

APPROVED
September 28, 2015



MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
August 31, 2015

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 De La Rosa at 6:01 pm, on Monday, August 31, 2015 in the Board Room at 5 Harris Court, Building D, Monterey, California.

2. **ROLL CALL**

BOARD MEMBERS PRESENT:

Gloria De La Rosa, Chair	Salinas
Rudy Fischer, Vice Chair	Pacific Grove
Linda Grier [arrived 6:04 pm]	Boronda County Sanitation District
Ron Stefani	Castroville Community Services District
Dennis Allion	Del Rey Oaks
Peter Le	Marina Coast Water District
Libby Downey	Monterey
Dave Pendergrass	Sand City
Ralph Rubio	Seaside
Vacant – Ex-Officio	United States Army

BOARD MEMBERS ABSENT:

John M. Phillips	County of Monterey
Tommy Razzeca	Moss Landing County Sanitation District

MRWPCA STAFF PRESENT:

Paul Sciuto	General Manager
Stephen Hogg	Assistant General Manager
Tori Hannah	Chief Financial Officer
Bob Holden	Principal Engineer
Rob Wellington	Legal Counsel
Jennifer Gonzalez	Engineering Manager

Mike McCullough	Gov. Affairs Administrator
James Dix	Operations Manager
Mark Malanka	Maintenance Manager
Chris Foley	Utilities Supervisor
Jarrold Levine	Operator III
Steven Rodewald	Senior Maintenance Mechanic
Betty Nebb	Executive Assistant

OTHERS PRESENT:

Gary Petersen – City of Salinas
Keith Van Der Maaten – Marina Coast Water District
Jose Stratton – Office of Supervisor Phillips
Julie Rodewald – public member
Wayne Downey – public member

3. PLEDGE OF ALLEGIANCE

Vice Chair Fischer led the Pledge of Allegiance.

4. PUBLIC COMMENTS

No public comments were received.

5. SPECIAL ACKNOWLEDGEMENTS AND EMPLOYEE RECOGNITION

Mr. Sciuto introduced Mr. Keith Van Der Maaten, the new Marina Coast Water District General Manager and stated that staff has been working with him on the MCWD negotiations since his arrival three weeks ago.

Mr. Sciuto introduced Mr. Stephen Hogg, who joins the Agency as Assistant General Manager, and provided a brief review of Mr. Hogg's 32 years of experience in the industry. Mr. Hogg stated that he is pleased for the privilege to join the Agency and looks forward to using his experience and organizational background to serve the Board and the MRWPCA employees.

Mr. Chris Foley, Utilities Supervisor, announced the award of California Water Environment Association (CWEA) Certificates to Mr. Edgar Keim for Electrical/Instrumentation Grade 1, and for Mechanical Technologist Grade 3. He noted that Mr. Keim joined the Agency four years ago and has developed expertise in his position that monitors and maintains backup generators and the cogeneration facility.

Chair De La Rosa introduced MRWPCA Resolution No. 2015-22, a Resolution of Appreciation for Mr. Steven Rodewald, Senior Maintenance Mechanic, upon his retirement after 27 years of service to the MRWPCA. She acknowledged his important contribution to the Agency over his years of service and complimented him on training and mentoring other mechanics during his tenure. Mr. Rodewald

thanked the Board for the honor of receiving the Resolution. He also thanked his family for their continuing support and expressed his gratefulness to the Agency for the opportunity to have a job that allowed him to grow in his position and provide financial security to support himself and his family during these 27 years.

