



**APPROVED**  
**June 27, 2011**

**MINUTES**  
**of the Regular Meeting**  
**Monterey Regional Water Pollution Control Agency**  
**Board of Directors**  
**May 23, 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 5:05 p.m., on Monday, May 23, 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
Dan Burns	Marina Coast Water District
Lou Calcagno [arrived 5 :25 pm]	Monterey County, Supervisor
Libby Downey [departed 7:15 pm]	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Carmelita Garcia	Pacific Grove, Mayor
Gloria De La Rosa [arrived 5:32 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
Lindsay Synstebly	Customer Supervisor
Jerry Valladao	Associate Engineer
Mark Malanka	Maintenance Manager
Betty Nebb	Executive Assistant

**OTHERS PRESENT:**

Frank Aguayo – City of Salinas  
Jeff Krebs – City of Monterey  
Carl Niizawa – Marina Coast Water District  
Wayne Downey

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

4. **PUBLIC COMMENTS**

At 7:05 pm, Chair Stefani opened and closed Public Comments. No comments received.

5. **CONSENT AGENDA**

**ACTION TAKEN: On a motion by Ms. Downey, seconded by Mr. Allion, the Board unanimously approved the Consent Agenda, Items A through I, as follows:**

- A. Approve Minutes/Report for Regularly Scheduled Board Meeting of April 25, 2011.
- B. Receive Comparison Percentage of Budget Expended Through April 2011 vs. 2010
- C. Receive Check Register – April 2011
- D. Receive Waste Discharge Report, April 2011; NPDES Monitoring Report for April 2011; and Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, RTP, Monterey Peninsula, Marina, Fort Ord, and Castroville for April 2011
- E. Receive Actual vs. Budgeted Fiscal Year 2010/11 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund
- F. Receive Actual vs. Anticipated Fiscal Year 2010/11 Revenues from Capacity Charges
- G. Approve Amendment to Purchase Order for Chemicals

- H. Award Construction Contract for Monterey Pump Station Wet Well Stairs Refurbishment Project
- I. Award Construction Contract for Coral Street Pump Station Improvements Project

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.

**6. COMMITTEE REPORTS AND RELATED ACTION ITEMS**

**A. Recycled Water Committee**

**1. Receive Committee Recommendations from RWC Meeting of May 12, 2011**

**Item 1 – Update on Collaboration with MPWMD for Groundwater Replenishment Studies**

Mr. Israel reported that MPWMD has expressed interest with several letters of support in working with us on the Groundwater Replenishment (GWR) Studies; however due to financial constraints, funding is very limited at this time. He noted staff will develop a limited GWR planning budget for Committee/Board consideration.

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

**Item 2 – Update on Regional Urban Water Augmentation Project (RUWAP)**

**A. Joint Meetings:**

Mr. Israel reported that the MRWPCA and MCWD Board leadership group (Chairs, Vice Chairs and General Managers) met earlier this month to see how to expedite the RUWAP Project. These meetings will be planned on a regular basis and staff will also meet regularly to coordinate this effort to keep the project moving forward.

**B. Technical Issues:**

Mr. Israel explained that our role is to provide the recycled water to the RTP fence line and that MCWD will build the pipeline through Ft. Ord. One technical issue to resolve is our ability to supply the amount of water to the fence line that MCWD has indicated they need to meet their customers' needs. Discussions over the last couple of months seem to indicate there may be advantages to move the high pressure pumping from the RTP to the Armstrong Ranch site. That and a recycled water storage area would allow MCWD better SCADA control of peak flows.

Unfortunately our pond is not available for this use, as it used for river water and recycled water for agricultural use.

**C. Availability of Summer Water for RUWAP:**

Mr. Israel referred to the Water Summary Chart that was presented to the RWC for review and explained that there should be plenty of water (1,427 AFY) to meet the summer needs for the RUWAP project. MCWD staff has reported that they are making some progress on some of the right of ways for the pipeline.

Beyond the RUWAP, Mr. Israel stated that we are going to need to consider options for future winter water storage to implement the Board's support established with a Strategic Objective to get recycled water to the Peninsula and other County areas.

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

**Item 3 – Update on WaterReuse Research Foundation PPCP Project**

Mr. Hagemann reported that the RWC received an update on this project regarding the relative risk of pharmaceutical and personal care products (PCP's) in recycled water. The study is developing effective methods to communicate what it means in terms of exposure to children in the park, agriculture and landscape workers, and golfers. Draft materials including a video and two informational sheets were reviewed that ultimately will be used to reassure and educate the public on the safety of recycled water. Mr. Hagemann stated the materials being developed will be an advantage for us as we establish the outreach and education programs for our recycled and replenishment projects.

