



MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
June 25, 2001

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 Canepa at 7:00 p.m. on Monday, June 25, 2001, in the Board Room of the Administrative Offices at 5 Harris Court, Building D, in Ryan Ranch.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

BOARD MEMBERS PRESENT:

Theresa Canepa, Chair	Monterey
Morris Fisher, Vice-Chair	Pacific Grove
Ramiro Cortez	Boronda County Sanitation District
Ken Nishi [Alternate]	Marina Coast Water District
Judy Pennycook	Monterey County
Peggy Shirrel	Moss Landing County Sanitation District
Gloria De La Rosa	Salinas
David Pendergrass	Sand City
Dewey J. Baird	U.S. Army - Ex-Officio

BOARD MEMBERS ABSENT:

Carlo Cortopassi	Castroville Service Area 14
Jack D. Barlich	Del Rey Oaks
Tom Moore	Marina Coast Water District
Darryl Choates	Seaside

STAFF PRESENT:

Keith Israel	General Manager
Robert Wellington	Legal Counsel
Tom Buell	Director of Finance
Bob Jaques	Director of Engineering Planning and Technology
Dan Mizerski	Director of Wastewater Facilities
John Tiernan	Director of Administrative Services
Deborah Fortune	Executive Assistant

Kay Bardin	Finance Manager
Lindsay Synstebly	Customer Service Representative
Mark Malanka	Operations and Maintenance Program Coordinator
John Klein	Associate Engineer

OTHERS PRESENT: Bill Reichmuth - City of Monterey
John Fair - City of Salinas
Don Betts - City of Seaside
Curtis Weeks, General Manager - MCWRA

AUDIENCE: 3

4. CONSENT AGENDA

Mr. Nishi requested that 4-A and I be pulled for individual consideration.

ACTION TAKEN: On a motion by Mr. Fisher, seconded by Mr. Pendergrass, the Board unanimously approved the Consent Agenda (B through H, and J through O), as follows:

- A. *PULLED FOR SEPARATE CONSIDERATION AT THE REQUEST OF MR. NISHI***
- B. Receive Financial Statements – April 2001**
- C. Receive Comparison Percentage of Budget Expended Through May 2001 vs. 2000**
- D. Receive Check Register – May 2001**
- E. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Fort Ord and Marina – May 2001**
- F. Receive Actual vs. Budgeted Fiscal Year 2000/01 Expenditures for the Capital Improvement Program and Capitalized Equipment Fund**
- G. Receive Actual vs. Anticipated Fiscal Year 2000/01 Revenues from Connection Fees**
- H. Adopt Resolution No. 2001-09, Increasing the Capital Outlay Threshold from \$1,000 to \$2,500 (Effective 7/1/01)**
- I. *PULLED FOR SEPARATE CONSIDERATION AT THE REQUEST OF MR. NISHI***
- J. Adopt Resolution No. 2001-11, Establishing the MRWPCA Investment Policy and Guidelines for Fiscal Year 2001/02**
- K. Adopt Resolution No. 2001-12, Certifying Compliance with State Law with Respect to Levying of General and special Taxes, Assessments, and Fees or Charges Levied as an Incident of Property Ownership**
- L. Adopt Resolution No. 2001-13, Establishing Salary Classifications and Ranges for the Management Employees (MEG) for Fiscal Year 2001/02**

Minutes

MRWPCA - Regular Meeting

June 25, 2001

Page 3

- M. Adopt Resolution No. 2001-14, Establishing Salary Classifications and Ranges for the General Employees Association (GEA) and Mid-Management Employees Group (MMEG) for Fiscal Year 2001/02**
- N. Adopt Resolution No. 2001-15, A Resolution of Intent to Consider Changing the PERS Contract to 2% at 55**
- O. Approve Laundry Service Bid from Cintas Corporation**

The following action was taken on the pulled Consent Agenda Items A and I, as follows:

- A. Approve Minutes: Joint Meeting of the Boards of MRWPCA and MCWD
and the MRWPCA
Budget Workshop - June 11, 2001
Regular Meeting - May 21, 2001**

ACTION TAKEN: On a motion by Mr. Fisher, seconded by Mrs. Shirrel, with an abstention by Mr. Nishi because he was not present at the May 21 meeting, the Board approved the Minutes of May 21 and June 11, 2001.

