



APPROVED
October 26, 2015

MINUTES
of the Regular Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
September 28, 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 6:02 pm, on Monday, September 28, 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
Linda Grier	Boronda County Sanitation District
Ron Stefani	Castroville Community Services District
John M. Phillips	County of Monterey
Dennis Allion	Del Rey Oaks
Peter Le	Marina Coast Water District
Libby Downey	Monterey
Tom Razzeca	Moss Landing County Sanitation District
Dave Pendergrass	Sand City
Ralph Rubio	Seaside
Vacant – Ex-Officio	United States Army

BOARD MEMBERS ABSENT:

Rudy Fischer, Vice Chair	Pacific Grove
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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
Jerry Valladao
Mark Malanka
Betty Nebb

Gov. Affairs Administrator
Associate Engineer
Maintenance Manager
Executive Assistant

OTHERS PRESENT:

Wayne Downey – public member

3. PLEDGE OF ALLEGIANCE

Ms. Downey led the Pledge of Allegiance.

4. PUBLIC COMMENTS

No public comments were received.

5. SPECIAL ACKNOWLEDGEMENTS AND EMPLOYEE RECOGNITION

Mr. Sciuto stated that he attended the WaterReuse Symposium held on September 13-16 in Seattle, Washington. He announced that MRWPCA with project partners including MPWMD, MCWRA and the City of Salinas were awarded the Agriculture Project of the Year for Pure Water Monterey. They described the project as a multi-benefit, integrated, regional solution that will provide a water recycling model to increase the water available for agriculture and produce processing in the Salinas Valley. Mr. Sciuto added that he, Monterey County Supervisor Potter, Mr. Gary Petersen (City of Salinas), Mr. Dave Stoldt (MPWMD) attended and received the award and were moderators for a panel discussion about the project.

Mr. Sciuto announced that the Agency received the Special District Leadership Foundation Transparency Certificate and thanked Ms. Cheryl Franzen, Admin Support Specialist, who updated the website to include the required information; Ms. Tori Hannah, CFO, who prepared and provided all the financial reports; and Ms. Betty Nebb, Board Clerk, who assembled and coordinated the effort to complete the application process. He also expressed thanks to Ms. Kate McKenna (LAFCO) and Mr. Niccum (Pebble Beach CSD) who provided a peer review of the materials and application. The award was presented by State Senator Monning at the CSDA Awards Luncheon to Chair De La Rosa and Board Members Stefani and Le on September 23.

6. CONSENT AGENDA

Mr. Le asked for an addition to the Board Minutes of August 31 to include the question he asked about the legal expenditures for GWR. Chair De La Rosa asked the Board Clerk to review the record and make that addition to the Minutes.

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ACTION TAKEN: On a motion by Mr. Rubio, seconded by Mr. Phillips, the Board approved Consent Agenda Items A through H, with the inclusion of Mr. Le's question and staff response in the August 31, 2015 Board Meeting Minutes. [Yes: De La Rosa, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Fischer]

- A. Approve Board Minutes/Report for Regular Board Meeting of August 31, 2015.
- B. Receive Schedule of Cash and Investments as of August 31, 2015.
- C. Receive Comparison Percentage of FY 2015/16 Budget Expended through August 2015.
- D. Receive Check Register for August 2015.
- E. Receive Waste Discharge Report for August 2015; NPDES Monitoring Report for August 2015; and Plant Flows and Effluent Quality for Connected Agencies, plus Flow Charts for RTP, Salinas, Monterey Peninsula, Marina, Fort Ord, and Castroville for August 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 August 2015.
- G. Approve MRWPCA Resolution No. 2015-23, Amending the Conflict-of-Interest Code to Revise the List of Designated Employees/Positions
- H. Approve Contract RTP Network Center Consolidation Design (Server Room Improvement Project)

7. PUBLIC HEARING

A. Public Hearing for Proposed Rate Increases for Special Users Fees for FY 2015/16 and FY 2016/17

Ms. Hannah provided the Board with information about the three-year User Fees rate increase that took effect July 1, 2014. She added that specific fees for Special Users were not listed on that original notice because they are calculated based on individual usage which varies with flow and strength characteristics. On July 27, 2015, the Board approved a Notice to Special Users to provide additional clarity and to be in conformance with Proposition 218.