6. CONSENT AGENDA

ACTION TAKEN: On a motion by Mr. Pendergrass, seconded by Ms. Downey, the Board approved Consent Agenda Items A through H. [Yes: De La Rosa, Fischer, Grier, Stefani, Allion, Downey, Pendergrass, and Rubio] [Abstained: Le, on Item A only] [Absent: Phillips and Razzeca]

- A. Approve Board Minutes/Report for Regular Board Meeting of July 27, 2015.
- B. Receive Schedule of Cash and Investments as of July 31, 2015.
- C. Receive Comparison Percentage of FY 2015/16 Budget Expended through July 2015.
- D. Receive Check Register for July 2015.
- E. Receive Waste Discharge Report for July 2015; NPDES Monitoring Report for July 2015; and Plant Flows and Effluent Quality for Connected Agencies, plus Flow Charts for RTP, Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for July 2015.
- F. Receive Actual vs. Budgeted Fiscal Year 2015/16 Expenditures for the Capital Improvement Program, Capitalized Equipment Fund, Urban Reclamation Program, and Capacity Fees for July 2015.
- G. Approve Coating Contract Extension for Year 10 Annual Facility Coating for FY 2015/16 and Contract for Coating Inspection Services.
- H. Approve Contract for Development of Electronic Operations and Maintenance Manual – Phase 2.

7. COMMITTEE REPORTS

- A. RECYCLED WATER COMMITTEE – August 13, 2015
 - 1. Receive Recycled Water Committee Draft Minutes-Report, August 13, 2015

ACTION TAKEN: On motion by Mr. Rubio, seconded by Mr. Allion, the Board accepted the RWC Draft Minutes-Report for August 13, 2015. [Yes: De La Rosa, Fischer, Grier, Stefani, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Phillips and Razzeca]

B. BUDGET/PERSONNEL COMMITTEE – August 14, 2015

1. Receive Budget/Personnel Committee Draft Minutes-Report, August 14, 2015

ACTION TAKEN: On motion by Mr. Fischer, seconded by Mr. Allion, the Board accepted the BPC Draft Minutes-Report for August 14, 2015. [Yes: De La Rosa, Fischer, Grier, Stefani, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Phillips and Razzeca]

8. ACTION ITEMS

A. Consider Revision of Cost-Sharing Agreement with City of Salinas for Salinas Source Water Diversion Projects

Mr. McCullough stated that in March the Board approved the sharing of costs with the City of Salinas for the wastewater diversion system. Now the City staff would like to continue with other possible projects that are related to the permanent agricultural wash water diversion structure and the newly constructed agricultural wash water pipeline. He explained that one such project would include the ability to divert stormwater to the Salinas pump station and/or to the industrial ponds.

Mr. McCullough explained that City staff has reviewed the costs associated with the design of the stormwater diversion structures and recommends this work go forward. The City Council will consider a revision of their agreement resolution that will allow the inclusion of the E2 Consulting Engineers costs to perform 100% design engineering to prepare construction documents for stormwater diversion structures and will acknowledge the additional cost of \$204,000. The Board was provided a copy of the Salinas City Council Resolution authorizing costs for design and construction of the industrial waste diversion system, and the proposal from E2 Consulting to perform 100% design engineering for stormwater diversion structures. Mr. McCullough noted there is no financial obligation to the Agency for this additional work.

ACTION TAKEN: On a motion by Mr. Allion, seconded by Mr. Rubio, the Board approved revision of the existing cost structure between the MRWPCA and the City of Salinas to increase the City's total cost limit to cover the E2 Consulting Engineers proposal of a, not to exceed, amount of \$204,000. [Yes: De La Rosa, Fischer, Grier, Stefani, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Phillips and Razzeca]

B. Consider Contract Amendment for Perkins Coie Legal Services

Mr. Holden stated that Perkins Coie provides CEQA review and support and also assists GWR with CPUC and water rights issues. Staff recommends an increase for this fiscal year to Perkins Coie to complete the FEIR process and continue with water rights and CPUC work. Mr. Holden explained that Perkins Coie has a direct contract with the Agency, but they are administered through Wellington Law office.

Ms. Downey asked if administering the contract through Wellington Law office incurs additional costs; Mr. Wellington stated there is no additional administrative cost, and noted there is an advantage to maintain continuity in these legal matters.

