



APPROVED
November 30, 2015

MINUTES
of the Special Meeting
Monterey Regional Water Pollution Control Agency
Board of Directors
October 8, 2015

1. CALL TO ORDER

The Special Meeting of the Board of Directors of the Monterey Regional Water Pollution Control Agency was Called to Order by Chair De La Rosa at 3:31 pm, on Thursday, October 8, 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 3:33 pm]	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
Dave Pendergrass	Sand City
Ralph Rubio	Seaside
Vacant – Ex-Officio	United States Army

BOARD MEMBERS ABSENT:

Tom Razzeca	Moss Landing County Sanitation District
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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
George Thacher	Legal Counsel
Mike McCullough	Gov. Affairs Administrator

Mark Malanka	Maintenance Manager
Garrett Haertel	Associate Engineer
Chayito Ibarra	Executive Assistant
Betty Nebb	Executive Assistant

CEQA PROJECT TEAM PRESENT:

Barbara Schussman	CEQA Attorney with Perkins
Denise Duffy	Denise Duffy and Associates (DDA)
Alison Imamura	Project Manager for EIR, DDA
Margaret Nellor	Nellor and Associates

OTHERS PRESENT:

Frank Aguayo	Rick Riedl	Andy Sterbenz
Travis Faris	Joelle Lobo	Norm Groot
George T. Riley	Nancy Isakson	Catherine Stedman
John Narigi	Steve Shimek	Tom Crowley
Bill Carrothers	Larry Hampson	David Stoldt
Dave Chardavoyne	Cathy Paladini	Jason Campbell
Margaret Bonelti	Kelly White	Ian Crooks

3. PLEDGE OF ALLEGIANCE

Mr. Fischer led the Pledge of Allegiance.

4. PUBLIC COMMENTS

Announcement – Sustainable groundwater group will be hosting Ms. Gina Barrett who will moderate for the Consensus Building Institute of San Francisco Bay Area for their first meeting in Monterey in January.

5. PUBLIC HEARINGS

A. Public Hearing for Final EIR for Pure Water Monterey Groundwater Replenishment Project

Mr. Sciuto thanked everyone for attending the Final Public Hearing for the Pure Water Monterey (PWM) Groundwater Replenishment (GWR) Project. He noted that a Spanish translator was present and headphones were available for anyone who would like to hear the proceedings in Spanish. He congratulated the staff and technical team of consultants who have done incredible work as far as the quality of work to get us to this point.

Mr. Holden introduced the CEQA Team members: Ms. Barbara Schussman, CEQA Attorney from Perkins Coie; Alison Imamura, Project Manager for the EIR with Denise Duffy & Associates (DD&A); Denise Duffy, DD&A; Margie Nellor, Nellor Environmental. Mr. Holden stated that the Notice of Preparation and EIR Scoping began in summer of 2013, the Draft EIR was completed in April 2015, public review period from April – June 2015; and the Final EIR was completed September 25,

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2015. He added that the process tonight is to consider EIR Certification and Project Approval.

Ms. Schussman stated the purpose of the Public Hearing and summarized all the prior public participation to distribute and discuss the Draft EIR. She verified that the CEQA has been completed in full compliance and that certification of the EIR is a necessary prerequisite to later actions to implement the Project, such as, complete source water agreements and secure project funding.

Ms. Imamura spoke about the efforts by the Project Team to provide the public with information about the project and answer questions. She explained that 29 comment letters had been received on the Draft EIR and described the matters that were addressed and then included in the Final EIR document.

Mr. Holden stated that the project the Board is being asked to approve includes the following key elements:

- Conveyance of five types of source waters to the Regional Treatment Plant (RTP)
- New Advanced Water Treatment Facility and other improvements to the RTP
- Treated water conveyance pipelines and booster pump station (RUWAP Alignment Option recommended)
- Groundwater injection well facilities
- Potable water distribution system (Alternative Monterey Pipeline recommended for Cal Am water distribution)

Mr. Holden provided a map showing the RUWAP Alignment, as well as an alternative Coastal Alignment Option for getting the product water to the proposed injection well facilities. He also presented a map showing the Alternative Monterey Pipeline that will allow Cal Am to distribute water from the Seaside Basin.