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

**Item 4 – Update on Regional Project Brine Disposal Permitting into MRWPCA Outfall**

Mr. Hagemann stated staff is working to modify our discharge permit to accommodate the higher salinity of the desal brine while protecting our future wastewater discharge and preventing any effluent violations being mindful of our wastewater initial dilution ratio (IDR) and permit limits. He reported that there was a very productive meeting last week that included staff from MCWD and Cal Am, as well as consultants with RMC, to discuss the permitting issue. MCWD has offered a permitting expert to work with us to develop a strategy for preparing the permit application. Staff is hoping that materials will be ready within 90 days to present to the Regional Board. He added there was also discussion about road access on RTP property to accommodate construction for the desal facility.

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To Ms. Downey's question, Mr. Hagemann provided additional details about the proposed use of our access road and the impact there would be accommodating heavy-duty traffic during MCWD's construction of the desal facility. He clarified that MCWD would use the access road, but would not have to enter the gated area of the RTP. Details are still being worked out.

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

**ACTION TAKEN: On a motion by Ms. Downey, seconded by Ms. Garcia, the Board unanimously approved the Recycled Water Committee Minutes/Report and Committee Recommendations of May 12, 2011.**

**B. Budget/Personnel Committee**

**1. Receive Committee Recommendations from BPC Meeting of May 13, 2011**

**Item 1 – Update on Budget Status**

Mr. Tiernan provided an update on the status of the 2011/12 Proposed Budget and stated that the Board's Budget Workshop would be held on June 13 at 7:00 pm, and then the budget and rates will be approved at a Public Hearing on June 27. The BPC reviewed this budget, and since that committee meeting, staff has refined and made some changes that will be covered tonight. Mr. Tiernan acknowledged the efforts of Mr. Buell, Finance Director, and the Finance Department in preparing the budget, and our Customer Service Supervisor Ms. Synstebly who was responsible for preparing the 218 Notice sent in early May. We have received approximately 10 protest letters so far. He noted that 50% of our customer base would have to protest to prevent the increase – that would represent over 25,000 protest letters.

Key points of the revised proposed budget include:

- Proposing a three-year rate increase
- First year increase \$.75 (from \$12.00 to \$12.75 – a 6.3% increase)
- Rate increase effective July 1, 2011
- Expected revenue from rate increase – just over \$1M
- Capital Projects will use \$986k of the rate increase revenue

Mr. Tiernan reported that staff has scrutinized every cost category to lower expenses:

- Initial proposed user rate increase was 9% with no bond financing – decreased to 6.3%
- Negotiated lower chemical costs by 37%

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- Wages/benefits anticipated to be 4.18%, reduced to 2.95%
  - Positions filled on interim basis
  - Job-sharing position (finance management)
  - Partnering to share costs/efforts
  - Negotiated to reduce health insurance costs
- Staff levels reduced even with added project work – Salinas Valley Reclamation Project, Castroville Seawater Intrusion Project and the Salinas River Diversion Project
- Maintain utilities costs at less than 2%, even though PG&E increases 6% each year
- Optimized chemical use and costs decreased substantially

Mr. Tiernan noted that reduction in staff levels and reduced expenses can be attributed to the efforts of our employees who continually perform at high levels with an emphasis on finding ways to cut costs.

Mr. Tiernan reviewed the revenues and expenditures shown in the budget with the Board and highlighted the notable changes from the previous year. He noted that budgeted Capital Projects costs this year would be \$3.8M that includes \$986k in revenue from the user rate increase. He described the requirements of the Reserve Fund accounts and reminded the Board that the Major O&M Reserve Fund would be closed and these expenses would be included in General Fund O&M. He explained that the Reclamation Plant operations are funded by the Monterey County Water Resources Agency and that expenses incurred for operations are reimbursed by the County. Mr. Tiernan noted that over the last 5 to 6 years our agency has been able to refund approximately \$2M to the County in budget savings.

Mr. Tiernan concluded by stating this current budget will satisfy our debt covenant, meet the reserve fund requirements, and cover our capital projects and O&M costs. Staff will continue to review and refine the budget information and prepare for a more thorough presentation for the Budget Workshop.

