



**MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF DIRECTORS**

BOARD OF DIRECTORS:

Ken Ekelund, Chair
Claude Hoover, Vice Chair
Silvio Bernardi
Mark Gonzalez
David Hart
Fred Ledesma
Richard Ortiz
Mike Scattini
Deidre Sullivan

STAFF:

David E. Chardavoine, General Manager
Robert Johnson, Assistant General Manager
Brent Buche, Assistant General Manager
Cathy Paladini, Finance Manager
Wini Chambliss, Clerk to the Board
Patrick McGreal, Deputy County Counsel

July 22, 2013

MINUTES

1. CALL TO ORDER/ESTABLISH QUORUM

Director Ekelund convened the Regular Board of Directors Meeting @ 12:02 PM.

Directors Present: Ken Ekelund, Claude Hoover, Mark Gonzalez (arrived @ 12:05 PM), David Hart, Fred Ledesma (arrived @ 12:09 PM), Richard Ortiz, Mike Scattini and Deidre Sullivan

Directors Absent: Director Silvio Bernardi

A quorum was established.

2. ADJOURN TO CLOSED SESSION @ 12:03 PM

3. RECONVENE MEETING

The meeting reconvened @ 1:05 PM

Deputy County Counsel Patrick McGreal indicated the Board received information on the listed items but took no reportable actions.

4. PLEDGE OF ALLEGIANCE (led by Director Fred Ledesma).

5. PUBLIC COMMENTS – None.

6. CONSENT CALENDAR

- A. Approve minutes from the following meetings: Special Board of Directors on May 14, 2013 @ 11:00 AM as revised and Regular Board of Directors on June 24, 2013 @ 1:00 PM.
- B. Approve purchase orders/contracts in excess of \$500 for June 2013 and credit card purchases over \$500 in May/June 2013.
- C. Receive report on Salinas Valley Water Conditions for the Third Quarter of Water Year 2012-2013.
- D. Approve Amendment No. 1 to the agreement for services with Yoshimaru Consulting in the amount of \$15,000 for continuing construction management services for the Nacimiento Hydroelectric Plant emergency repairs; and, authorize the General Manager to execute the Amendment.

Public Comments: None

ACTION:

Motion and Second by Directors David Hart and Richard Ortiz to approve the Consent Calendar.

Motion carried unanimously.

8. ACTION ITEMS

- A. Consider receiving recommendations regarding the Hayashi & Wayland Report, an Independent Accountant's Report on Applying Agreed-Upon Procedures, regarding accounting records and transactions between the Monterey County Water Resources Agency and the Monterey Regional Water Pollution Control Agency; and providing direction to staff.

Cathy Paladini, Finance Manager, reviewed this item and stated the Hayashi & Wayland Report categorized findings in the following three areas: CSIP and SRDF Water User Fees; Reserves; and, Budgets and Expenditures. Ms. Paladini identified the Accountant's recommendations and additional recommendations developed by Agency staff.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

- 1. What is inconsistent with regard to the budget process with regard to CSIP/SVRP user fees
- 2.
- 3. ? The manner in which we conduct day-to-day business and funding operations.
- 4. In the event refunds in excess in reserve accounts are received, into what funds will the money be placed? ***The Agency will review and make further recommendations.***
- 5. Is it possible we are under-reserved in any of those accounts? ***No.***
- 6. What is the justification for charging ten percent on top of a capital outlay? ***We need to further discuss with PCA.***

General Manager David Chardavoyne reported the Hayashi & Wayland report was shared with the PCA Board of Directors and General Manager in June. Mr. Chardavoyne stated the Agency generally agrees with the recommendations included in the report. Additionally, he added Mr. Nolan of Hayashi and Wayland will make a presentation to the Board of Directors in August.

Agency staff will provide monthly reports in meeting recommendations of the report.

Public Comments:

Brad Hagemann, Assistant General Manager at the Monterey Regional Water Pollution Control Agency, distributed comments in response to the Agency's Board report and provided an oral review of these comments.