Ms. Hannah reported that during the public comment period, she received one email asking for clarification and a letter received today from Moss Landing Harbor District protesting any rate increase.

Ms. Hannah explained that the current MRWPCA Codified Ordinance references User Fee Rates and Capacity Charges for FY 2014 through FY 2017. Approved sewer usage fees for defined user categories, along with formulas for Special User

fees are provided for the three-year period. The Capacity Rate can change every year as it is based on the annual change in the December Construction Cost Index (CCI) for San Francisco as published in the Engineering News Record. Because of this annual change, staff recommends removing specific Capacity Charge rates from the Ordinance and retaining that information in a separate schedule which will be available on the Agency's website and in Customer Service. She added that the Board has the opportunity to review and comment on the new Capacity Charge rates as part of the annual budget process. The CCI increase for FY 15/16 was 2.79% - resulting in Capacity Charge fees increasing from \$3,337 to \$3,430.

ACTION TAKEN: On a motion by Mr. Phillips, seconded by Mr. Allion, the Board on a roll call vote adopted MRWPCA Ordinance No. 2015-02, amending Ordinance No. 2014-01 in part to change the Special User fee formulas for FY 2015-16 and FY 2016-17 effective September 28, 2015, and amending the Ordinance to transfer specific dollar amounts for Capacity Charge fees from the Ordinance to a separate document. [Yes: De La Rosa, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, and Rubio] [Nay: None] [Absent: Fischer]

8. COMMITTEE REPORTS

A. BUDGET/PERSONNEL COMMITTEE – September 11, 2015

1. Receive Budget/Personnel Committee Draft Minutes-Report, September 11, 2015

ACTION TAKEN: On motion by Mr. Rubio, seconded by Mr. Allion, the Board received the BPC Draft Minutes-Report for September 11, 2015. [Yes: De La Rosa, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Fischer]

B. RECYCLED WATER COMMITTEE – September 17, 2015

1. Receive Recycled Water Committee Draft Minutes-Report, September 17, 2015

ACTION TAKEN: On motion by Ms. De La Rosa, seconded by Mr. Allion, the Board received the RWC Draft Minutes-Report for September 17, 2015. [Yes: De La Rosa, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Fischer]

9. ACTION ITEMS

A. Consider Budget Amendment Policy

Ms. Hannah explained that the Agency does not currently have a policy that allows staff to update or amend the budget to reflect changes that are approved during the year, or to revise mid-year estimates. She noted that the proposed Budget

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Amendment Policy would facilitate better budgetary control and stronger year-to-year comparisons. Currently, approved changes to the budget are tracked on spreadsheets and not inputted into the Agency's financial system. This policy would provide flexibility to the GM, AGM and CFO to make administrative transfers between line items and/or projects based on demonstrated need. This facilitates better budgetary control for departmental staff monitoring their own budgets during the year.

After some Board discussion, Ms. Hannah clarified that all new appropriations to the budget would come to the Board, as well as any transfers over \$35,000. The General Manager has approval on transfers up to \$35,000, the Assistant General Manager and CFO up to \$10,000 which is consistent with the levels identified in the Agency's Purchasing Policy. Ms. Hannah explained that the new policy also includes a clarification requested by BPC stating that budget amendment funding needs to be monitored for the cumulative effect on a specific project or expense. Mr. Rubio suggested that perhaps there could also be a cap on the percentage of budget, rather than a specific number. Mr. Allion noted that BPC might even review budget adjustments on a monthly basis, and Ms. Hannah agreed that staff could offer a monthly informational item for BPC that shows all budget adjustments.

