



Approved
May 23, 2011

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
April 25, 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 Stefani at 7:00 p.m., on Monday, April 25, 2011 in the Board Room at 5 Harris Court, Building D, Monterey, California.

2. ROLL CALL

BOARD MEMBERS PRESENT:

Ron Stefani, Chair	Castroville Community Services Water District
Dennis Allion, Vice Chair	Del Rey Oaks, Councilmember
Ramiro Cortez	Boronda County Sanitation District
William Lee	Marina Coast Water District
Lou Calcagno [departed 8:15 pm]	Monterey County, Supervisor
Libby Downey	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Carmelita Garcia	Pacific Grove, Mayor
Gloria De La Rosa [arrived 7:03 pm]	Salinas, Mayor Pro Tem
Dave Pendergrass	Sand City, Mayor
Felix Bachofner	Seaside, Mayor
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

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Robert Holden	Principal Engineer
Karen Harris	Community Relations Specialist
Bill Cronin	Lead Maintenance Mechanic
Robert Locke	WWTP Operator III
Silvia Burnett	Lead Laboratory Analyst
Carla James	Laboratory Analyst
Patrice Parsons	Laboratory Supervisor
Betty Nebb	Executive Assistant

OTHERS PRESENT:

Lauren Mendoza and family – Science Fair winner
Casie Guido and family – Science Fair winner
Jeff Krebs – City of Monterey
Carl Niizawa – Marina Coast Water District
Wayne Downey

3. **PLEDGE OF ALLEGIANCE** – Led by Mr. Bachofner.

4. **PUBLIC COMMENTS**

At 7:02 pm, Chair Stefani opened and closed Public Comments. No comments received.

5. **EMPLOYEE RECOGNITION**

Mr. Hagemann introduced Silvia Burnett who achieved 2nd Place in a state-wide competition for California Water Environment Association (CWEA) Laboratory Person of the Year. Ms. Burnett has been with the Agency since 1997. He also introduced Carla James who joined the Agency in 2010 and recently was successful in completing her certification for Laboratory Analyst, Grade 1. Congratulations were expressed to both employees on behalf of the Board by Chair Stefani.

6. **ACKNOWLEDGE 2011 SCIENCE FAIR SPECIAL AWARD WINNERS**

Ms. Karen Harris, Community Relations Specialist, explained the process used to determine which Science Fair projects were eligible for consideration by MRWPCA and announced the winners. In the Junior Division, Ms. Lauren Mendoza and Ms. Brenda Melano from Santa Catalina Lower School (8th grade) won for their project – “Irrigation: What Kind of Water is Best to Irrigate Crops if Well Water is No Longer Available?”; and, in the Senior Division, Ms. Casie Guido from York School (9th grade) won for her project – “Toxic Waters.”

Ms. Mendoza answered questions from the Board members about salt water intrusion in the Salinas Valley and announced that for the project they tested seven different types of water on grasses and confirmed that the best water available for irrigation was "reclaimed water." Ms. Guido fielded questions about urban runoff pollutants (motor oil and detergents) on plant life, especially strawberry plants. She reported that her findings showed that water with motor oil was most harmful to plants – second most harmful water for plants was seawater. Both students were congratulated by Chair Stefani for their work.

7. CONSENT AGENDA

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

- A. Approve Minutes/Report for Regularly Scheduled Board Meeting of March 28, 2011.
- B. Receive Financial Statements for March 2011.
- C. Receive Comparison Percentage of Budget Expended Through March 2011 vs. 2010
- D. Receive Check Register – March 2011
- E. Receive Waste Discharge Report, March 2011; NPDES Monitoring Report for March 2011; and Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, RTP, Monterey Peninsula, Marina, Fort Ord, and Castroville for March 2011
- F. Receive Actual vs. Budgeted Fiscal Year 2010/11 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund
- G. Receive Actual vs. Anticipated Fiscal Year 2010/11 Revenues from Capacity Charges
- H. Receive Residential Dwelling-Unit Aggregate as of March 31, 2011
- I. Adopt MRWPCA Resolution No. 2011-06, a Resolution Authorizing Purchase of an Odor Scrubber System for the Reeside Pump Station without Formal Competitive Bidding
- J. Approve Change Orders to Barscreen Project to include Coating and Structural Repair Work

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8. COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. Recycled Water Committee

1. Receive Committee Recommendations from RWC Meeting of April 7, 2011

Item 1 – Consider Outreach Assistance for Recycled Water Projects

Mr. Israel stated that in accordance with the Strategic Planning Goal for recycled and replenishment public outreach, staff proposes to restart our efforts. He announced that Ms. Lois Humphreys, TRG & Associates, attended the Committee meeting and discussed her proposal to renew our outreach program. Ms. Humphreys worked with the Agency in 2005 developing a strategic outreach program for groundwater replenishment. She proposes to update stakeholder/ Board member information to quantify information/misinformation about our recycled water projects and to clarify the need for continuing education and outreach efforts.