Nancy Isakson, Salinas Valley Water Coalition, thanked the Agency for this undertaking, voicing her surprise that only 40% of billing was received. Ms. Isakson stated her interest in knowing how far back this extended, especially since PCA indicated they had no method to collect billing. With regard to the reserves, Ms. Isakson stated it necessary to go back and determine the reason(s) for their establishment to ensure they are utilized appropriately. She also suggested the Board receive an informational presentation on these topics.

Norm Groot, Monterey County Farm Bureau, stated the Farm Bureau agrees with the recommendations on an overall basis. However, the 40% uncollected billing is unacceptable as that amount of money could be used for many beneficial purposes..

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. More clarity is needed regarding past due amounts.
2. Before next month's discussion, we should determine who pays for the audit.
3. Consider developing policy to collect the 60% that is overdue. ***Staff is proposing that one person on staff will assume the responsibility for billing and collection, and discussions have already begun with regard to our billing policy. Unfortunately, billing slipped through the cracks at the PCA.***
4. It would be good to see a history of billing over the past few years.
5. Agency and PCA staff should meet to discuss these issues.
6. The Agency should proceed cautiously with regard to withholding payment of funds.
7. Directors need an explanation of reserves: why they were created and whether they were transferred appropriately.
8. Directors thanked PCA staff for their services on the operational side. On the financial side, imperative to determine that funds are being collected correctly and utilized appropriately.
9. The PCA Board of Directors should receive the same presentation.

ACTION:

Motion and Second by Directors Claude Hoover and Deidre Sullivan to receive recommendations regarding the Hayashi & Wayland Report, an Independent Accountant's Report on Applying Agreed-Upon Procedures, regarding accounting records and transactions between the Monterey County Water Resources Agency and the Monterey Regional Water Pollution Control Agency; and providing direction to staff.

Motion carried unanimously.

- B. Consider approving Amendment No. 3 to the professional services agreement with Cardno ENTRIX in the amount of \$26,492 for the completion of a Final Environmental Impact Report relating to the Salinas River Channel Maintenance Program, bringing the total amount of the Agreement not to exceed \$611,879; and, authorizing the General Manager to execute the Amendment.

Chris Keehn, Right of Way Specialist, reviewed this item, providing a history of the Agency's involvement with Cardno ENTRIX in securing permits necessary to maintain the Salinas River Channel. Amendment No. 3 will fund the additional work and meetings required to prepare technical responses to comments received as a result of the extended comment period (approved under Contract Amendment No. 2). Mr. Keehn read a list of items for which the negotiated resulting in a reduction in the Agreement amount. That negotiation centered on duplicative costs.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. At the Finance Committee, there were questions about the scope of the contract. ***The original contract was done three years ago, and since that time the scope has expanded tremendously.***
2. This is a Time and Materials contract with a not-to-exceed amount, which is more difficult to manage.
3. The Agency selected this firm for their expertise; but, the Environmental Report was not well executed.
4. Directors voiced frustration over the protracted process, noting the process is in its infant stages.
5. The Agency will discuss certifying the EIR in August 2013.

Director Fred Ledesma left the dais @1:59 PM and returned @ 2:03 PM.

Public Comments:

Darlene Din, Monterey County resident, discussed the complicated nature of this matter. She stated the existing law sets this Agency up to fail which will lead to failure in the region. And when the region fails, the Agency will be sued, resulting in further devastation to the area.

Norm Groot, Monterey County Farm Bureau, stated the scope of the Final EIR has changed dramatically and is unworkable. Mr. Groot stated the EIR should be completed; but, he voiced concern about the amount of money being expended for a program that is unworkable.

ACTION:

Motion and Second by Directors David Hart and Claude Hoover to approve Amendment No. 3 to the professional services agreement with Cardno ENTRIX in the amount of \$26,492 for the completion of a Final Environmental Impact Report relating to the Salinas River Channel Maintenance Program, bringing the total amount of the Agreement not to exceed \$611,879; and, authorizing the General Manager to execute the Amendment.