- I. Adopt Resolution No. 2001-10, Amending Resolution No. 93-02, Revising the Agency's Policy Concerning Compensation of Board Members for Meetings Attended and Payment of Expenses Incident Thereto (Effective 7/1/01)**

ACTION TAKEN: On a motion by Mr. Fisher, seconded by Mr. Pendergrass, with 'No' votes from Nishi, Pennycook and De La Rosa, the Board approved adoption of Resolution No. 2001-10, Amending Resolution No. 93-02, Revising the Agency's Policy Concerning Compensation of Board Members for Meetings Attended and Payment of Expenses Incident Thereto.

5. PUBLIC COMMENTS

[At 7:06 p.m., with no comments received, Chair Canepa opened and closed Public Comments.]

COMMITTEE REPORTS AND RELATED ACTION ITEMS

A. BUDGET/PERSONNEL COMMITTEE

1. Receive and Approve Committee Minutes/Report - Thursday, May 24 and June 14, 2001

At this time, Mrs. Pennycook requested that Items No. 3 for BPC and No. 2 for RWSC (pages 100 and 101) be pulled from the June 14 Minutes/Report for reconsideration by the Board in July.

Mr. Wellington confirmed that each of the two items would require action by the Board to remove them for reconsideration on the July meeting agenda.

ACTION TAKEN: On a motion by Mr. Pendergrass, seconded by Mrs. Shirrel, the Board unanimously approved the Budget/Personnel Committee Minutes/Report of June 14, with Item No. 3, Consider Proposal for Operation of Las Palmas Ranch (CSA 72) Treatment System, being pulled for reconsideration by the full Board in July.

The approval of the Budget/Personnel Committee Minutes/Report of June 14 includes the following recommendations regarding the Update on EPA Grants Audit:

- That MRWPCA drop its "Five Grants Audit" appeals, with the understanding that EPA will issue a Final Determination Letter (FDL), as referenced in their letter to MRWPCA, dated June 6, 2001;
- That MRWPCA reduce the Fort Ord Construction Contract DACA 05-81-C-0021 by \$705,425;
- That staff provide a full update to the Board in July [as of 6/26/01, now scheduled for August] prior to the Board taking action on the FDL; and,
- That a letter of appreciation be sent to EPA and their staff for assistance in resolution of this long-standing issue.

B. RECYCLED WATER STORAGE COMMITTEE

1. Receive and Approve Committee Minutes/Report - Thursday, June 14, 2001

Mrs. Shirrel noted that new information was received following the June 14 Recycled Water Storage Committee meeting regarding the time deadline facing Monterey County Water Resources Agency. Mr. Wellington confirmed that MCWRA has now informed us that it needs action from MRWPCA by August to meet the Bureau of Reclamation deadline on contract amendment

with the Bureau of Reclamation.

Mr. Pendergrass emphasized deep concern that MRWPCA and MCWRA have spent four years negotiating an amendment (on language that County Counsel's office requested to be deleted from the original agreement in order for the County to secure BOR loans). That amendment, as previously promised, would return MRWPCA legal rights to reclaimed water for its regional urban recycled water project. MRWPCA doesn't want the farmers who benefit by the reclaimed water to suffer if the loan repayment schedule goes unapproved, but MRWPCA needs to have its legal rights returned for the urban recycled water. Because an amendment with the Bureau of Reclamation is important for the County, they should now wrap up something that MRWPCA has been waiting on a resolution for four years. It is realized that both MRWPCA and MCWRA staffs have been striving to resolve this issue which involves the principal matter of legal rights to the recycled water. Mr. Pendergrass strongly encouraged Monterey County staff to quickly resolve negotiations on this long-standing urban reclamation issue.

To an inquiry, Mr. Buell responded that the \$20 million dollar BOR loan was the original money to build the reclamation facility. Monterey County had to bridge a loan since the BOR was paid over 10 years. This loan is a "pass-through" loan -- MCWRA received the BOR funds to build the facilities, and MRWPCA pays the loan with funds from the MCWRA.

