



CASTROVILLE COMMUNITY SERVICES DISTRICT

P.O. BOX 1065
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CASTROVILLE, CA 95012
FAX (831) 633-3103

President – Ron Stefani
Vice President – Silvestre Montejano
Director – Adriana Melgoza
Director – James R. Cochran
Director – Glenn Oania

24-HOUR TELEPHONE: (831) 633-2560

General Manager – Eric Tynan
Board Secretary – Lidia Santos

Website: CastrovilleCSD.org

AGENDA REGULAR MEETING OF THE BOARD OF DIRECTORS TUESDAY, SEPTEMBER 19, 2017 – 4:30 P.M. DISTRICT BOARD ROOM – 11499 GEIL STREET

In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board meeting, please contact Lidia Santos, Board Secretary during regular business hours at (831) 633-2560. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

CALL MEETING TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS – (Limited to three minutes per speaker within the jurisdiction of items not on the agenda. Public will have the opportunity to ask questions or make statements as the Board addresses each agenda item.)

CONSENT CALENDAR:

1. Approve the Draft Minutes of the Regular Board Meeting of August 15, 2017 – motion item

CORRESPONDENCE:

1. None

INFORMATIONAL ITEMS:

1. *The Monterey Herald* – CPUC desal project hearing delay would allow more time for Pure Water Monterey expansion study
2. *The Monterey Herald* – No public ownership talks for joint Peninsula mayors water authority, water district meeting
3. *The Californian* – Central Coast conservationist sue water boards
4. *Water News* – Editorial: Water Commission's the wild card in how Proposition 1 money will be spent
5. *The Sacramento Bee* – Heat wave, fires, hurricanes bear the 'finger prints of climate change,' scientist say

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PRESENTATION:

1. None

NEW BUSINESS:

1. Approve Actuarial Study of Retiree Health Liabilities Under GASB 74/75, Valuation Date : June 30, 2017 and Measurement Date: June 30, 2017 prepared by Total Compensation Systems, Inc. – **motion item**
2. Appoint Ron Stefani as permanent Director for the Small Water System/Disadvantaged Community Seat on the Board of Directors for the Salinas Valley Groundwater Sustainability Agency (GSA) - **motion item**

UNFINISHED BUSINESS:

1. Update on the Local Groundwater Sustainability Agency (GSA) Formation and Appoint Alternate Director for the Small Water System/Disadvantaged Community Seat on the Board of Directors for the Salinas Valley GSA: The following candidate has submitted an application: Richard Bowyer and David Morisoli – **motion item**
2. Paul W. Davis, AIA Architect with The Paul Davis Partnership present on behalf of the Housing Authority requesting to continue with master meters for the new construction of all their apartments – **motion item**
3. Update on levels for Well #2, #3 #4 and #5 – Eric Tynan, General Manager
4. Update on tax measure for North County Recreation and Park District (NCRPD) and report on extended recreation services activities – Eric Tynan, General Manager
5. Update on request for MRWPCA Board of Directors to preserve the ex-officio seat on the MRWPCA Board of Directors for one person residing in the territory comprising the jurisdiction of the former Moss Landing County Sanitation District, which is due to expire on November 30, 2017, to be appointed by action of the Castroville CSD – Eric Tynan, General Manager
6. Update on putting Tank 4 recoating project out to bid – Eric Tynan, General Manger
7. Update on status of grants for Moss Landing-Sewer Zone 3, Castroville-Sewer Zone 1 and Castroville-Water Zone 1 for system upgrades and improvements - Eric Tynan, General Manager
8. Update on adjustment conversion for Well #5 Silvio Bernardi Arsenic Treatment Plant – Eric Tynan, General Manager

BOARD OF DIRECTORS COMMUNICATION: When needed, this time is reserved for the Board of Directors to communicate activity, educational classes, and/or Committee reports.