- **That the Board approve additional outreach services from TRG & Associates at a cost not to exceed \$9,500.**

Item 2 – Update Status on MPWMD Support for Replenishment Project

Mr. Israel reported MPWMD had an informational workshop to discuss strategic goals and that their members continue to be very supportive of the Groundwater Replenishment Project. The two agencies look forward to additional collaboration with some financial support, when possible, for studies needed for the project.

Mr. Pendergrass commended the Recycled Water Committee for proceeding with efforts to keep the replenishment project moving forward as it is critical for the Seaside Basin and concurred that the District Board is in total support. It is apparent there is a spirit of cooperation and camaraderie that now exists between these two agencies.

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

Item 3 – Consider Participation in WaterReuse Foundation Project – Indirect Potable Reuse and Dual Pipe Systems

Mr. Holden stated this project will develop a tool to address issues, advantages and obstacles to implement an Indirect Potable Reuse (IPR) project. The WaterReuse Foundation and the Bureau of Reclamation are providing \$250,000 for this study that includes assistance from 12 utilities located in California, Texas, Arizona, Florida, Spain and Australia. We have been asked to participate by providing about 80 hours of staff time and \$4,000 in funding to assist in this study. Staff feels that

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this work would greatly benefit our planning decisions regarding indirect potable reuse and dual-pipe systems for our proposed groundwater replenishment project.

Discussion followed regarding examples of indirect potable reuse with the largest one being the Orange County Water District Groundwater Replenishment system – and, a dual pipe system being what we have at the Regional Treatment Plant (RTP) that provides recycled water for toilets.

- **That the Board approve staff recommendation to provide staff time and a contribution of \$4,000 to assist in support of WaterReuse Foundation's Indirect Potable Reuse (IPR) Project.**

Item 4 – Receive Report on 2011 California WaterReuse Conference

Mr. Israel attended the 2011 California WaterReuse Conference held on March 20-22 in Southern California. Topics included recycled water planning, operational issues, regulatory issues, financial considerations and environmental benefits. Mr. Holden provided additional information about the conference highlighting several of the presentations that were of particular interest.

- Orange County Water District can currently provide 72,000 AFY of advanced treated water and ultimately expect to expand production to 140,000 AFY.
 - New, modern RO facility built
 - Energy from two RO units to power the remaining RO units in a single train
 - Resulting in savings of over \$2m per year
- Case studies for seasonal recycled water storage
- San Diego water purification demonstration project
- Dana Point Desalination Pilot Testing utilizing a slant well intake system
- Public-Private Partnerships for Municipal Infrastructure
- Information about the Monterey Bay Regional Desalination Project
- Risk Assessment Study of PPCPs in Recycled Water

Mr. Holden cited key information from several of the presentations given at the conference. The Regional Water Project was also discussed in presentations by Mr. Eric Zigas and RMC noting that construction of the desal plant would be completed by Spring 2015.

Discussion followed with Ms. Downey asking about the continuing progress of the RUWAP project and clarification about the location of the pump station for the

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project. Mr. Holden verified that originally the pump station was to be within the RTP boundaries, but there have been discussions about relocating it on MCWD property. Mr. Israel stated that additionally staff has been providing information to the MCWD consultant regarding flows and allocations. It appears there is a meeting tentatively scheduled for next week to address these issues more thoroughly.

Ms. Garcia asked about the slant wells for the desalination project and if pilot testing typically takes 1.5 years as shown in the information that Mr. Holden presented. Mr. Holden stated that MCWRA and MCWD expect to have the data needed for their study in about six months. Mr. Israel added that MCWD does have some data from previous work they have done on vertical wells.

