



APPROVED
2/28/2011

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
January 31, 2011

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, January 31, 2011 in the Board Room at 5 Harris Court, Building D, Monterey, California.

2. ROLL CALL

BOARD MEMBERS PRESENT:

Lou Calcagno, Chair
Ron Stefani, Vice Chair
Ramiro Cortez
Dennis Allion
Dan Burns
Libby Downey
Chris Orman
Carmelita Garcia
Gloria De La Rosa
Dave Pendergrass
Felix Bachofner
Vacant – Ex-Officio

Monterey County Supervisor
Castroville Community Services Water District
Boronda County Sanitation District
Del Rey Oaks, Councilmember
Marina Coast Water District
Monterey, Councilmember
Moss Landing County Sanitation District
Pacific Grove, Mayor
Salinas, Councilmember
Sand City, Mayor
Seaside, Mayor
U.S. Army, Representative

BOARD MEMBERS ABSENT:

None

MRWPCA STAFF PRESENT:

Keith Israel
Rob Wellington
Brad Hagemann
John Tiernan
Tom Buell
Bob Holden

General Manager
Legal Counsel
Assistant General Manager
Director of Admin Services, Deputy GM
Director of Finance
Principal Engineer

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Jennifer Gonzalez
Mark Malanka
Robert Locke
Maddi Bell
Betty Nebb

Lead Engineer
Maintenance Supervisor
WWTP Operator
Administrative Support Specialist I
Executive Assistant

OTHERS PRESENT:

Dave Cohen – City of Pacific Grove
Frank Aguayo – City of Salinas
Carl Niizawa – Marina Coast Water District
David Berger
Wayne Downey
Public member

3. **PLEDGE OF ALLEGIANCE** – Director Gloria De La Rosa

4. **PUBLIC COMMENTS**

At 7:04 pm, Chair Calcagno opened and closed Public Comments. No comments received.

5. **INTRODUCTION OF NEW BOARD MEMBERS AND SPECIAL ACKNOWLEDGEMENTS**

Chair Calcagno introduced Mayor Felix Bachofner, newly appointed from the City of Seaside to become a Director to the MRWPCA Board. Mayor Bachofner expressed his appreciation for the opportunity to serve. Chair Calcagno announced the appointment of Councilmember Steven McShane to serve as Alternate to the Board for the City of Salinas; and Councilmember Dave Cohen to serve as Alternate to the Board for the City of Pacific Grove. Mr. Cohen was in the audience, acknowledged his appointment and expressed a desire to work with the Board.

Chair Calcagno introduced Mr. Dan Burns, newly appointed from the Marina Coast Water District to serve as Director to the MRWPCA Board. Mr. Burns stated he had worked at this agency for 28 years and was looking forward to working with the Board members. The Chair announced the appointment of Mr. William Lee as Alternate to the Board for the MCWD.

Chair Calcagno presented Resolution 2011-01, a Certificate of Appreciation to Mayor Ralph Rubio for his leadership on this Board and his efforts that inspired cooperation with local entities to implement the Regional Water Project helping to solve water issues in our area. Mayor Rubio stated he was pleased to represent the City of Seaside on this Board and appreciated the opportunity to serve.

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ACTION TAKEN: On a motion by Ms. Garcia, seconded by Ms. Downey, the Board unanimously approved Resolution 2011-01, a Resolution in Appreciation of Service to MRWPCA for Ralph Rubio representing the City of Seaside.

Chair Calcagno presented Resolution 2011-02, a Certificate of Appreciation to Councilmember Janet Barnes for her 10 years of service to the Board as a Director and Alternate representing the City of Salinas as a staunch advocate for her city's needs and in gratitude for her service to the area. Ms. Barnes expressed that it was her honor and pleasure to work on this Board.

ACTION TAKEN: On a motion by Ms. De La Rosa, seconded by Mr. Allion, the Board unanimously approved Resolution 2011-02, a Resolution in Appreciation of Service to MRWPCA for Janet Barnes representing the City of Salinas.

Mr. Hagemann was called on to acknowledge the 2010 Service Awards presented to employees at the Thanksgiving luncheon. He noted the longevity for many of our employees that included two who have 30 years of service. Chair Calcagno congratulated all the employees and expressed the Board's appreciation for their service and tenure.