*Mr. Le asked about the legal fees for the GWR paid to Perkins Coie. Mr. Holden indicated he would research and then forward that information to him. [*Addition to Minutes requested at September 28, 2015 Board meeting]

ACTION TAKEN: On a motion by Mr. Fischer, seconded by Mr. Rubio, the Board approved an increase in the Perkins Coie Contract for Legal Services for \$160,000. [Yes: De La Rosa, Fischer, Grier, Stefani, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Phillips and Razzeca]

C. Evaluate any Direct Banking Proposals for a Line of Credit; and Approve an Additional Appropriation to Fund Professional Services to Secure a Line of Credit

Ms. Hannah reported that Kennedy Jenks, an engineering consulting firm, recently prepared a report estimating monthly expenditures for the GWR project. They noted that during peak construction periods, it was projected that expenses could rise as high as \$5 to \$6 million a month. Since the primary financing for this project is anticipated to come from the State Revolving Fund (SRF) loan, Ms. Hannah explained the loan is processed on a reimbursement basis, with the Agency receiving funds only after purchases are made. This would further impact the Agency's operating cash flow.

Ms. Hannah stated that staff prepared a three-year cash flow model to assist in identifying cash flow needs. The initial projection indicated that an additional \$10 million may be needed to assist with cash flow needs during peak construction periods. The Agency's US Bank would provide a \$2 million line of credit at 0.5% interest until construction begins; after that a higher line of credit would be needed.

As an alternative, Ms. Hannah requested and received a proposal of \$25,000 from a financial advisor to develop loan specifications, solicit offers, and negotiate any agreements. Staff also received a proposal from a Bond Counsel for \$15,000 to prepare the necessary legal documents that would be needed for a direct bank loan or a loan received through a financial advisor.

To Mr. Allion's question about the amount of time to process reimbursements for the SRF loan, Ms. Hannah stated there could be a two to three month delay in receiving payments.

ACTION TAKEN: On a motion by Mr. Rubio, seconded by Ms. Grier, the Board approved appropriation for \$40,000 to fund financial advisor and bond counsel services; however, if direct banking options are determined to be viable, approve \$15,000 to fund bond counsel services and further evaluate banking proposals. The determination of whether to proceed with the direct banking option would

depend on the proposals for a direct line of credit. [Yes: De La Rosa, Fischer, Grier, Stefani, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Phillips and Razzeca]

9. INFORMATIONAL ITEMS

A. Reclamation Highlights/Charts, Water Quality & Ops, Tours

No questions from the Board on the report items.

B. Pure Water Monterey Update

Mr. Sciuto stated that the technical consulting team has been working hard to keep the project moving forward. Staff continues working with the other agencies on all the various agreements; in fact, there have been about 12 meetings with MCWRA to work on the 1992 Agreement, the three amendments, Salinas River Diversion Facilities agreement and to combine them all into one definitive agreement. The draft agreement is now out for legal review. Mr. Sciuto reported that the Salinas Ag wash water agreement is undergoing legal review and is moving forward. The Water Purchase Agreement with MPWMD and Cal Am is in its fourth version – most terms are agreed upon. Discussions with MCWD regarding the pipeline are going forward as well.

C. Operational Report

Mr. Sciuto noted the GWR section of the report and explained that the Demonstration Facility is moving along very well. He added that the last two pieces of equipment arrived today. Staff is working hard to have the facility ready for the California Special Districts Association tour on September 21.

10. CORRESPONDENCE

Mr. McCullough acknowledged the letter from Senator Feinstein regarding the State Emergency Drought Relief Act of 2015 and that the Drought Bill has the Pure Water Monterey (PWM) project listed. He explained that the Agency sent a letter of support for the Senator's Drought Bill and continues to work with the Senator's staff to keep PWM in the forefront.