ACTION TAKEN: On a motion by Mr. Allion, seconded by Mr. Rubio, the Board approved the Budget Amendment Policy. [Yes: De La Rosa, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, and Rubio] [Absent: Fischer]

B. Consider Reallocation of Money to Fiscal Year 2015/16 CIP Budget and Amendment to Construction Contract

Mr. Valladao provided background on the construction contract to rehabilitate the wet well concrete structures at Coral Street and Fountain Avenue pump stations, the influent concrete vault structure at Castroville pump station and the influent manhole at Fountain Avenue pump station. This project was completed in June 2015; however several change orders were not finalized by the end of FY 14/15. He explained the negotiating process with the contractor and was able to limit the cost for the change orders to \$102,833.30 to complete the additional necessary work.

Mr. Valladao reported that the funding needed for this work is available from the Major O&M Budget Year 10 Facility Coating Project which was budgeted for \$325,000 but is anticipated to only use \$215,000, leaving an overage of \$110,000. As a result, staff recommends reallocating \$102,833.30 from the Year 10 Facility Coating Project to FY 15/16 to be used for the change orders for the pump stations rehabilitation project.

Some Board discussion followed which allowed Mr. Valladao to further explain the difficulties for staff to access the wet well areas in order to inspect the wet well concrete structure.

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ACTION TAKEN: On a motion by Mr. Allion, seconded by Ms. Downey, the Board approved reallocation of \$102,833.30 from the Year 10 Facility Coating Project to FY 2015/16 CIP Budget; and, the Board approved amending Monterey Peninsula Engineering's construction contract in amount of \$102,833.30 for the Coral Street and Fountain Avenue Pump Stations Wet Well, and Castroville Pump Station Vault Rehabilitation Project (CP262, CP263, CP257) [Yes: De La Rosa, Grier, Stefani, Phillips, Allion, Downey, Pendergrass, and Rubio] [Abstained: Le] [Absent: Fischer]

C. Approve Amendment 3 to the MOU regarding Source Waters and Water Recycling

Mr. McCullough explained the need to extend the deadline for completing a Definitive Agreement in order to continue the cooperation between the five parties to negotiate the main items in the MOU – 1) protection of MCWD's recycled water right entitlement; 2) provision of recycled water to MCWRA; 3) Phase I – GWR project water and additional water for CSIP; and 4) accounting protocols between MCWRA and MRWPCA.

Mr. McCullough stated that while there is continuing progress on the various agreements, staff recommends that the new deadline of December 31, 2015 will be in line with the requirements to maintain the project schedule.

Mr. Le posed a question to staff about the County's Resolutions for Amendment 2 and 3; he indicated he had provided more details in the email he sent to staff. Mr. Sciuto noted that staff would look into this matter.

ACTION TAKEN: On a motion by Mr. Stefani, seconded by Mr. Rubio, the Board approved Amendment 3 to the Memorandum of Understanding regarding Source Water and Water Recycling. [Yes: De La Rosa, Grier, Stefani, Phillips, Allion, Downey, Pendergrass, and Rubio] [Abstained: Le] [Absent: Fischer]

9. INFORMATIONAL ITEMS

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

No questions from the Board on the reported items.

B. Pure Water Monterey Update

Mr. Le asked about the status on the State fine for the Pacific Grove sewer spill. Mr. Sciuto responded that the State Board has indicated that the penalty will be approximately \$327,000, which is more than was anticipated. Mr. Sciuto described the alternatives to proceeding and explained that based on the State's calculation; staff is preparing a counter argument and will be requesting a hearing or formal settling appointment.

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Mr. Sciuto reported that the Final EIR for Pure Water Monterey Groundwater Replenishment Project will be published and ready to certify at the Special Board Meeting on October 8, 2015. A Public Hearing is scheduled and staff and project consultants will provide information to the Board in considering certification of the Final EIR and approval of the project.

Mr. Sciuto provided an update on the multiple formal agreements being prepared and referred the Board to the PWM Agreement Status shown on page 125 of the agenda packet. He noted that several agreements are close to completion and may be ready for Board consideration in the near future.