6. CONSENT AGENDA

ACTION TAKEN: On a motion by Ms. Garcia, seconded by Ms. Downey, the Board unanimously approved the Consent Agenda, Items A through N, as follows (with Mr. Bachofner and Mr. Burns abstaining on approval of November 29, 2010 Board Minutes):

- A. Approve Minutes/Report for Regularly Scheduled Board Meeting of November 29, 2010
- B. Receive Financial Statements for July, August, and September 2010
- C. Receive Comparison Percentage of Budget Expended Through December 2010 vs. 2009
- D. Receive Check Register – November and December 2010
- E. Receive Waste Discharge Report, December 2010; NPDES Monitoring Report for December 2010 and January 2011; and Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for December 2010
- F. Receive Actual vs. Budgeted Fiscal Year 2010/11 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund

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- G. Receive Actual vs. Anticipated Fiscal Year 2010/11 Revenues from Capacity Charges
- H. Receive Residential Dwelling-Unit Aggregate as of December 31, 2010
- I. Establish Nomination Committee for Election of Board Officers for 2011
- J. Receive Technical Advisory Committee (TAC) Meeting Summary Report for January 20, 2011
- K. Approve Contract for Pump Station Concrete Repair and Gates Installation Project
- L. Approve Purchase of Standby Generator at Fountain Avenue Pump Station
- M. Approve Contract for Castroville Pump Station Wet Well Cleaning Project
- N. Approve Repair of Cogeneration Engine #3 Generator

7. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Recycled Water Committee

1. Receive Committee Recommendations from RWC Meeting of January 10, 2011

Item 1 – Review Operation and Maintenance (O&M) Agreement with MCWRA for the Salinas River Diversion Facility (SRDF)

Mr. Hagemann reported that the O&M Agreement with the MCWRA for operation of the SRDF was approved as to form with our Legal Counsel and the County's Legal Counsel with regards to the indemnification language and that the MCWRA adopted the agreement at their Board meeting on December 13. The RWC recommends that the Board consider approving this agreement.

Chair Calcagno provided information about the operation of the rubber dam and the river water pumped to a disinfection facility and then added to the recycled water for distribution to the growers for crop irrigation. Mr. Hagemann added that MRWPCA has been paid for services to operate the facility for MCWRA since before July 1 and now the final paperwork is in place.

- **That the Board consider and approve the Final Salinas River Diversion Facility O&M Agreement between MRWPCA and MCWRA.**

Item 2 – Update on the Regional Water Project

Mr. Israel reported that the California Public Utilities Commission (CPUC) approved the Regional Water Project on December 2; in early January the Division of Ratepayer Advocates (DRA) requested a rehearing of the decision and it is uncertain how that will proceed. On January 22, the Board of Supervisors issued a Notice of Determination which is an important milestone for any project to move

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forward. Mr. Israel explained that staff continues to work with MCWRA to develop two test wells and to prepare some predesign work for receiving the brine waste from MCWD and ultimately to secure an updated outfall permit from the Regional Board.

Discussion followed regarding the response by the CPUC to the request for a rehearing and about the Governor's appointments to the Commission Board. Chair Calcagno also discussed the Board of Supervisors' responsibility to review the financial package for the Regional Desalination Project and to consider potential liability. He also referred the members to the County website for additional information and Ms. Garcia stated she also encouraged members to watch that meeting. Ms. Downey added that she had read the brief the DRA prepared outlining their legal rationale to request a rehearing and found it very interesting.

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

Item 3 – Update on Legal Opinion/Cost of MRWPCA Distributing Recycled Water

Mr. Israel stated the initial discussion was in November when our Legal Counsel provided his opinion on our powers and authorization to develop and distribute recycled water. Staff is complying additional information for review by an outside counsel who will provide a detailed brief that will verify the legalities for our authority regarding the recycled water projects. This brief will be available for review at the February RWC meeting, and then presented to the Board as a basis to formulate policy to develop and support recycled water projects.

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

Legal Counsel explained that one motion by the Board will approve the Minutes/Reports and the actions recommended by the Recycled Water Committee.

ACTION TAKEN: On a motion by Mr. Bachofner, seconded by Mr. Stefani, the Board unanimously approved the Recycled Water Committee Minutes/Report of January 10, 2010.

B. Budget/Personnel Committee

1. Receive Committee Recommendations from BPC Meeting of January 21, 2011

Item 1 – Review Asset Management Plan and Capital Improvement Program (CIP)

Mr. Hagemann stated the Committee reviewed the Asset Management Plan/CIP and discussed a key component of the CIP which includes the recommendations for the Salinas conveyance system. The TAC also met to discuss the CIP and will be providing comments to staff regarding the options that are being considered for Salinas. He explained that rather than give a Committee report at this point, he

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would provide an in-depth presentation on this topic at the conclusion of the BPC meeting review portion of the agenda.

