



**Approved**  
**November 29, 2010**

**MINUTES**  
**of the Regular Meeting**  
**Monterey Regional Water Pollution Control Agency**  
**Board of Directors**  
**October 25, 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 7:00 p.m., on Monday, October 25, 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 Community Services District
Dennis Allion	Del Rey Oaks, Councilmember
Kenneth Nishi	Marina Coast Water District, President
Libby Downey	Monterey, Councilmember
Chris Orman	Moss Landing County Sanitation District
Carmelita Garcia	Pacific Grove, Mayor
Gloria De La Rosa [arrived 7:07]	Salinas, Councilmember
Dave Pendergrass	Sand City, Mayor
Ralph Rubio	Seaside, Mayor
Vacant – Ex-Officio	U.S. Army, Representative

**BOARD MEMBERS ABSENT:**

Ramiro Cortez	Boronda County Sanitation District
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**MRWPCA STAFF PRESENT:**

Keith Israel	General Manager
Rob Wellington	Legal Counsel
Brad Hagemann	Assistant General Manager
John Tiernan	Dir of Admin Services, Deputy GM
Tom Buell	Director of Finance
Bob Holden	Principal Engineer

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Mark Malanka  
Bill Cronin  
Betty Nebb

Maintenance Manager  
Lead Maintenance Mechanic  
Executive Assistant

**OTHERS PRESENT:**

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

3. **PLEDGE OF ALLEGIANCE** – Director Chris Orman.

4. **PUBLIC COMMENTS**

At 7:01 pm, Chair Calcagno opened and closed Public Comments. No comments received.

5. **CONSENT AGENDA**

Ms. Downey asked to address Item L and offered congratulations to our Financial and Administration Departments for achieving the highest recognition in government accounting by receiving a Certificate of Achievement for Excellence in Financial Reporting (CAFR). She noted it was the fifth year in a row that our Agency had achieved this distinction.

Mr. Nishi requested additional information regarding contracts to be awarded for (Item H) Class A/B Water System Upgrades Project; (Item I) Rehab Concrete Project; and, (Item J) Annual Maintenance of SVRP Chlorination System. Mr. Hagemann provided response to his specific questions and explained to the Board that low bidders are also qualified with performance bonds and work references. Mr. Nishi asked about an Engineer's Estimate on Item K, Upgrades for the Reeside Pump Station. This contract is being awarded for the design work needed to address odor control and electrical system upgrades. Mr. Hagemann explained that an Engineer's Estimate is made after the contracted design work is completed. Further discussion noted that the design work contract amount which was negotiated with the vendor and is less than the budgeted amount.

Mr. Rubio inquired about situations where the contractor submits a bid that seems too low. Mr. Hagemann responded that the contractor is given the option to withdraw their bid. In addition, contractors are required to have a performance bond that would pay off if they did not complete the work.

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

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- A. Approve Minutes/Report for Regularly Scheduled Board Meeting of September 27, 2010
- B. Receive Comparison Percentage of Budget Expended Through September 2010 vs. 2009
- C. Receive Check Register – September 2010
- D. Receive Plant Flows and Effluent Quality for Connected Agencies, Plus Flow Charts for Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for September 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. Receive Residential Dwelling-Unit Aggregate as of September 30, 2010
- H. Award Contract for Construction of Class A and B Water System Upgrades Project – Control Panel CP54 and SCADA Programming Contract
- I. Award Contract to Rehab Concrete for Gravity Thickener, Primary Clarifier Effluent Boxes and Backwash Equalization Basin Pump Station (SVRP structure)
- J. Approve Contract for Annual Maintenance of Salinas Valley Reclamation Project (SVRP) Chlorination System
- K. Approve Contract for Reeside Pump Station Odor Control and Electrical System Upgrade Design Services
- L. Acknowledge Certificate of Achievement for Excellence in Financial Reporting (CAFR) for June 2009

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

**A. Budget/Personnel Committee**

- 1. Receive Committee Recommendations from BPC Meeting of October 8, 2010**

**Item 1 – Update on Salinas Conveyance System**

Mr. Hagemann announced that Mr. John Fair, former Director of Public Works for the City of Salinas, has been retained to assist agency staff in development of a Salinas conveyance system. His efforts have helped the parties come to consensus with regards to the existing Salinas pump station capacity which is the foundation from which to plan this work. Staff is working to incorporate

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development of a Salinas conveyance project into the long-term Capital Improvement Program. Carollo Engineers is preparing a project schedule and a “trigger” chart that will be used to plan for future conveyance capacity.

