



**Approved**  
**January 31, 2011**

**MINUTES**  
**of the Regular Meeting**  
**Monterey Regional Water Pollution Control Agency**  
**Board of Directors**  
**November 29, 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 6:03 p.m., on Monday, November 29, 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
Ron Stefani, Vice Chair	Castroville Comm Services Water District
Ramiro Cortez	Boronda County Sanitation District
Dennis Allion	Del Rey Oaks, Councilmember
Libby Downey	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Carmelita Garcia [arrived 6:06 pm]	Pacific Grove, Mayor
Janet Barnes [Alternate]	Salinas, Councilmember
Dave Pendergrass	Sand City, Mayor
Ralph Rubio	Seaside, Mayor
Vacant – Ex-Officio	U.S. Army, Representative

**BOARD MEMBERS ABSENT:**

Gloria De La Rosa	Salinas, Councilmember
Kenneth Nishi	Marina Coast Water District, President

**MRWPCA STAFF PRESENT:**

Keith Israel	General Manager
Rob Wellington	Legal Counsel
Brad Hagemann	Assistant General Manager
John Tiernan	Dir of Admin Services, Deputy GM
Bob Holden	Principal Engineer
Betty Nebb	Executive Assistant

**OTHERS PRESENT:**

Leonard Danna - VTD  
Frank Aguayo – City of Salinas  
Carl Niizawa – Marina Coast Water District  
Jeff Krebs – City of Monterey  
Rick Riedl – City of Seaside  
Mark Lasnik

**3. PLEDGE OF ALLEGIANCE** – Director Ralph Rubio

**4. PUBLIC COMMENTS**

At 6:04 pm, Chair Calcagno opened and closed Public Comments. No comments received.

**5. CONSENT AGENDA**

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

- A. Approve Minutes/Report for Regularly Scheduled Board Meeting of October 25, 2010
- B. Receive Comparison Percentage of Budget Expended Through October 2010 vs. 2009
- C. Receive Check Register – October 2010
- D. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for October 2010
- 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 Proposed Board Meeting Dates for 2011

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

**A. Recycled Water Committee**

- 1. Receive Committee Recommendations from RWC Meeting of November 9, 2010

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

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

**Item 2 – Update on Operation and Maintenance (O&M) Cost-Saving Measures for SVRP, CSIP, and SRDF**

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

**Item 3 – Update on California Public Utilities Commission (CPUC) Review of the Regional Water Project**

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

**Item 4 – Review Legal Opinions on Ability of MRWPCA to Distribute Recycled Water and Costs for Lobbying Efforts on Behalf of Recycled Water Projects**

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

Mr. Rubio stated that the minutes of the RWC meeting correctly reflect the Committee's discussion and because there were no action items, he recommended approval of the Minutes. Mr. Orman noted a correction – "no" action needed" on page 37 in the packet. Ms. Downey asked that, prior to approval of the Committee Minutes, staff provide a brief update on the O&M agreement for the Salinas River Diversion Project as well as an update on the CPUC review of the Regional Water Project.

Mr. Hagemann reported that last Wednesday MCWRA provided a revised version of the O&M Agreement that provides equal indemnification language to both parties. This new version will be reviewed by the MCWRA Board on December 13 and presented to the RWC and then the MRWPCA Board in January.

Mr. Holden stated the CPUC decision could be announced as early as December 2, but might be delayed until December 16.

Ms. Downey also asked about the cost-savings review completed by staff for the County projects. Mr. Israel explained that last summer, a letter from MCWRA notified us that The County would be soliciting bids for the operation of the CSIP. Staff provided information to the County and the growers Water Quality & Ops Committee regarding costs and our continuing efforts to keep costs low. After this review, MCWRA confirmed their desire to have this agency continue to operate the system (letter attached). Mr. Holden added that cost information is continuously provided to the Water Quality & Operations Committee and during the normal budget process there is an emphasis on additional ways to save money for the growers/County. He noted that over the last five years our agency has operated the project under budget and has returned \$2.5 million to MCWRA. Mr. Israel

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stated this review provided the opportunity to better inform the County on the ongoing staff efforts to keep operational costs as low as possible.

Ms. Barnes asked about anticipated revenues for capacity charges. Mr. Tiernan indicated that we should reach our target level by the end of the budget year and confirmed that this revenue is maintained in a separate fund. Mr. Israel stated the anticipated revenues for capacity charges are down substantially because of fewer housing starts.

On Item 4 of the RWC agenda regarding the right for MRWPCA to distribute recycled water, Mr. Pendergrass stated he does not understand the questions regarding the Agency's right to distribute recycled water and our lobbying efforts to fund these recycled water projects. He stated it is prudent to monitor the costs to develop these projects; however, he noted there should be no question on our ability, efforts and rights to distribute recycled water. Since this meeting, Mr. Israel indicated that staff has found several mandates for recycled water and directives from the State encouraging development of uses for recycled water and will present additional material to the Recycled Water Committee in January. Ms. Downey added that the Board has developed goals and objectives for recycled water and she understands that the Board is very supportive of these projects.

**ACTION TAKEN: On a motion by Mr. Rubio, seconded by Mr. Orman, the Board unanimously approved the Recycled Water Committee Minutes/Report of November 9, 2010.**

**B. Budget/Personnel Committee**

**1. Receive Committee Recommendations from BPC Meeting of November 19, 2010**

**Item 1 – Accept FY 2009/10 Financial Audit Report**

Mr. Tiernan announced that our financial report shows a "clean audit" with no significant exceptions. He referred to the Budgetary Comparison Schedule (page 32 of the audit) and noted that operating expenses were \$411k under budget as a result of staff working hard throughout the year to keep costs under control. He introduced Mr. Leonard Danna of Vavrinek, Trine, Day & Co., LLP and explained he was here to address any questions about the audit.