Ms. Schussman stated that the MRWPCA Board, as Lead Agency, must adopt specific findings to certify EIR:

- that the Board has reviewed and considered the Final EIR;
- that the EIR has been completed in compliance with CEQA; and
- that the EIR reflects the Board's independent judgment and analysis.

Ms. Schussman noted that the CEQA findings address the alternative pipelines that were evaluated and she provided reasons why the new pipeline is superior. She added that there were two significant impacts that remain unavoidable – that construction noise will not result in any sensitive receptor and that the resolution contains approval in what is required before source water or any other permits can be pursued.

Mr. Holden noted that this concluded the staff presentation; the meeting turned to Questions from Board to Staff prior to opening the Public Hearing on this matter.

Mr. Le stated that MCWD approves this project; however there remain questions. He asked why there is no RUWAP budget in the FEIR since MCWD has a capital budget of \$750k for construction. Ms. Schussman responded by citing page 3-41 in the Final EIR – The RUWAP MOU does not require MRWPCA or any other entity to contribute to the cost of completing such improvement. The RUWAP Recycled Water Project has not been finished and there does not appear to be a plan for completing it in the near future. The EIR analyzes the RUWAP Recycled Water Project as a cumulative project.

Mr. Le referenced the apparent change in AF of water that would be furnished by MRWPCA to MCWD and asked for an explanation for the sentence in section 10.2 that references MCWD's full allotment of planned recycled water demands (and no more than the RTP receives as influent from MCWD). Mr. Holden stated that portion means that the agreements we have provide that whatever MCWD provides to our Agency as influent is allowed equal tertiary recycled water back.

Ms. Schussman responded to additional questions from Mr. Le referencing a specific section of the EIR and noted that any new concerns that have not been previously been addressed in the EIR would be reviewed and comments provided.

Chair De La Rosa opened the floor to Public Comments to receive testimony.

Mr. Steve Shimek, The Otter Project/Monterey Coast Keepers, expressed his concern for discharge of nutrients to the Bay and the impact to tourism if the discharges have an adverse effect on sea life.

Mr. Tom Rowley, Monterey Peninsula Taxpayers Association, stated he is historically supportive of technically feasible programs that will help solve the water crisis; however, feels this is premature action until the source water agreements are secure.

Mr. Dave Stoldt, MPWMD General Manager, commended the Board for going forward with the EIR certification and confirmed there will be time to address any issues being presented.

Mr. Frank Aguayo, City of Salinas, stated that the City is in support of this project and has been working successfully with the Agency to finalize the agreement for Ag wash water. He stated that additionally the City agrees diverting the pond water to the regional system is environmentally correct to limit contamination of the Salinas River. By taking the water from the ponds, the City can proceed with the needed

maintenance for the ponds and eventually be able to possibly provide storage for stormwater.

Mr. Norm Groot, Monterey County Farm Bureau, stated support for the project but feels more analysis is needed in considering use of the Ag wash water that processes lettuce and vegetables. He also noted that an interruptible water source may affect our water supply.

Ms. Nancy Isakson, Salinas Valley Water Coalition, stated support of the project, echoed Mr. Groot's concerns and expressed concern about getting the Definitive Agreement in place. She also noted that the competing resources may affect the water from the Salinas River Diversion Facility.

Mr. George Riley, Public Water Now, stated that he feels MRWPCA has done more to solve Monterey Bay water problems and encouraged the Board to move forward.

Chair De La Rosa Closed Public Comments and called for Board Comments.

Mr. Le asked a question about the route of the Coastal Alignment Option, and Ms. Imamura stated that the Project Engineering Team did feasibility studies on both of the pipeline alignments. The Coastal Alignment option follows along the Monterey transportation right-of-way and was chosen as an alternative because it provided an option for an efficient way to get the pipeline to the injection site.

Mr. Pendergrass asked the Project Team if they felt that any comments made tonight would prevent the Board from moving forward with the recommended action to certify the EIR. Ms. Duffy stated that her staff prepared a technical memo in response to issues raised by Mr. Shimek. Based on the information provided in the memo, she qualified that no new significant impacts and no increase in severity of impacts would result from implementation of the GWR project. Ms. Imamura added that the question about nutrients in the water has been addressed in detail in the EIR and that the implementation of the GWR project would ultimately have a pollutant load reduction. Ms. Nellor added that the project is governed by permits and follows the California ocean plan.