Ms. Downey acknowledged the achievement of getting to consensus between the City of Salinas and the Agency and complimented staff along with Mr. Fair’s help to get this completed.

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

**Item 2 – Update on Revising Capacity Fee Charges**

Mr. Tiernan informed the Board that capacity fee charges are reviewed every ten years and that Municipal Financial Services (MFS) will take a 20-year view of fees that will include development of major projects. He explained capacity fees are charged to connect to our system and that we are currently using the System Buy-In method. During the review, different alternative methods to calculate these fees will be considered and formed into recommendations for the Budget/Personnel Committee’s consideration. Mr. Tiernan indicated the consultant is hoping to have this review completed in time for the November committee meeting.

Chair Calcagno asked what options are available for businesses facing a large expense for connection to the MRWPCA system, and Mr. Tiernan explained that it is possible to set up a payment schedule for collection of the capacity fee over several years.

Mr. Nishi stated there is a need to know about the current capacity available in our system in order to plan for community growth and to note that some original land owners who later need capacity may pay higher charges in the future.

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

**Item 3 – Update on Management and Disposal of Biosolids**

Mr. Hagemann explained there has been a shift by Monterey Regional Water Management District (District) regarding the management of biosolids. The District was initially concerned about the amount of materials being stockpiled at the Landfill and considered moving biosolids off site. After investigating the possibility of other sources to utilize the material, the District decided to continue managing our biosolids rather than lose the annual revenues of \$200k to \$400k currently being paid. Mr. Hagemann further stated the District will continue to use some of the composted biosolids as alternative daily cover at the Landfill in order to retain County recycling credits.

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Mr. Hagemann announced the two agencies propose to develop an agreement for long-term management and energy recovery of the biosolids which coincides with our Board Strategic Goal.

➤ **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 October 8, 2010.**

**B. Recycled Water Committee**

**1. Receive Committee Recommendations from RWC Meeting of October 14, 2010**

**Item 1 – Update on Regional Project Test Wells**

Mr. Holden stated that the Monterey County Water Resources Agency (MCWRA) is starting one of the first parts of the Regional Water Project which is to design wells for water that will go to the desalination plant. Working with RMC, MCWRA is planning two test wells: one vertical well and one slant well that will each draw four million gallons a day over three months. He explained that the vertical well location is near the MRWPCA outfall and as a result RMC has requested use of our outfall to dispose of the test water. Staff has provided detailed information about our outfall and previous experience which utilized the outfall in a similar manner. Staff has also contacted the Regional Board regarding this use for the outfall.

Discussion followed regarding the salinity of the water being drawn from the well and how it would be disbursed through the outfall. Mr. Nishi noted that at a recent meeting he learned that water drawn from the slant well would not be discharged through a splitter box on the beach as noted in the Committee minutes and ask that the minutes reflect that change. Mr. Wellington explained that the minutes stand as written because this information he refers to is subsequent to the RWC meeting and was not discussed by the Committee.

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

**Item 2 – Review Status of Salinas River Diversion Facilities O&M Agreement with MCWRA**

Mr. Hagemann provided background stating that in April 2010 MCWRA Board approved the draft O&M agreement which was then reviewed by our staff and legal counsel. The draft agreement did not provide for cross indemnification and required that MRWPCA provide insurance for the rubber dam. Our legal counsel provided language for indemnification and insurance provisions which were more in line with

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previous agreements with the County (CSIP and SVRP) and returned the draft agreement to the County in June.

Mr. Hagemann stated there has been no response from MCWRA since then regarding the O&M agreement; however, both agencies has been operating the SRDF in accordance with terms of the agreements and MRWPCA has received payment for services being provided. He noted the Committee recognized the liability issues the agency may incur without having a formal agreement in place and, therefore, proposed the need for a response from MCWRA within 30 days.

Mr. Hagemann announced that MCWRA staff met with Monterey County Risk Management on October 20 and revised language in the draft O&M agreement. The revised draft will be presented to the RW Committee at the November meeting. As a result, staff recommends not acting on the draft O&M agreement tonight; the revised agreement will be presented at the November Board Meeting after the RW Committee has reviewed and provided input.

Mr. Rubio stated that he was able to confirm that staff had been diligent in their attempts to get this agreement revised and finalized and that the delays seem to be a result of lack of action by the County Risk Management Office.