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

Item 2 – Update on Capacity Fees Study

Mr. Tiernan explained this was an update to the Committee regarding the study being prepared by Municipal Financial Services (MFS) to review capacity fees. The report was received in January but some corrections were needed. Mr. Tiernan noted the information will be completed in time for the BPC meeting in February and Mr. Tom Pavletic, owner of MFS, will attend the meeting and present their conclusions and recommendations in the Capacity Fee Study.

Mr. Burns asked for clarification of Proposition 26 that was referenced in the BPC minutes. Mr. Wellington explained that Prop. 26 is an initiative recently passed that furthers the thrust of Prop. 218 to require voter approval of certain fees. Prop. 26 is intended to cover regulatory fees, i.e. to charge fees to producers and consumers of certain products that require special handling due to constituents of certain in the product. Prop. 26 states a regulatory fee cannot impose a cost to folks who are not buying or using the product.

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

Item 3 – CLOSED SESSION

- A. Conference with Labor Negotiator
 - I. Unrepresented Employee: Assistant General Manager
 - Agency Negotiator: Keith Israel

Mr. Wellington explained that the Board would go into Closed Session at the end of tonight's meeting to receive the information and recommendation for this item that was considered at the BPC.

For the benefit of the new Board members, Mr. Wellington explained how this Board handles committee reports and related actions. As noted in the agenda materials, *"to the extent that the Committee makes specific recommendations to the Board, the Board's approval of the Committee's Minutes/Report, unless specified otherwise, shall be deemed as including approval of any matters recommended by the Committee."* Ms. Downey added that it is always within the Board's power to pull an item for separate discussion and even recommend a different action.

ACTION TAKEN: On a motion by Ms. Downey, seconded by Ms. Garcia, the Board unanimously approved the Budget/Personnel Committee Minutes/Report of January 21, 2011.

Asset Management/CIP Presentation

Consistent with the Board's strategic objectives, Mr. Hagemann provided an update of the Asset Management Plan/CIP. The engineering reports prepared in support of the program are completed, condition of assets has been evaluated, and a short- and intermediate-term CIP has been developed with an estimate of \$4.6M per year to support it.

Mr. Hagemann explained that one of the key components in the CIP is the Salinas pump station conveyance facilities needed to address future built-out flows. An updated report was just completed that provided additional measurements of existing pump station flows and capacities, as well as additional alternatives for future built-out flows. The draft CIP includes \$6.15M over the next three years for Salinas conveyance with the recommendation to initiate programmatic EIR and CEQA review work next year. This new report was presented to our TAC in early January and the members were asked to provide comments by the end of January. Following is a summary of the key points in the report:

- Salinas pump station existing capacity is 34 MGD (with one spare pump set)
- March-July 2010 field flow data report
 - Field flow rates in field were 15-20% lower than that measured at the pump station
 - Used more conservative (higher) pump station flow rates for analysis
- Existing average flows at pump station over the last 10 years, 11 to 12 MGD
- Highest peak hourly flow over past 12+ years was 28.5 MGD in 1998 before Salinas collection system improvements
- Pump Station has adequate capacity for existing peak and average daily flows for the intermediate future

Mr. Hagemann reported that four alternatives have been evaluated to address build-out flows with costs ranging from \$6M to \$30M. He explained that implementation of a project is dependent on the growth rate for the City. Carollo's engineering report includes flow "trigger charts" to determine when a conveyance enhancement project should start and provided details of that analysis to the Board. Discussion followed about the average monthly flows shown for the Salinas pump station and the various reasons for the continuing downward trend.

Mr. Hagemann stated that Mr. John Fair, former Public Works Director for the City of Salinas, continues to help with this study and his expertise has been a real benefit. Following his review of Carollo's engineering report, Mr. Fair recommended that

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Carollo prepare a supplement to the report that addressed peak wet weather storage facility sizing based on metered flows, as well as estimated projected flows from the Salinas Master Plan. Upon his recommendations and suggestions, we have developed a supplemental letter report to address the size of a storage facility for peak flow rates. Based on the metered flow data, the size of the proposed storage facility was reduced from 2.2M gallons to about 100,000 gallons to help shave off the peak flows.

Mr. Hagemann announced that staff has received comments on the report from the City of Salinas and MCWD and is anticipating additional comments from the TAC members. Staff will address the comments and prepare a final report while still recommending to proceed with a preparation of programmatic environmental review documents next fiscal year to evaluate options for the conveyance system enhancements.

