and SVRP which are funded by the County are also on target. He noted that for last fiscal year, MRWPCA returned approximately \$300,000 to the Monterey County Water Resources (MCWRA). Since MRWPCA began operations of the CSIP and SVRP in April 1998, the total amount returned to the County has been approximately \$1.5m due to the effective and efficient operation of the facilities.

Mr. Tiernan reviewed several revenue accounts and provided details on the budget variance. He noted that currently expenditures appear to be way under for Capital Improvement projects; however, several significant projects are just now being funded. He anticipated that this account would be slightly under budget at year's end, and currently O&M costs are 1.88% below budget. Mr. Tiernan stated staff would continue to closely monitor revenues and expenditures to be certain that we stay within budget and meet the bond covenant.

Additionally, Mr. Tiernan reported the number of lien notices being prepared this year is fewer than last – 5,400 versus 6,000 for last year. The lien amount due last year at this time was \$1.33m compared to this year's \$1.2m showing a slight improvement. He explained that typically the amount due for liens will greatly decrease after the notices are sent and bills are paid. Last year in July when liens were filed, liens totaled approximately \$600k. Regarding foreclosure properties in our customer area, Mr. Tiernan reported last year there were 1,600 foreclosures versus 709 this year, including Salinas where there were 1,000 last year and 489 foreclosures this year.

Mr. Buell summarized the investment portfolio stating \$8.6m is currently invested with 88% of those funds in LAIF. There is one CD paying 1.38% with less than 6 months to maturity. He explained that with restrictions for possible agency investments, interest rates that are available remain very low. Last year at this time we had \$11.2m in our portfolio; capital projects this year have reduced the amount about \$2.6m. The funds held in LAIF have overnight liquidity so when interest rates begin to rise, staff will have the flexibility to take advantage of higher returns.

11. BOARD MEMBER COMMENTS

Chair Calcagno asked for information regarding sewer hook up for the pending approval of a new jail and youth center site for the City of Salinas. Staff provided basic information and referred additional questions to our Customer Service staff.

12. ADJOURNMENT

With no further business, Chair Calcagno adjourned the meeting at 8:10 p.m. to the next regularly scheduled Board Meeting on March 29, 2010.

Keith E. Israel, General Manager
Secretary to the Board

Louis Calcagno, Chair
MRWPCA Board of Directors