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

Item 5 – Consider Proposed Committee Meeting Dates

Mr. Israel reported that the Committee reviewed and accepted the proposed dates for the RWC meetings for the year, and agreed to continue the start time for the meeting at 3:00 pm.

- **That the Board accept proposed meeting dates for Recycled Water Committee.**

ACTION TAKEN: On a motion by Mr. Orman, seconded by Ms. Garcia, the Board unanimously approved the Recycled Water Committee Minutes/Report and Committee Recommendations of April 7, 2011.

B. Budget/Personnel Committee

- 1. Receive Committee Recommendations from BPC Meeting of April 15, 2011**

Item 1 – Update on Budget Status and Consider Recommendation for Multi-Year Rate Increase

Mr. Tiernan summarized the Committee discussion and presented illustrations for two alternative rate schedules that would meet the O&M and projected capital needs for the coming years. The first alternative rate model increased user rates about 6% for each of the first 4 years, had no new debt, and generated revenue over 10 years of \$58.7m. The second alternative has slightly reduced rate increases of 5% for the first 4 years, with new debt of \$10.3m in the early years for the CIP, resulting in \$51.4m in revenues over 10 years. In both alternatives, the user rate at the end of 10 years was nearly the same.

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Discussion followed with members coming to a consensus that the “pay-as-you-go” option (Alternative 1) seemed to be the favored approach. Mr. Bachofner agreed, however, expressed that it might be appropriate to bring user rates to the correct level now (a larger increase) and then tie future increases to the Consumer Price Index. He noted that this agency has an exemplary record for keeping rates low – maybe too low, and that is why the increase is needed now. Mr. Tiernan stated that Proposition 218 requires a complete rationale for any rate increase with thorough backup to verify actual costs. A larger increase for the next few years may not be needed because capital projects can be timed for development throughout the 10-year period. Ms. Downey stated that the user rate increases not only affect residential customers; she noted that the local hospitality industry could react adversely if a larger rate increase is proposed, especially during this difficult economic time.

Mr. Calcagno agreed that government should discipline itself to avoid accumulating debt and added that besides raising rates, staff should consider ways to reduce costs as another method to provide necessary funds for the CIP. Mr. Israel noted that initially when staff was considering the “pay-as-you-go” plan (Alternative 1), a 9% annual rate increase was thought to be needed in order to have the funding necessary; however with careful review staff was able to reduce costs, defer and reschedule some of the major projects and develop a no new debt budget that could be supported with a 6% annual rate increase for the first three years.

Mr. Tiernan explained that the Board would have an opportunity to further consider the budget costs and proposed user rate increases at the Board meeting in May and at the June Budget Workshop before making a final decision at the June Board meeting. The BPC recommended that the Board select the option where there is no new debt, that a three-year rate structure would be implemented and that the 218 notification process would commence by May 11 for the rate increase to take effect by July 1.

Mr. Allion asked about the assumption as to the number of ratepayers and the projected rate of increase on active accounts. Mr. Tiernan explained we currently have 55,000 residential ratepayers and about 9,000 commercial accounts. He noted that staff recommends going out for only three years so that possible future growth can be considered. Mr. Israel stated the purpose tonight is for the Board to authorize staff to begin the notification process to the rate payers and then further discuss and finalize the rates and budget in June.

Chair Stefani called for Public Comments – none were received.

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Mr. Tiernan clarified that the Proposition 218 notification will notice the maximum rate for the next three years and announced the Public Hearing would be held at the June 27th Board meeting with rates effective starting July 1.

Mr. Orman stated that he supports the staff recommendation but also agrees with Mr. Bachofner that the rate increase may be too low in light of the recently completed Capital Improvement Plan which demonstrated that there will be \$40+m capital need over the next 20 years.

ACTION TAKEN: On a motion by Ms. Garcia, seconded by Mr. Pendergrass, the Board unanimously authorizes staff to proceed with rate increase notification based on Proposition 218 requirements.

Item 2 – Approve Contract for Telephone System Replacement Project

Mr. Hagemann presented information about the proposed replacement of the Agency telephone system stating that the current system is 20 years old, has no expansion capacity, has had many problems over the past several years and is difficult to repair due to scarcity of parts. Initially the project was to upgrade the RTP system; however RTP and Admin phone systems are interconnected and, therefore, it is necessary to upgrade both systems. Capital project savings during this current year will cover the additional costs. He explained that four bids were received with two bids meeting all the proposal requirements.