1. Update on MRWPCA board meeting – Ron Stefani, President and Director James Cochran
2. Update on other meetings/educational classes attended by the Directors

GENERAL OPERATIONS:

1. **General Manager's Report** – Compliance Update, Current Projects Update, Seminars Update, Staff Update, Suggestive Projects Discussions
2. **Operation's Report**
 - a) Water – Pumpage & Usage Update, Water Testing Update, Current Installation
 - b) Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues

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- c) Sewer & Storm Drain – Jetting, Current Installation Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
- 3. **Customer/Billing Reports** – A/R Update, Water Sales, Water Usage
- 4. **Financial Reports** – Treasures Report-L.A.I.F., Quarterly Financial Statements**Internal Report** and Administration Update

CHECK REGISTER – Receive and file the Check Register for the month of August 2017 – motion item

ITEMS FOR NEXT MONTHS AGENDA: Tuesday, October 17, 2017 at 4:30 p.m.

CLOSE:

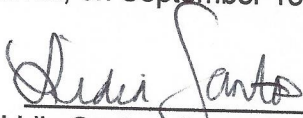
Adjournment to the next regular scheduled Board Meeting – motion item

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 11499 Geil Street, Castroville, California.

Certification of Posting

I certify that on September 15, 2017, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of the Castroville Community Services District, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2).

Executed at Castroville, California, on September 15, 2017.


Lidia Santos, Board Secretary

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT
August 15, 2017

President Ron Stefani called the meeting to order at 4:31 p.m.

ROLL CALL:

Directors Present: President Ron Stefani, Director Adriana Melgoza, Director James Cochran and Director Glenn Oania

Absent: Vice President Silvestre Montejano

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present:

Guest: Lloyd Lowrey, Paul Tran and Grant T. Leonard

PLEDGE OF ALLEGIANCE

President Ron Stefani led the Pledge of Allegiance.

PUBLIC COMMENTS

1. Two women who did not identify themselves asked the Board what was the function of the District and who would they address regarding recreational services for the community of Castroville. Director Adriana Melgoza explained to them what services the Castroville CSD provides and directed them to contact the North Monterey County Recreation and Park District (NCRPD). They were informed that the NCRPD Board President Grant T. Leonard was present at this meeting as well. Mr. Grant stated he would advise them who to contact at the NCRPD to address their questions and concerns.

CONSENT CALENDAR

1. A motion was made by Glenn Oania and seconded by Adriana Melgoza to approve the minutes of the July 18, 2017 Scheduled Board Meeting. The motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano

Consent Calendar accepted as presented

CORRESPONDENCE:

1. Letter from Brent Hastey respectfully requesting the Castroville CSD's support of his nomination to succeed Kathy Tiegs as the President of ACWA.

Correspondence Calendar accepted as presented

INFORMATIONAL ITEMS:

1. JPIA Offers Sexual Harassment Prevention Class for Managers and Board Members via Webinar
2. *The Monterey Herald* – Salinas Valley seawater intrusion moved deeper, groundwater levels dropped during drought
3. *The Editorial Board* – PD Editorial: The new general in a state's water wars
4. *The Monterey Herald* – CPUC delays Cal Am desal project environmental reports six months
5. *Brown and Caldwell Water News* – California's marine sanctuaries may face new drilling threat
6. New operators: Varela and Torres both have Water Treatment Grade T2 and Water Distribution D2 certification

Informational items accepted as presented

PRESENTATIONS:

1. CHISPA to present proposed Castroville Oaks subdivision – Project Manager Paul Tran informed the Board that he was taking the place of Alfred Diaz-Infante, President/CEO of CHISPA who was not.

able to attend after all. Mr. Tran presented the Board with a PowerPoint presentation of the proposed Castroville Oaks project. The proposed project is to be built on 44.9 acre property at the intersection of Highway 156 and Castroville Blvd. The overall site plan is showing single family development (90 homes) and multifamily development (124 units). The single-family lot site plane will consist of the following: 17 3-bedroom/1-story, 7 4-bedroom/1-story, 42 3-bedroom/2-story and 24 4-bedroom/2-story. The multi-family lot site plan will consist of the following: 12 1-bedrrom units, 56 2-bedroom units, 47 3-bedroom units and 9 4-bedroom units. CHISPA is currently going through the entitlement process with the County of Monterey which can take anywhere from a year to several years. Per General Manager Eric Tynan, Castroville CSD would only provide sewer services. Water service would be provided by Cal Water for this project.