Discussion followed with several Board members asking questions related to possible locations for the storage facility and the options that are being considered. Comments were made about the growth areas in Salinas, pipeline conditions and additional alternatives for temporary storage. Mr. Israel explained there is also consideration for a phased building of the interceptor – the first mile of it could be used for storage. All options will be looked at in the programmatic environmental review document to evaluate various impacts. Staff encourages all innovative ideas and appreciates the comments and suggestions that are made tonight.

To Ms. Garcia's request for clarification on the programmatic CEQA document, Mr. Hagemann noted that Mr. Orman previously had also questioned the "shelf" life of the programmatic CEQA documents. He explained that a programmatic CEQA document would consider several alternative projects which will help direct the Board's ultimate decision. Staff concluded that the shelf life of a programmatic CEQA document is typically three to five years.

Mr. Hagemann concluded his presentation by stating staff will continue to work with City staff and the TAC to come up with the best solution for Salinas and the associated rate impacts that will result. Staff will schedule visits to the various city councils/entities, as requested, to discuss the Agency CIP and how it affect rates depending upon other funding that may be available for these projects.

Mr. Bachofner commended the staff on their approach in planning this major project as it seems to indicate the importance to consider carefully all alternatives in order to protect the ratepayers from undue costs. He also asked about the missing data for the Salinas Pump Station flows. Ms. Gonzalez, Lead Engineer, explained that the data does exist, however, it was not easily retrieved as it is resides on an old hard drive. Mr. Israel added that flows and meters at the treatment plant serve to

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backup that information. In the summertime, staff can further verify flows based on the amount of water available for recycling.

Mr. Aguayo, City of Salinas, explained that Salinas does have capacity on the sewer main lines but that pipelines in the future growth areas may need to be upsized. He discouraged the idea of using the capacity in the pipelines for peak flows because the City is flat and there could be some outflow from the manholes.

Mr. Niizawa, MCWD, provided some history about the improvement the City of Salinas made to their sewer collection system but expressed his concern that the City still needs a new pipeline conveyance to the regional treatment plant.

ACTION TAKEN: On a motion by Mr. Bachofner, seconded by Ms. Garcia, the Board unanimously accepted the report on the Asset Management/Capital Improvement Program.

8. INFORMATIONAL ITEMS

A. Reclamation Project Status Summary

Mr. Israel reported that because there has been little rain over the last several weeks, tertiary treatment has started – this may be the earliest in the year that the plant has ever begun production of recycled water. Chair Calcagno noted that river water would not be available for the growers until April 1.

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

Mr. Israel noted that dates for the various objectives have been updated. He also called attention to the notice at the dais for members to consider two dates for the Strategic Planning Workshop. After some discussion, it became apparent that additional dates might have to be considered.

9. STAFF REPORTS

A. General Manager/Assistant General Manager/Legal Counsel

Mr. Israel pointed out the California Association of Sanitation Agencies (CASA) Water Quality booklet that each member received and called attention to photos of several Board members who attended the August 2010 CASA Conference held in Monterey. He noted that the publication provides information about the technical issues the Association reviews.

Mr. Israel requested each member complete the Board Officer and Committee Preference Survey – it is used by the Nomination Committee who will make a recommendation at the February Board meeting for the Chair and Vice Chair positions. The committee preference information will be provided to the new Chair for consideration in forming the Board's standing committees.

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Mr. Hagemann noted the MRWPCA Annual Report that was distributed to each member and reported that the agency has had another year of no violations. He commended staff and stated this agency has always had a reputation of maintaining a great compliance record. He also distributed aerial photographs that showed the completed solar facility and reported that on a recent sunny day about 700 kilowatts were being generated. Everything is operational and staff looks forward to saving some money on the SVRP PG&E bill and at the same time going to "green" power.

Mr. Burns congratulated Mr. James Dix, WWTP Operations Manager, and staff for their year of 100% compliance. Chair Calcagno also congratulated staff.

B. Department Heads

Nothing to report.

C. Presentation(s): None scheduled

10. CORRESPONDENCE

Chair Calcagno acknowledged the list of correspondence in the agenda packet and called for comments. None comments received.