To an inquiry from Mr. Fisher as to why MRWPCA would consider withholding approval of rescheduling the BOR loan, Mr. Pendergrass responded that the repayment amendment for the BOR loan is a complex issue, because of the long-awaited resolution regarding apportionment of the recycled water tied up by contract. It was suggested that Mr. Fisher meet with MRWPCA staff to understand the details surrounding the entire issue. Mr. Wellington confirmed that it's a very complicated, long, convoluted matter, and it would take too long to fully explain at this time.

Addressing the Chair and Board, Mr. Curtis Weeks, General Manager of Monterey County Water Resources Agency thanked the Board for their decision to reconsider approval of the loan repayment schedule with the Bureau before the full Board in July. The loan payment rescheduling would be an important cost-saving process that will net, not only the ratepayers of Salinas Valley, but even MRWPCA over time, benefits in that it's going to reduce costs for the overall reclamation project. He attested that, in his opinion, the principle issues are resolved, relative to negotiation for water for an urban project, but remarked that there are details that will take some

additional time to resolve. We're in agreement, but this particular piece, although intertwined and connected, is somewhat separate. He stated that he appreciated MRWPCA's consideration in moving the issue before the full Board for consideration and action in July to meet MCWRA's timeframe.

Mrs. Canepa thanked Mr. Weeks for appearing and apologized for the misunderstanding in that MRWPCA was unaware of a timeline when the issue came before the Recycled Water Storage Committee.

Mrs. Shirrel commented on just spending a week reviewing tapes and transcripts from 1991 along with paper documentation from the last year, noting that anyone desiring to understand these issues has a formidable job ahead, too.

ACTION TAKEN: On a motion by Mrs. Pennycook, seconded by Mrs. De La Rosa, the Board unanimously approved pulling Item No. 2, Approve Contract Amendment with the Bureau of Reclamation, from the Recycled Water Storage Committee Minutes/Report of June 14, for reconsideration by the committee and full Board in July.

6. PUBLIC HEARING

A. Proposed Fiscal Year 2001/02 Budget and Update of User Fees and Capacity Charges

1. Staff Report on Proposed Budget

Mr. Buell reported there were very minor changes since the Budget Workshop on June 11, and that the budget remains principally the same.

Mr. Israel's report included the following highlights:

- Tenth year without a residential rate increase
- Lowest residential rate cost comparison
- Savings to ratepayers of \$10 million over the last 7 years by not raising the budget by the CPI
- Increase in recycled water production from 1998 to present
- Low cost (up 36%) for amount of recycled water produced (up 63%)
- Many international visitors to the MCWRP
- Agency-wide goals maintain competitiveness
- Vision of MRWPCA is a cross between private companies and public agencies
- Techniques of cutting edge include benchmarking, customer

- surveys, cross-functional teams, point-of-service cards, and an easy-to-read budget
- Overall best practices include staffing for regular operations, plan for emergencies, total productive operations, planned and predictive maintenance, cross-training so many can assume duties of others' jobs, technology and automation for unattended operation, teams and teamwork
 - Major challenges over the years included, RTP construction claim ('86-'89), construction moratorium due to lack of flow capacity ('87), outfall damage and FEMA claim ('89), and mercury seal leaks in trickling filters ('93)
 - Diverse organizational chart
 - Focus away from technical and regulatory issues, rather on customers, billing, service, quality/safety issues
 - Awards as state's best "Plant of the Year' due to dedication, hard work, and innovation by the MRWPCA employees

To an inquiry by Chair Canepa, Mr. Israel noted that MRWPCA is capable of producing 23,000 AF a year of recycled water. At present, we're producing about 1,800 AF per month.

To an inquiry by Mr. Fisher, Mr. Israel noted that an entirely different project called Aquifer Storage and Recovery (ASR), which would allow for producing recycled water and recharging the aquifer during the wintertime when the plant would normally be shut down. When the entitlement issue is resolved within the next couple months, we have to take a closer look at ASR. Recharging the groundwater aquifer without restrictions, would require a higher level of treatment, much like Water Factory 21 in Orange County. It's possible, but the plant is not designed to do that, and it may be something we'll do in the future.