NEW BUSINESS:

1. Paul W. Davis, AIA Architect with The Paul Davis Partnership present on behalf of the Housing Authority requesting to continue with master meters for the new construction of all their apartments – Mr. Davis was not present at the board meeting nor was there anyone else present on behalf of the Housing Authority. A motion is made by Adriana Melgoza and seconded by Glenn Oania to table this item to the next regularly scheduled board meeting. The motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano

2. Revise Ordinance No. 59 to include consequences for not complying with the requirement of separate metering or sub metering of individual units in multi-unit structures –General Manager Eric Tynan reported to the board that Castroville CSD should consider revising Ordinance 59 to include consequences for those water customers that are not complying with the requirement of separate metering or sub metering of individual units in multi-unit structures. He is currently working with District Legal Counsel Lloyd Lowrey to revise the ordinance to address the issue of non compliance. The ordinance will be ready for next month's board meeting which is scheduled for the 19th of September.
3. Consider putting Tank 4 recoating project out to bid – General Manager Eric Tynan informed the board that he had great news for Tank 4. He had set a budget of 200k of which the Board had approved for recoating Tank 4 for fiscal year 2017/18. However, he recently had Tank 4 inspected and was informed it would cost around 30k to recoat not the 200k. The project will still need to be put out to bid and he requested the Board authorize him to move forward with doing so. A motion is made by Glenn Oania and seconded by James Cochran to authorize General Manger Eric Tynan to put Tank 4 recoating project out to bid. The motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano

4. Authorize payment of \$213,691.96 to 3T Equipment Company for new Jetter – General Manager Eric Tynan reported to the Board that the new Jetter that the Board selected has arrived and is available for anyone who wants to take a closer look at it, at the conclusion of this board meeting. The Jetter is currently parked on the District parking lot and can be seen from the board room. General Manager Eric Tynan stated that he was very pleased with the 2018 Model M2106 Freightliner. The District will need to transfer funds from the LAIF water fund to the General Fund to cover this invoice for payment. A motion is made by Adriana Melgoza and seconded by Glenn Oania to transfer funds from LAIF water fund to the General Fund and authorize the payment of \$213,691.96 for the Jetter-2018 Model M2106 Freightliner to 3T Equipment Company. The motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano

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5. Sell, donate or dispose of 1982 Jetter truck – General Manager Eric Tynan asked the Board if they would want him to sell, donate or dispose of the 1982 Jetter truck. His recommendation was to offer to sell it to the County of Monterey Public Works Department first. He believes the value of the truck may be from \$5,000 to \$7,000, however he will do further research to confirm this amount. A motion is made by James Cochran and seconded by Glenn Oania to authorize General Manager Eric Tynan to sell the 1982 Jetter truck for whatever amount he decides would be the best deal for the district. The motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano

6. Status on tort claim submitted by the Duran Family Trust – General Manager Eric Tynan let the Board know that notice was hereby given to the Duran Family Trust that their claim that was presented on July 11, 2017 to the Clerk of the Board of Castroville CSD was rejected on July 18, 2017 by the Castroville CSD Board. On January 17, 2017 JT Plumbing was called to clear a sewage blockage at 11041 Merritt Street. JT Plumbing provided Castroville CSD with a written statement of what they believe had occurred to the sewer line. In summary, the lateral appeared aged and since the sewer was installed in the 1950s and the house was built in 1948, they believe this is the reason the plug and break is age related. The notice can be viewed on page 34 of the board packet. The Duran Family Trust has six months from the date this rejection notice was deposited in the mail to file a court action on this claim.