11. BOARD MEMBER COMMENTS

Mr. Pendergrass referenced the letter from Monterey Peninsula Water Management District (MPWMD) and acknowledged the needs for Salinas and the hope that they will be met; however there are five cities above the Seaside Basin and every year this need is not met, there is an additional 10% reduction in available water. The MPWMD letter of December 13 (included with agenda materials) shows that Board unanimously continues their support of the 2005 Resolution to develop the Groundwater Replenishment Project. He stated the Seaside Basin is not yet seawater intruded, but needs the replenishment water as it represents Cal Am's second source of water for the Peninsula. MPWMD has asked to work jointly with this agency on recycled water projects. A pilot project is needed to show where the water can be injected and all the circumstances, permits, and obstacles that may or may not be there. The obstacle of social justice is not an issue and the environmental community is very much in favor of this project. He stated that the Regional Desalination Project may eventually bring water to the Peninsula, but this project could be completed sooner. Mr. Allion voiced his agreement whole heartedly.

Ms. Downey welcomed David Berger, former General Manager at MPWMD and former employee of Cal Am, to the meeting and explained he has done a great deal for this community. She also echoed Mr. Pendergrass's comments,

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encouraged others to visit Orange County/Factory 21, and noted her visit in September to a similar facility in Northern Virginia.

Chair Calcagno stated that the opinion from our outside legal counsel will be instrumental in assisting the Board to understand their options to proceed on the recycled water projects and the legal findings on how we are able to use ratepayer funds to support proposed projects that benefit specific communities.

Mr. Wellington added that based on his preliminary opinion it is very clear that this agency has the legal right to handle water recycling projects because the joint powers agreement specifically refers to that. Additionally, the State Recycled Water codes indicate this agency has the right to be a purveyor of recycled water.

Mr. Wellington stated that our outside counsel will provide further credence for this agency to proceed and to determine how much money can be allocated to projects that are in a development stage. He explained that when the Board considers matters in public discussion and then decides to support a project, there is broad discretion for a decision on the amount of support that can be given.

Mr. Wellington provided some history on a previous project for the Salinas Valley that included a pilot project funded by the Agency and designed to assess the safety and feasibility of agricultural irrigation with reclaimed water. As a result of the Monterey Wastewater Reclamation Study for Agriculture (MWRSA) completed in 1987, the Bureau of Reclamation and others provided loans to build the SVRP plant, and CSIP, and provide recycled water irrigation to Castroville artichoke fields. This project was a great benefit to the City of Salinas by impending salt water intrusion. Chair Calcagno added that there is a need for staff to continue to provide information to Board members regarding decisions on how projects are prioritized, developed, and implemented. He referred to his representational responsibilities to the Salinas Valley, Pajaro Valley and the County and the difficulties each entity faces and how matters have to be weighed to cooperate with each other.

Mr. Wellington stated that one of the "magical" things about this agency is that it was created in the early 70's when there was a major impetus that everyone had to get their sewage out of the ocean and out of the Salinas River. While a huge task, everyone joined together and worked together. It has worked in the past and with good Board direction, it can continue to work like that indefinitely.

Mr. Pendergrass added that this Board is a Joint Powers Authority and, therefore, is here to support each of our entities no matter the size or population. We have five cities who are in need of support from this Board with the MPWMD ready to assist in solving the issue of the over drafted Seaside Basin. The time to move forward is now. Chair Calcagno stated that with water running down the Salinas River and out to the ocean there would seem to be opportunities to do something during the winter months to optimize the use of the water.

Mr. Israel welcomed Mr. Burns to the Board and mentioned that the RUWAP is a part of Phase I in the Regional Water Project. He stressed that we would like to work closely with MCWD to keep this project moving along. This agency has invested \$3M in the planning and design stages and needs the project on line in order to recoup that funding. Once the RUWAP is in place, Groundwater Replenishment can be next.

[At 8:49 pm, Chair Calcagno recessed the Board meeting to Closed Session.]

12. RECESS TO CLOSED SESSION

A. Conference with Labor Negotiator


- I. Unrepresented Employee: Assistant General Manager
Agency Negotiator: Keith Israel**

13. ANNOUNCEMENTS FROM CLOSED SESSION

At 9:01 pm, the Board came back into Open Session and Legal Counsel Wellington reported that the Board gave instructions to the General Manager, who was the negotiator for this matter, relative to the revision of the Assistant General Manager's contract.

14. ADJOURNMENT

With no further business, Chair Calcagno adjourned the meeting at 9:02 pm to the next regularly scheduled Board meeting in the Board Room at 5 Harris Court, Building D, Monterey, California on Monday February 28, 2011 at 7:00 pm.



Keith E. Israel, General Manager
Secretary to the Board



Louis Calcagno, Chair
MRWPCA Board of Directors