Discussion from the members included questions about the physical system, installation and training that would be included. Based on references for the successful bidder, staff is confident that Exceedio will be highly competent in providing this new telephone system for the Agency.

ACTION TAKEN: On a motion by Mr. Bachofner, seconded by Ms. Downey, the Board unanimously approved the contract with Exceedio Inc. for replacement of the existing RTP, Admin Building and two Pump Station phone systems at a cost not to exceed \$104,724 which includes the first year full-service warranty.

Item 3 – Consider Proposed Committee Meeting Dates

Mr. Hagemann presented the proposed BPC meeting dates and acknowledged that the members accepted the dates and will continue to have the committee meet at 1:30 pm.

- **That the Board accept the proposed meeting dates for Budget/Personnel Committee.**

Item 4 – CLOSED SESSION – Conference with Labor Negotiator
Mr. Israel reported that information was provided to the Committee.

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

ACTION TAKEN: On a motion by Mr. Allion, seconded by Mr. Orman, the Board unanimously accepted the proposed meeting dates for the Budget/Personnel Committee and approved the Budget/Personnel Committee Minutes/Report of April 15, 2011.

Chair Stefani acknowledged the Alternate Board Member from Marina Coast Water District, Mr. William Lee, present on behalf of Dan Burns. The Chair welcomed Mr. Lee and thanked him for being in attendance.

9. INFORMATIONAL ITEMS

A. Reclamation Project Status Summary

Mr. Israel noted the report in the agenda and stated the Rubber Dam is still not up because it has been raining enough that the growers have no need for additional water.

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

Mr. Israel stated an update is provided in the agenda. He announced that the Strategic Planning Workshop will be next Thursday morning, May 5, at 8 am with the program beginning at 8:30 am and finishing at 1:00 pm. The Workshop will be held at Casa Munras in Monterey.

10. STAFF REPORTS

A. General Manager/Assistant General Manager/Legal Counsel

Mr. Israel provided an updated schedule listing dates for the Board and Board Committee meetings to the members. He announced that he and Mr. Hagemann would be meeting with the Salinas City Council tomorrow to provide an update on the Agency and discuss the budget process and the decisions the Board has made tonight regarding the Capital Improvement Program. The next presentation will be to the City of Monterey – the date still to be determined.

B. Department Head(s)

Mr. Tiernan reminded the Board that the second annual Water Awareness Day Celebration is Saturday, May 14, at the Del Monte Shopping Center from 11 am to

4 pm. We are a sponsor and are working with the Water Awareness Committee. Our representative, Karen Harris, will have a booth there to provide information and answer questions about MRWPCA.

He also provided a Pharmaceutical Drop Box Program update stating that staff continues to work with the program collaborators. Ms. Harris is working with CSUMB students who are helping with this community program to establish five Drop Boxes in Monterey County near police stations.

C. Presentation(s): History of the Agency Presentation – PART 2

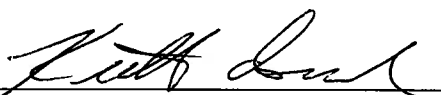
Mr. Israel gave a presentation to discuss the agreements the Agency has on recycled water. He explained the history of the development of the agreements and provided a lot of detail. The presentation and copies of the agreements will be included as part of a compilation of reference materials for each of the Board members. [The presentation is available to the public upon request.] Mr. Israel did explain that a Leadership Committee comprised of MRWPCA, MCWRA and MCWD is referenced in the 3-way agreement and staff is looking forward to a meeting being scheduled in the near future.

11. BOARD MEMBER COMMENTS

Mr. Pendergrass suggested that the Board restart the program to visit Orange County Water District and West Basin and noted that decision makers need to see the recycled and replenishment projects being done there. He stated that several members of the MPWMD Board have made the trip and are in support of replicating the operations they saw there in our area.

12. ADJOURNMENT

At 8:45 pm with no further business, Chair Stefani adjourned the meeting to the Strategic Planning Workshop at Casa Munras Hotel, Monterey on Thursday, May 5, at 8:00 am. The next regularly scheduled Board meeting will be held in the Board Room at 5 Harris Court, Building D, Monterey, California on Monday, May 23, 2011 at 5:00 pm.



Keith E. Israel, General Manager
Secretary to the Board



Ron Stefani, Chair
MRWPCA Board of Directors