UNFINISHED BUSINESS:

1. Update on the Local Groundwater Sustainability Agency (GSA) – General Manager Eric Tynan turned it over to President Ron Stefani as of today and from this point forward since he is the primary director on the Small Water System/Disadvantaged Community seat for the GSA Joint Powers Authority. Per President Ron Stefani the main topic discussed was the effects of seawater intrusion and the 2015 maps released by the Monterey County Water Resource Agency.
2. Update on levels for Well #2, #3, #4 and #5 – General Manager Eric Tynan informed the Board on the current well levels as of August 1, 2017 were as follows: Well #2 is currently at -22.2 feet below sea level and July 1, 2017 it was -25.7 feet below sea level. Well #3 is currently at -61 feet below sea level and July 1, 2017 it was -49.9 feet below sea level, and Well #4 is at -81 feet below sea level and July 1, 2017 it was -85.2 feet below sea level. Well #5 is currently at -8.6 feet below sea level and July 1, 2017 it was -2-7 feet below sea level. A graph of the well trends for the months August 2015 through August 2017 can be viewed on page 35 of the board packet. General Manager Eric Tynan stated that all the well levels are pretty close to the same levels as they were last year. He is also disappointed to see that Well #5 levels continue to decline. As mentioned at last month's board meeting, the latest seawater intrusion maps by Monterey County Water Resource Agency were just released which show as of 2015 how seawater intrusion can and will affect Castroville wells as it continues to move inland. Unfortunately, the maps are always two years behind to due lack of resources. However, if the desal water project by Cal Am comes online as planned, then there will be no need for Castroville CSD to drill another well if seawater intrusion becomes a factor with the wells.
3. Update on tax measure for North County Recreation and Park District (NCRPD) – General Manager Eric Tynan informed the Board that NCRPD General Manager Judy Burditt put on a nice presentation regarding the NCRPD at the Castroville Rotary. This presentation could be helpful with gaining support for the tax measure that NCRPD plans to put on the ballot. Director Grant T. Leonard from NCRPD was also present and stated they will be doing more outreach with the community to continue to garnish support for their tax measure that will be placed on the ballot, November 2018. Also, NCRPD was informed that they did not get the North Monterey County Community grant through the Foundation that they had applied for after all.

4. Update on request for MRWPCA Board of Directors to preserve the ex-officio seat on the MRWPCA Board of Directors for one person residing in the territory comprising the jurisdiction of the former Moss Landing County Sanitation District, which is due to expire on November 30, 2017, to be appointed by action of the Castroville CSD – General Manager Eric Tynan reported to the Board that President Ron Stefanie and he met with General Manager Paul Sciuto of Monterey One Water formerly MRWPCA to discuss the ex-officio seat. Legal issues still need to be resolved in regards to the ex-officio seat per Mr. Sciuto. The Board directed the General Manager Eric Tynan to send a letter to Monterey One Water to address the ex-officio seat which is about to expire on November 30, 2017 and for District Legal Counsel Lloyd Lowrey to assist with helping Castroville CSD move forward with permanently keeping the ex-officio seat.
5. CalTrust vs. LAIF, continue with CalTrust Medium Term Fund investment or transfer monies back to LAIF- General Manager Eric Tynan provided the Board with CalTrust vs. LAIF monthly distribution yield percentage (2013-present) which can be viewed on pages 36-39 of the board packet. It appears CalTrust provides a higher yield. After some discussion, a motion is made by Adriana Melgoza and seconded by Glenn Oania to continue and remain with CalTrust Medium Term fund investment. The motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano
6. Castroville CSD 2% or 3% wage step program as of 2017 for current employees – General Manager Eric Tynan presented the board with a 2% and 3% step program for current employees. General Manager Eric Tynan stated that the majority of the employees are capped out with the exclusion of the two newly hired operators. However, he prefers not to have a step program since the operators hourly pay can vary based on the experience and certifications her or she may have and he does not want to be locked in to a wage step program that may not account for this. The Board reviewed the wage step programs and decided instead to revisit it next year when the annual budget and reviews are set.