Mr. Sciuto reported on the PWM Demonstration Facility. He noted that the first official tour was for the CSDA Conference with about 35 participants and was very successful. He commended staff for the extra work needed to be ready for that tour date and added that although the water had not been thoroughly vetted for public tasting, the consultant from Trussell did drink the water.

Mr. Sciuto also reported on progress on the application for the State Revolving Fund (SRF) loan. Staff continues to push to complete the application by the end of October to be eligible for the limited amount of low interest funding.

C. Operational Report

Mr. Hogg introduced the Operation Report – no questions from the Board.

D. “Winter Storm Preparations” presentation by Mark Malanka, Maintenance Manager

Mr. Hogg provided an introduction to the presentation explaining that the offshore waters temperatures are significantly above normal and there will be major impacts to weather patterns. He noted that predictions are for El Nino storms to hit Northern California, Southern California, or Central Coast. Power outages are a big concern and if there are significant rain events, there will be inflow through the manholes, infiltration and local flooding of road ways that will impact our pump stations. He explained that Mark has had our employees training in preparation for this possible event.

Mr. Malanka provided information on lessons learned from previous storm events and the emergency power capabilities available to operate and maintain the 28 pump stations throughout our service area. He noted that cities in our area have reduced capacity concerns from inflow and infiltration of stormwater through their system improvements. He explained that Castroville and Coral Street pump stations have been historically susceptible to flood events and staff is taking steps now to reduce flooding potential. Mr. Malanka stressed the preparation and training that is currently being undertaken to verify that all emergency response will be timely and efficient. He provided an inventory of emergency equipment on hand and the

cooperative arrangements we have with other agencies for additional equipment/personnel if needed.

During Board discussion, there were several questions about readiness for potential flooding and power outages. Mr. Malanka described the scenario that if roads are flooded, personnel will already be spread throughout the service area to be ready for any emergency operations. Several Board members expressed their appreciation for Mr. Malanka's thorough report and his knowledge and preparation for the coming weather season.

10. CORRESPONDENCE

Mr. Sciuto noted the letter from Special District Leadership Foundation congratulating the Agency on receiving the Transparency Certificate of Excellence and the letter from Ms. Kate McKenna explaining she will participate as a presenter at the CSDA Conference and will highlight several local agencies including MRWPCA. The last letter is from California Sanitation Risk Management Authority (CSRMA) announcing dividend share of \$14,044 from the Pooled Workers Compensation Program as a result of control costs and avoidance of work place injuries.

11. STAFF REPORTS

A. General Manager/Assistant General Manager/Legal Counsel

Mr. Sciuto asked the Board members about the possibility of having a future Board meeting at the Regional Treatment Plant (RTP) and suggested that the October 26 meeting could be held there and include a tour of the PWM Demonstration Facility. After some discussion, the Board members agreed to a tour that would start at 5:00 pm with the Board Meeting following at 6:00 pm at the RTP.

12. BOARD MEMBER COMMENTS/REPORTS

Mr. Allion stated he would be out of town for the October 26 Board meeting and would make arrangements for Mayor Edelen to attend.

Mr. Razzaca announced that he would be attending a conference on the date of the Special Board meeting, October 8.

Mr. Le provided a verbal report on his attendance at the California Special District Association Conference held September 16-21 in Monterey.

[Chair De La Rosa recessed Open Session at 7:16 pm, and commenced Closed Session at 7:20 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: 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 7:55 p.m. He announced that in the Closed Session the Board had received information and discussed two matters with its negotiator, the General Manager, (with Director Le recusing himself from the second 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 7:57 p.m. with no further business, Chair De La Rosa adjourned the meeting to the Special Board Meeting to be held in the Board Room at 5 Harris Court, Building D, in Monterey, California on Monday, October 8, 2015 at 3:30 p.m.



Paul A. Sciuto, General Manager
Secretary to the Board



Gloria De La Rosa, Chair
MRWPCA Board of Directors