**Board discussion resulted in a change to the RW Committee's recommendation with the Board calling for a 30-day continuance before considering the Salinas River Diversion Facility O&M Agreement with MCWRA.**

Related to the river diversion water, Chair Calcagno asked if more river water was used over available recycled water, would that change the cost of the recycled water. Mr. Hagemann explained that the hierarchy is established with agreement from the growers to use all the recycled water first, then river water and then groundwater from wells. Mr. Israel added that the EIR for the SRDF discussed that river water would be supplemental water and not the primarily water source for the SVRP.

Discussion followed regarding the Blanco Drain and the agricultural water runoff affecting the rubber dam project.

**Item 3 – Update on Recycled Water Projects**

Mr. Israel stated the Committee discussed potential legal limitations for the development of groundwater replenishment. As a JPA, it is important to consider that there may be restrictions on how much money can be spent on a potential project where we haven't identified a partner who is willing to reimburse the costs. We also want to clarify the ability to supply water within certain boundaries. Mr. Israel explained that staff will seek outside legal interpretation before

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developing milestones for various recycled water projects and noted the Committee qualified that payment to outside legal counsel should be in the range of \$2k to \$3k for each opinion.

Mr. Israel explained staff would also prepare a summary of lobbying activities over the last few years and combine that information with other components of the regional water projects we are working on. A comprehensive report for the committee will be provided at the November meeting.

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

**ACTION TAKEN:** On a motion by Ms. Downey, seconded by Mr. Rubio, the Board unanimously approved the Recycled Water Committee Minutes/Report of October 8, 2010 and a 30-day continuance before considering approval of the O&M agreement with MCWRA for the Salinas River Diversion Facility.

**7. INFORMATIONAL ITEMS**

**A. Reclamation Project Status Summary**

Mr. Israel stated the report is provided for Board information.

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

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

**8. STAFF REPORTS**

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

Mr. Israel announced that the Proposed Decision from Administrative Law Judge Minkin and the Alternative Proposed Decision by Commissioner Bohn has been published. Mr. Israel provided a "Digest of the Differences" between the ALJ and the Commissioner to the Members for their review. He also distributed an article published by the Monterey Herald, "Changes urged for desal deal – PUC to consider project December 2."

Mr. Israel noted there are different meeting times for the two Board Committees in November: Recycled Water Committee will meet on Tuesday, November 9; and Budget/Personnel Committee will meet on Friday, November 19.

Mr. Hagemann reported receipt of a letter from CSRMA with a rebate check for \$51,041 representing a rebate for worker's compensation payments over the period of 1990 to 2004.

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**B. Department Heads**

Nothing to report.

**C. Presentation: MRWPCA Winter Preparation – Mark Malanka, Maintenance Manager**

Mr. Malanka provided a review of forecasted weather for the winter months and the emergency situations that our crews could possibly encounter. He discussed staff and equipment preparation to deal with emergencies as they occur and showed photos of some of the equipment available. He noted that every piece of equipment the agency owns has been used at some time and is also available for use by crews from Pacific Grove, Monterey, and Seaside with whom we have informal mutual aid agreements. We have formal Mutual Aid agreements with California Water Area Response Network (CAL WARN) that includes 60 districts within our region of Northern California and with Monterey County.

Discussion followed regarding the protocol for setting priorities and managing flooding situations. Mr. Niizawa commended the agency's emergency preparations and asked if there is a storm event that was considered when the facilities were designed. Mr. Malanka responded that the pump stations are designed for a 100-year storm.

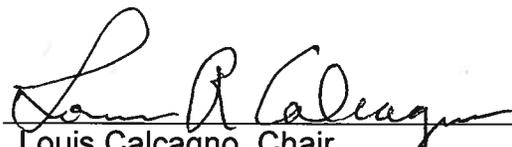
**10. BOARD MEMBER COMMENTS**

No comments received.

**12. ADJOURNMENT**

With no further business, Chair Calcagno adjourned the meeting at 8:01 pm to the regularly scheduled Board Meeting on November 29, 2010. He reminded the Members that the Board Meeting would start at 6:00 pm and then adjourn to the Board Holiday Dinner at Tarpy's Roadhouse.

  
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Keith E. Israel, General Manager  
Secretary to the Board

  
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Louis Calcagno, Chair  
MRWPCA Board of Directors