Mr. Hagemann added that staff has provided presentations to several member entities in order to give an overview of our agency and discuss the budget process as well as the Capital Improvement Program for the coming years. Our sewer capacity fee rate, discussed previously with the BPC and Board, is recommended to increase from \$2,923 to \$3,100 based on the report by Municipal Finance Services. This represents the connection costs to join the regional treatment system but will likely be of minimal revenue to the agency while development is so stagnant. The member entities have been given the opportunity to discuss with staff the fee increases and provide feedback.

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Discussion followed with Board members asking for clarification of the fees shown on the Public Notice. Ms. Synstebly was able to answer questions about specific restaurant, school and hotel costs.

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

**Item 2 – Review Buffer on Marina City Side of the RTP**

Mr. Israel stated that the BPC was asked to consider a buffer area around the Regional Treatment Plant that could provide a long-term and permanent protection from development encroachment. He reported that in discussions with the Landfill he learned they had been looking at the same situation for many years. A buffer zone would prevent disturbances and inconveniences for neighboring facilities. Staff is seeking guidance to investigate options and costs to provide for this buffer area.

**RECOMMENDATION:** That the Board authorize staff to evaluate the implications of obtaining buffer space around our treatment plant.

**Item 3 – Consider Resource-Sharing Program**

Mr. Israel explained there has been a number of special districts (especially smaller fire districts or water/wastewater facilities) reorganizing and combining operations for greater efficiencies and cost reductions. In fact, MRWPCA already provides operational support to several of our regional member entities. Now there has been some discussion to consider this option related to sharing administrative resources, such as human resources, finance/accounting and information technology. He stated he had provided information at a recent Special Districts Managers' meeting and potential opportunities seemed to be possible. Although core services are different, administrative processes could be shared with possibilities to reduce costs 20% to 30%. Mr. Israel provided this background information and encouraged suggestions from the Members. He indicated this is an attempt to be proactive by collaborating to share resources and reduce expenses for each other and our community organizations.

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

**Item 4 – CLOSED SESSION** – Conference with Labor Negotiator

Mr. Wellington reported that information was provided to the Committee and the Board will confer at the end of this meeting to receive the Closed Session information.

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

**ACTION TAKEN:** On a motion by Mr. Allion, seconded by Ms. Garcia, the Board unanimously accepted the Committee recommendation and approved the Budget/Personnel Committee Minutes/Report of May 13, 2011.

**7. STRATEGIC PLANNING GOALS (2011-2014) AND ONE-YEAR OBJECTIVES UPDATE**

Mr. Israel provided a review of the four new Strategic Goals that were developed by the Board at the recent Strategic Planning Workshop. Per instructions from the workshop facilitator, he restated the goals and the one-year objectives and provided an opportunity for the Board members to provide feedback on the workshop results. The four new goals are:

- Develop the use of recycled and replenishment water
- Enhance and implement coordination/collaboration with other agencies on projects of joint interest
- Develop and implement a comprehensive energy plan
- Enhance internal and external outreach and communications

Ms. Downey referred to the objective to investigate new sources of water and noted that the City of Monterey would be appreciative of efforts that are pursued. Mr. Israel commented how important it is to learn from our members about their difficulties and suggestions; he recommended the TAC committee could meet to discuss and pursue remedies.

Mr. Israel stated the goals and objectives will be available in the agenda packet each month with an opportunity to clarify and answer questions on the progress of the objectives at each Board meeting. In committee/board meetings, staff will identify strategic goals related to specific agenda items.

Discussion followed about succession planning and some of the restrictions that are required for public agencies. Mr. Israel noted that a mentoring program is more likely what was intended by the discussion at the workshop, and our staff has always encouraged additional education and certifications that enhance positions and provide opportunity for advancement. Mr. Bachofner added that part of the intention of this objective was to keep clear communication with the Board about the intent of each manager so that planning is in place when a person retires or leaves a position. Mr. Israel related that all of our managers delegate responsibility to ensure staff under them could fill a position, at least temporarily, when needed.

Public Comments: Mr. Aguayo, Salinas Public Works, asked why the Salinas conveyance line was not listed with the three-year goals and objectives. Mr. Israel stated the goals and objectives were generated by the Board members; this process does not negate continuing work needed on previous goals and objectives. In fact, the new budget includes expenses related to the Salinas conveyance line and staff plans to move forward with the Salinas pipeline EIR during this next fiscal year.