Ms. Downey stated that although she is also anxious to get the source water and definitive agreement established, she understands now that these agreements are not directly connected to the EIR. Ms. Schussman added that it would not be proper or allowed to enter into the source water agreements before certifying the EIR – the EIR certification has to be done first.

To Ms. Downey's question about the importance of the EIR being certified for possible state funding, Mr. Sciuto explained that the amount of funding has decreased and it is imperative to move quickly to position this project to qualify for state funding.

ACTION TAKEN: It was moved by Member Allion, seconded by Member Pendergrass, to adopt MRWPCA Resolution 2015-24 to:

- 1) Certify the Final EIR for the Pure Water Monterey Groundwater Replenishment Project;
- 2) Adopt findings required by the California Environmental Quality Act;
- 3) Approve mitigation measures and a mitigation monitoring and reporting program;
- 4) Adopt a Statement of Overriding Considerations;
- 5) Approve the GWR Project, as modified by the Alternative Monterey Pipeline and select the RUWAP Alignment Option for the Product Water Conveyance pipeline and booster pump station; and
- 6) Authorize staff to proceed immediately with obtaining necessary agreements, permits, funding and financing, and approvals to construct and operate the Project components specified in Section III or Resolution 2015-24.

And carried by the following roll call vote:

Ayes: De La Rosa, Fischer, Grier, Stefani, Phillips, Allion, Downey, Pendergrass, Rubio

Noes: None

Absent: None

Abstained: Le

Mr. Phillips stated that this is a result of the growers, City of Salinas, and this Agency working together to create a win-win for everyone. He added that the source water agreements come next and while the matters are complex everyone is moving in the right direction to get these agreements approved. Chair De La Rosa added that the entire region is going to benefit and thanked staff and consultants for their comments and presentation tonight.

6. ACTION ITEMS

A and B. Amend Resolution 2015-19 and Resolution 2015-21 to reflect comments received from the State Water Resources Control Board; and, allow modifications to Resolution 2015-21 for minor changes pending the Agency and State Attorney's Final Review – **Approval of Resolution 2015-26 will clarify all the changes needed in the amended Resolutions**

Ms. Hannah requested that Resolution 2015-19 and Resolution 2015-21 previously approved by the Board and submitted as part of the application to the State Water Resources Control Board for 1% interest loan for the Pure Water Monterey Groundwater Replenishment Project be modified to include language recommended as a result of the legal review by the SWRCB. She reviewed the proposed changes

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to the Board in order to explain the clarifications being requested. She noted that materials presented to the members include a red-lined copy of both Resolutions 19 and 21 with Resolution 26 describing the need for these changes.

Legal Counsel clarified that Board approval of Resolution 2015-26 would amend MRWPCA Resolutions 2015-19 and 2015-21 to meet the State's requirements for the Project loan funding.

ACTION TAKEN: It was moved by Member Downey, seconded by Member Rubio, to approve Resolution 2015-26 amending Resolution 2015-19 and Resolution 2015-21 to reflect comments received from the State Water Resources Control Board, and carried by the following vote:

Ayes: De La Rosa, Fischer, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, Rubio

Noes: None

Absent: None

C. Approve Resolution 2015-25, Establishing an Enterprise Fund System of Accounting for the Pure Water Monterey Fund

Ms. Hannah explained that this Resolution would segregate the accounting for Pure Water Monterey from the Agency's main operations. This would also provide more transparency for any reporting that is required. She added that through the establishment of a separate fund, PWM is viewed as having a dedicated revenue source to fund its specific operations and may, therefore, qualify for a debt coverage ratio of 1.10x.

Some discussion followed regarding the Water Purchase Agreement and Mr. Sciuto explained that the State Board will review the draft agreement even before it comes before the Board as they may have some questions that will need to be addressed.

Public Comments:

Tom Crowley, Monterey Peninsula Taxpayers Association, stated that public discussion on how GWR is going to be paid for has been skimpy – when you submit an application for a \$113M loan, you should know how it is going to be paid.