BOARD OF DIRECTORS COMMUNICATION: When needed, this time is reserved for the Board of Directors to communicate activity, educational classes, and/or Committee reports.

1. Update on MRWPCA board meeting – President Ron Stefani reported to the Board that at this meeting there MRWPCA is now known as Monterey One Water. They are going through a name change and are all please with the new name. There are also having problems with one of the Contractors, Anderson Pacific who is building the Pure One Water project. Director James Cochran concurred with what President Stefani said.
2. Update on meetings/an educational class attended by the Directors – None to report

GENERAL OPERATIONS

1. General Manager's Report – Compliance update, current projects update, meetings/seminars update, staff update, suggestive projects discussions
2. Operation's Report
 - a) Water – Pumpage & Usage Update, Water Testing Update, Current Installation
 - b) Water -Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
 - c) Sewer & Storm Drain – Jetting, Current Installation Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
3. Customer /Billing Reports – Water Sales, Water Usage, A/R Update, Customer Service Update
4. Financial Reports – Treasures L.A.I.F. Report, Internal Report, Administration Update

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General Operations Reports were accepted as presented

CHECK LIST – July 2017. A motion was made by Adriana Melgoza and seconded by Glenn Oania to pay all bills presented. The motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano

CLOSE:

There being no further business, a motion was made by Adriana Melgoza and seconded by Glenn Oania to adjourn to the next scheduled Board meeting; the motion carried by the following vote:

AYES:	4	Directors:	Melgoza, Cochran, Oania and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	1	Directors:	Montejano

The meeting adjourned at 5:31 p.m. until the next scheduled meeting

Respectfully submitted by,

Approved by,

Lidia Santos
Secretary to the Board

Ron Stefani
President

WATER MANAGEMENT

CPUC desal project hearing delay would allow more time for Pure Water Monterey expansion study

By [Jim Johnson](#), *Monterey Herald*

POSTED: 08/21/17, 6:33 PM PDT | UPDATED: 1 DAY AGO
[0 COMMENTS](#)

Monterey >> Pending state Public Utilities Commission hearings to update details of California American Water's proposed desalination project could be pushed back to November.

That's based on a request from the parties to the CPUC proceeding in an attempt to allow more time to vet key issues, including a potential expansion of the Pure Water Monterey recycled water project that could fill a gap, at least temporarily, left by any further delay or even the demise of the desal project.

Last week, 23 parties filed a joint statement calling on CPUC judge Gary Weatherford to postpone the hearings from September to November, allowing time for more extensive input and review on the key issues, including updated demand, supply and cost figures, project financing, potential project downsizing at least temporarily, potential modifications to the four-year-old project settlement agreement, and other aspects of the proposal.

No schedule ruling emerged after last week's pre-hearing conference at CPUC headquarters in San Francisco, but a ruling to set the schedule is expected soon. Extending the hearing schedule would seem to still allow enough time for the CPUC to consider the updated information well ahead of a commission hearing to consider a project permit because of the six-month delay in issuing the final environmental review document, to March, announced Aug. 7.

Paul Sciuto, general manager of Monterey One Water — formerly known as the Monterey Regional Water Pollution Control Agency — said postponing the CPUC hearing to November would allow the agency more opportunity to review the details of a "business case evaluation" of various "realistic" expansion options for the Pure Water Monterey project to be delivered to the CPUC as part of its review. Sciuto said agency staff would still be ready to deliver the information by September, but the extended time frame would allow evaluation to be formally presented to the agency board for public review.

"We want to be sure our testimony is as pristine as possible," he said.

Sciuto said the evaluation will consider cost and schedule considerations for various levels of recycled water project expansion beyond the 3,500 acre-feet per year set to be provided to the Monterey Peninsula by mid-2019, including details on potential source water availability, project-related tasks and technical demands, and funding options.