During the discussion that followed, several Board members assured Ms. De La Rosa that the Salinas project would continue to receive attention through the activities of the Capital Improvement Program and that staff would provide periodic updates.

**ACTION TAKEN: On a motion by Ms. De La Rosa, seconded by Mr. Bachofner, the Board unanimously accepted the report and approved the Strategic Planning Workshop Minutes/Report of May 5, 2011.**

## **9. INFORMATIONAL ITEMS**

### **A. Reclamation Project Status Summary**

Mr. Israel noted that the Reclamation Summary report has been updated and abbreviated in an effort to provide more clarity. He asked Members to review all agenda materials and make suggestions on items can be streamlined or eliminated and any others that may need enhancement.

Mr. Burns asked about the discussion at the recent Water Quality and Ops Committee meeting regarding McDonalds Corporation not wanting the products where recycled water was used. Mr. Holden explained there had been a question in the leafy green vegetable marketing agreement audit by one of the growers. It seems there was a misunderstanding about the difference between “recycled” water and what the agreement referred to as “reclaimed” water which has not gone through the recycled water process. “Reclaimed water” referred to tail water or water coming from the tile drains. Staff has answered all their questions and, in fact, a tour of our facilities is being scheduled for the Haler Farms responsible for the auditing of the marketing agreements. Mr. Holden stated that the growers were fully satisfied with the explanation provided by our staff.

### **A. Operations Report**

Mr. Hagemann introduced the Operations Report as a new item to the agenda resulting from the strategic goal to provide updated information on current projects. He noted the report may help members respond to questions they may get about

specific items of interest, i.e. Salinas River Diversion. Mr. Hagemann stated he would appreciate any suggestions to create a useful report for the Board.

**10. STAFF REPORTS**

**A. General Manager/Assistant General Manager/Legal Counsel**

Mr. Israel reported on speakers who provided information at two Special Districts meetings last month: County Treasurer spoke about the financial situation for the County and State; and, the County Assessor provided information helping to better understand what has happened regarding county revenues over the last couple of years.

Mr. Israel reminded the Board members that Ms. Humphreys, TRG & Associates, would be scheduling Board interviews in a couple of weeks to learn about their perceptions and understanding of recycled and replenishment water projects.

**B. Department Heads**

Nothing to report.

**C. Presentation(s): Outreach Activities Update - Karen Harris, Community Relations Specialist**

Ms. Harris provided a comprehensive review of MRWPCA's outreach activities that include: school presentations, tours, exhibits, talks to civic organizations, and development of brochures, website information and billing inserts. Ms. Harris stressed the importance of partnering with member entities and environmental organizations to maximize resources and provide mutual benefits to the community. She has been involved in publicizing proper motor oil and grease disposal (Not Down the Drain!) and implementing the Pharmaceutical Drop Box Program. Ms. Harris noted that a primary focus of the outreach message is to maintain public trust by being good stewards of the environment and to educate our communities on the importance of recycling water and the potential value of our recycled water projects.

Board members expressed appreciation to Ms. Harris for her work and the informative presentation she provided. Mr. Bachofner congratulated her on the successes of the outreach effort and acknowledged the personal letter of support to her that illustrated the positive impact she has on students. Board members asked for more information about the Pharmaceutical Drop Box program and expressed appreciation for the folder of information she provided to each member.

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**11. BOARD MEMBER COMMENTS**

No comments received.

At 7:01 pm, Chair Stefani adjourned Open Session and commenced Closed Session.

**12. RECESS TO CLOSED SESSION**

**A. Conference with Labor Negotiator**

1. Agency Negotiator: General Manager
  - a. Employee Organizations
    - i. General Employees Association
    - ii. Mid-Management Employees Group
    - iii. Management Employees Group

At 7:44 pm, Chair Stefani called Open Session back to order.

**13. ANNOUNCEMENTS FROM CLOSED SESSION**

Legal Counsel reported out from the Closed Session that the Board received information from the Agency Negotiator regarding Item 1 – no action recommended at this time.

**14. ADJOURNMENT**

At 7:45 pm with no further business, Chair Stefani adjourned the meeting to the MRWPCA Budget Workshop to be held in the Board Room at 5 Harris Court, Building D, Monterey, California on Monday, June 13, 2011 at 7:00 pm.

  
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Keith E. Israel, General Manager  
Secretary to the Board

  
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Ron Stefani, Chair  
MRWPCA Board of Directors