Vote:

Ayes: Directors Ken Ekelund, Claude Hoover, Mark Gonzalez, David Hart, Fred Ledesma, Mike Scattini and Deidre Sullivan

Nays: Director Richard Ortiz

Absent: Director Silvio Bernardi

Motion carried.

C. Consider receiving an update on the Water Permit No. 11043 process.

Rob Johnson, Assistant General Manager, provided an update on Water Permit No. 11043 activities that included the Regional Advisory Committee (RAC) process and progress; a settlement agreement that is awaiting approval/execution by the State Water Resources Control Board's executive director; and settlement agreements (including face value of the permit, bypass flow requirements and milestones for water use).

Mr. Johnson noted that the face value of the permit reduced the amount of water from 168,538 to 135,000 acre-feet/year. This amount was based on calculations from consultants and Agency staff. Mr. Johnson also reported the RAC will be discussing possible projects

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Cal-Am is attempting to combat seawater intrusion in another region with Salinas Valley water.
2. A determination of water availability must be discussed.
3. What is the source of funds for monies that have already been expended? How can we take on another project? ***Staff will evaluate the cost of taking on another project. The agreement is unofficial until it is fully executed. The public comment period ended last Thursday at noon. If the Settlement Agreement is not signed, the matter will again be calendared for a revocation hearing.***
4. When contracts are let, the Agency should investigate local contractors.
5. Are there other water permits that may possibly be revoked? ***No, this is the last permit that has not been exercised.***

Public Comments:

Nancy Isakson voiced her appreciation on hearing the additional amount of water necessary to stop seawater intrusion. Ms. Isakson stressed the importance of securing a map and ensuring Cal-Am uses the same point of diversion and place of use.

Norm Groot indicated he wrote a comment letter regarding the settlement and appreciated the fact that this issue was not being settled in court. Mr. Groot emphasized the Farm Bureau's commitment to developing a workable project; but, a workable project must be operational when no winter flows are available.

ACTION:

Motion and Second by Directors David Hart and Fred Ledesma to receive an update on the Water Permit No. 11043 process.

Motion carried unanimously.

Director Mike Scattini left the meeting @ 2:42 PM

9. KEY INFORMATION AND CALENDAR OF EVENTS – Finance and Personnel and Administration Committee meetings were rescheduled from August 9, 2013 to August 16, 2013 at their regular times.

10. GENERAL MANAGER'S REPORT –

General Manager David Chardavoyne reported on the following:

- a) Hydroelectric Plant – There were problems associated with them main bearing due to the lifting process that caused the generator not to spin. However, it is anticipated the generator will be spinning by the end of July. And, if all goes well, the plant should produce power by the end of August.
- b) Power Purchase Agreement – City of Corona officials will meet with their City Council on August 7, 2013. Discussions have been held regarding a letter agreement for the startup period. If the City of Corona does not agree to purchase power, it will be sold on the grid at a lesser price.
- c) Cal-Am Application for the Water Supply Project - Settlement discussions have continued.
- d) Meeting with City of Salinas – The meeting objective was to improve the Agency's relationship with the city regarding issues in common, i.e., trash in the Rec Ditch; the Groundwater Replenishment Project and source water from the City of Salinas; industrial ponds, etc.

Public Comments: None

11. COMMITTEE REPORTS – Finance Committee Chair Claude Hoover reported the committee is committed to dealing with high level policy issues along with building a positive relationship with the County's Auditor-Control on issues such as the Fuel Spill Cost Reimbursement Agreement.

12. INFORMATION ITEMS – Directors had no questions or comments regarding items submitted.

13. CORRESPONDENCE – Directors had no questions or comments regarding items submitted.

14. BOARD OF DIRECTORS' COMMENTS: Director Ortiz reported his agreement with the decision made by the Board and staff to enter into Settlement Agreement negotiations

acknowledging the infeasibility of providing information to the public.

15. ADJOURNMENT

The meeting was adjourned @ 3:26 PM

SUBMITTED BY: Wini Chambliss
APPROVED ON: August 26, 2013

/s Wini Chambliss

Wini Chambliss, Clerk to the Board

APPROVED