Expansion of the current Pure Water Monterey project, which Sciuto said is being built with some expansion capacity, could render about 700 acre-feet of additional water per year. Adding even more treatment capacity and injection wells could yield about 1,500 to 2,000 acre-feet per year. And an “ultimate build-out” scenario would provide even more, though those numbers haven’t yet been developed, Sciuto said.

According to Sciuto and Dave Stoldt, general manager of the recycled water project partner Monterey Peninsula Water Management District, the “theoretical” total potential additional source water supply could be as much as 6,000 acre-feet per year. That water originates in the Salinas Valley and currently flows from the existing treatment plant into the ocean during high winter flow months, and is not being used. From that, they said between 4,800 and 5,100 acre-feet of treated water could be produced to send to the Peninsula.

With that additional supply, the Peninsula would have about 13,800 to 14,100 acre-feet of water supply from various sources, after eliminating the unauthorized Carmel River pumping and excluding the desal project. That supply would fall short of the current 15,296 acre-feet per year demand under the 2013 settlement agreement, but would meet the five-year average for Peninsula water use calculated in 2013 while excluding demand earmarked for tourism bounce back and lots of record. That’s considerably more than the Peninsula’s use last year of about 9,285 acre-feet, albeit under strict conservation during drought conditions.

However, Sciuto said acquiring that much more source water would be a challenge and require a formal request to the Monterey County Water Resources Agency and Salinas Valley agricultural interests. Such an expansion would also come with considerable expense, Sciuto said, because it would require a major construction expansion beyond the current project, which he said already has begun building all project elements and would go ahead regardless of any other developments.

Sciuto said it’s more realistic that the Pure Water Monterey could be expanded to add about 2,000 acre-feet per year as a “short-term” measure to meet the Carmel River cutback order set to take full effect at the end of 2021, in case the Cal Am desal project is delayed or fails. Under that scenario, the Peninsula would have about 11,000 acre-feet per year in water supply, perhaps enough to allow time for an alternative water supply project to be identified and pursued.

Jim Johnson can be reached at 831-726-4348.

Jim Johnson covers Monterey County government and water issues for the Monterey Herald. Reach the author at jjohnson@montereyherald.com or follow Jim on



WATER MANAGEMENT

No public ownership talks for joint Peninsula mayors water authority, water district meeting

By [Jim Johnson](#), *Monterey Herald*

POSTED: 08/15/17, 6:29 PM PDT | UPDATED: 2 DAYS AGO
[1 COMMENT](#)

Monterey >> A planned joint meeting between the Monterey Peninsula mayors water authority and the Peninsula water management district boards is expected to address a number of issues ranging from progress on a new water supply and the odds of meeting current state cutback order milestones to the likelihood of litigation challenging California American Water's proposed desalination project and potential water supply alternatives. Even an update on local attempts to establish local control of a state moratorium on new water connections and expanded use.

But public ownership of the local water system won't be on the agenda.

Last week, the water authority board decided not to address the public ownership issue during the joint meeting tentatively set for Oct. 16, voting 4-2 to exclude such a discussion. Only Monterey Mayor Clyde Roberson and Carmel Mayor Steve Dallas dissented during the Thursday night meeting at Monterey City Hall, while Cullem said Pacific Grove Mayor and board president Bill Kampe switched his vote to avoid a split tally.

Authority executive director Jim Cullem said board members expressed concern about "mission creep" if the authority were to get involved at any level in the latest planned attempt to force a public takeover of Cal Am's Monterey area water system, adding that legal counsel Don Freeman advised the board the issue — like water rates and future water supply — did not appear to fit under the authority's mission statement focusing on a new replacement water supply and compliance with the river cutback order.

Cullem said he proposed the authority board consider a joint discussion on the public ownership issue, and potential public agency action, in an attempt to get "ahead of the curve" and consider offering the community a "more objective analysis" than the "propaganda" from Cal Am and public takeover proponents. He said he believes a takeover attempt might well succeed in "today's environment," noting the growing frustration with ever-increasing water bills, and suggested

someone would likely raise the issue during the joint meeting regardless of whether it appeared on the agenda.