To an inquiry by Mrs. Pennycook for clarification from the Strategic Planning Workshop, Mr. Israel noted that plant capacity is designed for 30 MGD, or about 33,000 AF per year. So, eventually, we'll get up to that, but we're running about 21.5 MGD, which is about 23,000 AF per year. So, the difference between where we are right now and the plant capacity, means we could produce another 10,000 AF that could be made available.

Mr. Fisher commended Mr. Israel for his ideas, and said that an organization like the MPWMD might find them beneficial to get some positive results. Mr. Israel noted he'd certainly be glad to offer any assistance to their new manager, but contributes success to a good staff, working conditions,

facilities, and a good Board.

2. Public Comments

At 7:42 p.m., Chair Canepa, with no comments received, opened and closed Public Comments.

3. Approve 2001/02 Budget

ACTION TAKEN: On a motion by Mrs. Shirrel, seconded by Mrs. Pennycook, with an abstention by Mr. Nishi, the Board approved the Proposed Fiscal Year 2001/02 Budget.

4. Adopt Ordinance No. 2001-01, Amending Ordinance No. 2000-02, In Part to Change the Sewer Service User Charges and Capacity Charges (Effective 7/1/01)

ACTION TAKEN: On a motion by Mr. Pendergrass, seconded by Mrs. Shirrel, on a Roll Call Vote of 8-to-0, for adoption of Ordinance No. 2001-01, as follows:

AYES: Cortez, Pennycook, Nishi, Canepa, Shirrel, Fisher,
De La Rosa, Pendergrass
NOES: None
ABSENT: Cortopassi, Barlich, Moore, Choates

8. INFORMATIONAL ITEMS

A. Fort Ord Issues Update

Mr. Buell reported a negotiations meeting is scheduled with the Army on July 11.

B. Reclamation Project Status Report Update

There were no further questions or comments.

C. Strategic Planning Goals and Objectives

Mrs. Pennycook noted that the last Strategic Planning Workshop (May 11) was very positive and productive.

9. STAFF REPORTS/PRESENTATIONS

A. General Manager/Legal Counsel

Mr. Israel noted that under Correspondence is a letter to the PUC regarding the exclusion of MRWPCA from the recycled water component of Plan B. A call was received back from Assemblyman Keeley's office conveying an interest in MRWPCA being involved in recycled water and helping solve the Peninsula water problems.

Mr. Pendergrass noted that one of the most critical agencies not copied with the PUC letter is the Monterey Peninsula Water Management District.

B. Department Head(s)

There were no further comments.

10. CORRESPONDENCE

11. BOARD MEMBER COMMENTS

Mr. Nishi commented it was nice to be back.

At 7:47 p.m., Mr. Wellington stated that only Item 12-B would be taken in Closed Session, and Chair Canepa adjourned to Closed Session, whereupon everyone but the Board of Directors and Rob Wellington left the meeting room.

12. CLOSED SESSION

A. Conference with Property Negotiator

- 1. **Property: Recycled Water**
- Negotiating Party: Monterey County Water Resources Agency**
- Under Negotiation: All Terms and Conditions**

B. Personnel Matter

- 1. **Public Employee Performance Evaluation: General Manager**

[At 7:53 p.m., Chair Canepa adjourned Closed Session and reconvened Open Session.]

At 7:54 p.m., Mr. Wellington announced that the Board unanimously voted to give the General Manager a satisfactory evaluation, and to continue in his present position, with re-evaluation in 12 months, and that he should receive the same cost-of-living increase as the rest of the Agency employees.

13. ADJOURNMENT

With no further business, Chair Canepa adjourned the meeting at 7:55 p.m. to the next regularly-scheduled meeting on Monday, July 23, 2001, at 7:00 p.m.

Keith E. Israel
General Manager/Secretary to the Board

Theresa Ann Canepa
Chair of the Board of Directors

Date Passed: July 23, 2001