Mr. Sciuto noted his letter to Deputy Secretary Conner, US Department of Interior, regarding support of Pure Water Monterey Project after participating with the Secretary at a one-day seminar.

Mr. McCullough stated that the letter from the US Department of the Interior is the result of visits in April 2015 to Washington DC and follow-up work by staff in cooperation with MPWMD and MCWRA. The US Department of Interior, Bureau of Reclamation announced a WaterSmart Drought Contingency Planning Grant of \$200,000 to conduct the "North Monterey County Drought Contingency Plan" in partnership with MPWMD. Mr. Sciuto added that this drought planning study positions the Agency to seek the first funding for recycled water projects.

Importantly, at the State level if the project qualifies for an SRF loan, then the Agency can also be considered for possible grants as well through Proposition 1. Mr. Pendergrass commended staff for the work they are doing to pursue these grants and loans.

11. STAFF REPORTS

A. General Manager/Assistant General Manager/Legal Counsel

Mr. Sciuto stated that the Governor's Drought Task Force met in Salinas on August 17. The Task Force is holding meetings around the State to bring local and state officials together to create working relationships which could lead to state funding for local water projects.

Mr. Sciuto asked the Board about the format changes to the Board Agenda and suggested there may be some additional efforts to streamline the packet and the meeting process.

B. "Electronic O&M Manual" presentation by Jennifer Gonzalez, Engineering Manager; and Jarrod Levine, Operator III

Ms. Gonzalez provided an introduction for the presentation by summarizing for the Board the framework for an asset management program. She noted that the Capital Improvement Program is being fully restructured providing systems and procedures that will identify vulnerability (likelihood of failure); criticality (consequence of failure); and risk (vulnerability-criticality).

Mr. Levine continued the presentation and illustrated the electronic operation and maintenance manual that will be available to personnel on an electronic tablet. He provided evidence of the importance to have all processes in one place, accessible to staff at any time, and the residual benefits in having such a system in place.

12. BOARD MEMBER COMMENTS/REPORTS

Mr. Le asked if there was any word from the Regional Water Quality Control Board regarding the Pacific Grove spill. Mr. Sciuto stated that the Regional Board is reviewing the report and has asked for additional detailed information. He added that when word is received, he will notify the Board.

[Chair De La Rosa recessed Open Session at 7:00 pm, and commenced Closed Session at 7:05 pm]

13. RECESS TO CLOSED SESSION

A. Conference with Real Property Negotiators

Property: Recycled Water
Agency Negotiator: Paul A. Sciuto, General Manager
Negotiating Parties: Monterey County Water Resources Agency
Under Negotiation: All Terms and Conditions

B. Conference with Real Property Negotiators

Property: Recycled Water
Agency Negotiator: Paul A. Sciuto, General Manager
Negotiating Parties: California America Water and
Monterey Peninsula Water Management District
Under Negotiation: All Terms and Conditions

C. Conference with Real Property Negotiators

Property: Wastewater/Pipeline
Agency Negotiator: Paul A. Sciuto, General Manager
Negotiating Parties: Marina Coast Water District
Under Negotiation: All Terms and Conditions

14. ANNOUNCEMENTS FROM CLOSED SESSION

Mr. Wellington, Legal Counsel, reported that the Board came back into Open Session at 8:47 p.m. He announced that in the Closed Session the Board had received information and discussed three matters with its negotiator, the General Manager, (with Director Le recusing himself from the third item relating to negotiations with the Marina Coast Water District), gave general directions to its negotiator, and that no reportable action was taken.

15. ADJOURNMENT

At 8:48 p.m. with no further business, Chair De La Rosa adjourned the meeting to the next regularly scheduled Board Meeting to be held in the Board Room at 5 Harris Court, Building D, in Monterey, California on Monday, September 28, 2015 at 6:00 p.m.



Paul A. Sciuto, General Manager
Secretary to the Board



Gloria De La Rosa, Chair
MRWPCA Board of Directors