ACTION TAKEN: It was moved by Member Downey, seconded by Member Stefani, to approve Resolution 2015-25 to Establish an Enterprise Fund System of Accounting for the Pure Water Monterey Fund, and carried by the following vote:

Ayes: De La Rosa, Fischer, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, Rubio

Noes: None

Absent: None

C. Consider Establishing Rate Formula Factors for Primary and Secondary Treatment of Interruptible Source Waters

Mr. Holden stated that as part of the PWM project there was a need to provide primary and secondary treatment for waters not provided by MPRWPCA sewage ratepayers. The Recycled Water Committee has been involved in discussions regarding development of an interruptible rate for treating Ag Wash water and Lake El Estero water for the PWM project. With assistance from a financial consultant, Municipal Financial Services, and an legal opinion from Colantuono, Highsmith, Whatley, PC an interruptible rate was developed that is reasonable as compared to other fees and is voluntary (not imposed) and therefore not covered by Propositions 218 or 26. He added that this new rate only applies to waters that do not contain sewage, have another legal method of treatment/disposal, and only with flows within the existing capacity of MRWPCA's infrastructure.

Mr. Holden reviewed with the Rate Equation Factors (per million gallons per day) as shown on Table 1, as well as how the rate equation factors result in the interruptible rates as shown on Table 2 (information attached). He responded to questions clarifying that the rate for treating ag wash water was nearly twice as much as ditch or storm water because of the additional chemicals needed to treat the produce water. Mr. Rubio stated that the Recycled Water Committee has reviewed this information and recommends Board approval.

ACTION TAKEN: It was moved by Member Rubio, seconded by Member Le, to establish an Interruptible Rate following the description in the Interruptible Rate Qualifications (Attachment A) and established the three Interruptible Rate Equation Factors listed in Table 1 for Fiscal Years 2015/16 and 2016/17, and carried by the following vote:

Ayes: De La Rosa, Fischer, Grier, Stefani, Phillips, Allion, Le, Downey, Pendergrass, Rubio

Noes: None

Absent: None

7. STAFF REPORTS

A. General Manager/Assistant General Manager/Legal Counsel

Mr., Sciuto stated that in response to questions raised about revenue sources needed to support the State Revolving Loan, the majority of funding will be through the Water Purchase Agreement among MRWPCA, MPWMD and Cal Am – PCA will operate the treatment plant and MPWMD will pay that cost; as Cal Am extracts the water, they will pay MPWMD for the water based on the 30-year water purchase agreement. He noted additional funding will come through our agreement with MCWRA for the diversion of the source waters and the allocation of treatment costs

and O&M expenses. Ms. Hannah added that the loan criteria process requires that the Agency validate that we have contracts to support the loan amount.

Public Comments:

Mr. Tom Crowley stated that Mr. Sciuto's explanation provided the most complete information to date on how the costs would be covered.

Mr. John Narigi stated that the Mayors' Authority TAC was still working on what the final costs would be to determine what the cost will be when we turn on the tap.

Mr. David Stoldt added that working with Cal Am, we should have the "externalities study" work product ready for internal review in four weeks.

8. BOARD MEMBER COMMENTS/REPORTS

Mr. Fischer stated that there are concerns about some issues related to the PWM project; however, nothing will ever be accomplished if all questions have to be answered.

Mr. Allion noted that Mayor Edelen would be attending the Board Meeting on his behalf on October 26. He stated that the Board has analyzed this to death – there are risks, but not moving forward would cost the community millions of dollars more – we need to get this done now.

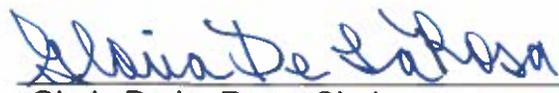
Chair De La Rosa noted the conclusion of the MRWPCA Board Meeting and announced that the Joint Workshop with Monterey County Water Resources Agency will convene in ten minutes.

9. ADJOURNMENT

At 5:03 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 Regional Treatment Plant Conference Room at 14811 Del Monte Blvd, in Marina, California on Monday, October 26, 2015 at 6:00 p.m.



Paul A. Sciuto, General Manager
Secretary to the Board



Gloria De La Rosa, Chair
MRWPCA Board of Directors