Mr. Dana announced the audit resulted in a clean opinion and no management letter was issued because no deficiencies were noted. He explained that before the end of the year, statistical information and an introductory letter will be sent with the audited statements to the Government Finance Officers Association for the Comprehensive Annual Financial Report (CAFR). He stated that because the Agency has met all the standards and requirements, he expects the CAFR award will be granted again this year. Mr. Dana also reported that the audit process went

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very smoothly even though there was a change of leadership in the Accounting Department – Susan Salunga became Acting Supervisor of the department in July just at the end of the fiscal accounting year and the beginning of the audit process.

Mr. Allion inquired about the long-term debt summary information and Mr. Dana explained that the summary included a principal amount for the guaranteed construction loans funded by the County for the reclamation project and is not a charge to the actual assets of the agency.

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

**Item 2 – Update on Review of Capacity Fees**

Mr. Tiernan explained this was an update to the Committee regarding the study being prepared by Municipal Financial Services (MFS) to review capacity fees. One aspect of the formula to calculate this review has taken longer than expected. Staff is providing the necessary assistance to determine asset replacement values that are needed. Mr. Tiernan noted the information should be completed in time for the BPC meeting in January.

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

**ACTION TAKEN: On a motion by Mr. Rubio, seconded by Mr. Allion, the Board unanimously approved the Budget/Personnel Committee Minutes/Report of November 19, 2010.**

**7. OTHER ACTION ITEMS**

**A. Adopt Ordinance No. 2010-03, an Ordinance Extending the Expiration Date to November 30, 2011 for Ordinance No. 2004-04, Distributing Available Dwelling Units.**

Mr. Hagemann stated another extension of Ordinance 2004-04 is needed to remain in compliance with the Monterey Bay Unified Air Pollution Control District (MBUAPCD) Rule 216. As previously discussed, staff has been meeting with the MBUAPCD staff who propose recommending to their Board that Rule 216 be rescinded. Mr. Hagemann explained another extension is needed to allow time for this item to be brought to the MBUAPCD Board for their consideration. Mr. Hagemann explained that this ordinance references AMBAG population forecasts and may seem to imply that MRWPCA limits allocations, but that is not the case.

Mr. Niizawa agreed that the extension should be approved but asked that when this Ordinance is rewritten, issues like the prepaid Fort Ord allocation and AMBAG population forecasts could be readdressed. Discussion followed with Legal Counsel clarifying that the Ordinance being considered this evening only extends

the prior original ordinance that includes language relative to the AMBAG allocation plan and the basis upon which the MBUAPCD has required this agency to have this ordinance in place (a copy of Ordinance 2001-04 was distributed to the Members). Mr. Wellington stated that Rule 216 was enacted at a time when sewer capacity was used to help control growth; even after six years, we are only at the 20% level of these original allocations. Mr. Israel added that no other area in California has an ordinance like this. Previously the old individual sewer plants did run out of capacity and there was a sewer moratorium but that was prior to construction and operation of the Regional Treatment Plant.

**ACTION TAKEN:** On a motion by Mr. Rubio, seconded by Mr. Orman, the Board took a roll call vote resulting in a unanimous decision of those members present [Mr. Nishi absent] to adopt Ordinance No. 2010-03, an Ordinance Extending the Expiration Date to November 30, 2011 of Ordinance No. 2004-04, updating the Dwelling Units Distribution Plan as required by MBUAPCD Rule 216.

**8. INFORMATIONAL ITEMS**

**A. Reclamation Project Status Summary**

Mr. Israel stated the Reclamation Plant is currently shut down for the season as well as the Rubber Dam.

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

Mr. Israel noted the goals have been updated since last month.

**9. STAFF REPORTS**

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

Mr. Israel stated that Toro Park Homeowners Association is proceeding in their evaluation to determine if they want to be annexed to our regional system.

Mr. Israel announced that November 19 was World Toilet Day and commented that world sanitation is a very serious issue and that modern sanitation systems have saved more lives than even some medicines available today; however there is still a need to do more – more people have a cell phone than have access to toilets.

**B. Department Heads**

Nothing to report.

**C. Presentation(s): None scheduled**

**10. BOARD MEMBER COMMENTS**

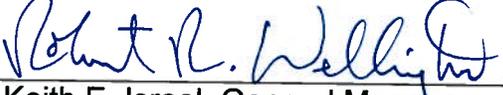
Ms. Barnes announced that this was her last meeting and thanked the Board for the opportunity to serve. She stated she appreciated the conscientiousness of the staff and Board and felt MRWPCA is a "first-class" organization.

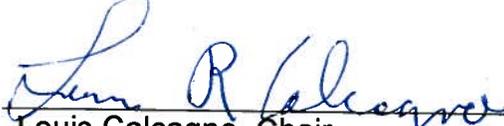
Mr. Rubio also noted this would be his last meeting and stated that he has enjoyed his experience on this Board and recognizes that the work this agency does is so important for the health and safety of all our communities. He added that he looks forward to seeing recycled water projects come forward knowing he had a small part in helping that effort.

Chair Calcagno thanked each of the Directors and asked that they come to the January Board meeting to receive official recognition of their service to this Board and the communities it serves.

**11. ADJOURNMENT**

With no further business, Chair Calcagno adjourned the meeting at 6:46 pm to the Board Holiday Dinner. The next regularly scheduled Board meeting will be held on January 31, 2011 at 7:00 pm.

  
  
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Keith E. Israel, General Manager  
Secretary to the Board

  
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Louis Calcagno, Chair  
MRWPCA Board of Directors