Public Water Now managing director George Riley and other members of the organization planning to start gathering signatures this fall for a ballot measure next year argued the "earlier we can discuss the details (of a takeover bid) the better." Riley said last week his organization was planning to ask the water management district board to consider initiating a public takeover feasibility study ahead of a ballot measure, which could require the district to pursue a public takeover if found to be feasible.

Advertisement

But Cal Am president Rich Svindland sent the authority board a letter urging it not to "pursue action which would advance the study or process toward eminent domain (acquisition) of the water system," arguing that such a takeover invariably turned out more expensive than expected and any effort would distract from compliance with the river cutback order and completion of a new water supply.

Svindland also defended Cal Am's efforts, with the help of the water authority and water management district, to comply with the cutback order and its management of the local water system, and blamed escalating water bills on the "investment" needed to maintain the current level of service and pursue a new water supply, along with "perennial" water conservation. He argued those challenges would remain regardless of who owns the water system.

"We believe such action would counteract much of the good work the authority has accomplished toward developing a future, sustainable water supply," he wrote, offering a company presentation on the "true cost" of public takeover initiatives.

Riley suggested much of the joint meeting discussion could be devoted to potential alternative water supply proposals in case Cal Am's desal project continues to falter, noting that the state Public Utilities Commission opened the possibility of tapping an expanded Pure Water Monterey recycled water project to meet the Peninsula's needs.

The joint meeting proposal comes as the Public Utilities Commission announced earlier this month that the Cal Am desal project's environmental review has been delayed six months and called for parties to the project proceeding to address a series of critical project and water supply related issues during hearings now not expected to occur until November or later.

It also comes as Marina Coast Water District released preliminary results and conclusions from a Stanford aerial electro-magnetic imaging study of groundwater that purported to raise new questions about Cal Am's plans to draw desal plant feeder water from the Cemex sand mining plant as the company's test well results show increasing "fresh" or "inland" water percentages.

Jim Johnson can be reached at 831-726-4348.

Central Coast conservationists sue water boards

Amy Wu, The Californian Published 6:01 p.m. PT Aug. 15, 2017 | Updated 6:28 p.m. PT Aug. 15, 2017

California-based environment and conservation groups have sued the State Water Resources Control Board and the Central Coast Regional Water Quality Control Board, asserting the boards failed to protect clean water by not enacting a new and more stringent set of rules.

The nine organizations, which are based throughout the state, include The Otter Project and Monterey Coastkeeper, Environmental Justice Coalition for Water, Santa Barbara Channelkeeper, California Sportfishing Protection Alliance, Pacific Coast Federation of Fishing Associations, Orange County Coastkeeper, Inland Empire Waterkeeper, Institute for Fisheries Research, and California Coastkeeper Alliance.

News21: [Farming activity contaminates water despite best practices](#)

The organizations decided to sue the state rather than the collective of nine regional water boards with the goal of making a greater impact.

"We went big and said we are suing the state of California because the pattern and practice of the state of California are to turn a blind eye to ag pollution," said Steve Shimek, founder and executive director of The Otter Project, who led the lawsuit.

Shimek continued: "What we are hoping comes out of it is a new and effective ag order, we are not suing for money. It will need to be reviewed by the court and see if it complies with the law."

The organizations claim tainted groundwater is polluting open water including streams and the sea, and that agriculture – namely nitrates in fertilizer, pesticides, and manure — is the primary source of pollution. Safe drinking water is at stake if it is exposed to nitrate contamination. The overall impact, they argue, is to fishing, tourism, recreation and businesses in a state that already faces limited land and water.

[Monterey County's crops were valued at \\$4.25 billion for 2016](#), according to the figures released by the Monterey County Agricultural Commissioner's office in June.

The latest lawsuit challenges the regional board's renewal of the agricultural order in March 2017, arguing that it is nearly identical to the 2013 ag order which the state and region were

ordered to change. In May 2015, a judge ruled that the state and regional boards were required to create a new ag order.

Some of the requests from conservation groups are as follows:

- While the current ag order has monitoring and reporting requirements, there should be specific requirements on what can and can not be discharged.
- Specific limitations on polluted discharges. An estimated 3,000 agriculture companies and growers - which collectively farm 435,000 acres of land - out of 4,500 have been identified as heavy users of pesticides and fertilizers.
- Required toxicity testing on what is poisoning the water rather than just looking at specific pesticides, and along with additional monitoring.

"I think it's having actual limits on the polluted discharges and enforceable timelines, and a focus on the broader issues so that the growers cannot just change chemicals and avoid regulation," said Shimek. "Many growers are using five times as much fertilizer than what they need to use, but there are no limits on how much they can use."

While Salinas Valley growers are some of the "smartest growers in the world," generally with agriculture companies, "as long as you don't require them to do it they won't do it," he said.

Colin Kelly, the senior staff attorney for Inland Empire Waterkeeper and Orange County Coastkeeper, said accountability from the agriculture industry is critical. Kelly said the conservation groups want more robust data that prove the industry is tackling the clean water issue.

"It's making ag part of the solution rather than part of the problem," said Kelly.

The Central Coast Water Board declined to comment on the matter.

"I cannot comment on this this pending litigation," wrote Christopher Rose, a senior environmental scientist and the board's Irrigated Lands Regulatory Program Manager, in an email.

Norm Groot, executive director of Monterey County Farm Bureau, which represents an estimated 1,500 growers in the county, confirmed the conservation groups have "consistently challenged what the board has been approving as far as ag order."

Groot said the Farm Bureau's members all are enrolled in the [Irrigated Land Regulatory Program](#), a statewide initiative that regulates discharges from irrigated agricultural lands.

"We support in general terms the renewal of that ag order, we support that process and currently the regulations are in place," said Groot.

"The goal is to try to build trust and the growers don't trust me and I don't trust the growers ... I think we both want clean water, it's just that many growers want voluntary actions not regulatory actions to get there."

Steve Shimek, founder and executive director of The Otter Project

Groot said the Farm Bureau doesn't support the mandatory testing of surface water discharge, arguing it "makes our surface water program more expensive because we are testing for multiple constituencies," said Groot. "They are asking us to do some expensive testing and the science doesn't support it."

Groot said the lawsuit does not impact the industry and said it will take a while to move forward.

While the existing ag order will expire in 2020, both sides need to come together and think about what key points can be incorporated in the next order, Shimek said.

He said the industry and conservation groups have discussed the matter in past years and on numerous occasions.

"The goal is to try to build trust and the growers don't trust me and I don't trust the growers," Shimek said. "We have to talk about fly fishing and each others' kids and a little about water. I think we both want clean water, it's just that many growers want voluntary actions not regulatory actions to get there. I think, unless there are a regulatory backstop, people won't change their practices."

Contact Government Reporter Amy Wu at 831-737-6791 or awu@thecalifornian.com. Follow Wu on Twitter [@wu_salnews](https://twitter.com/wu_salnews) or www.facebook.com/amywucalifornian.

Editorial: Water Commission's the wild card in how Proposition 1 money will be spent

POSTED: 08/17/17, 1:03 PM PDT | UPDATED: 2 WEEKS, 5 DAYS AGO
[1 COMMENT](#)

Now that there's a list of projects vying for the \$2.7 billion in Proposition 1 dedicated to water storage, you'd think the chances of the proposed Sites Reservoir in Colusa County getting some of that cash would be clearer. Not so.

There are few surprises in the list of projects seeking the money. Most are proposals that have been around for years, have been studied endlessly, and haven't gotten built due to a lack of funding.

The uncertainty is because the decision will be made by the California Water Commission, a panel obscure enough that only the most serious of water wonks even knew it existed before it was given \$2.7 billion to spend.

The members are appointed by the governor, and there's no confirmation process so there's no accountability. It can do whatever it wants.

There's no track record based on previous decisions that give any indication how it might go, although very few boards have a track record when it comes to spending \$2.7 billion. It's not something that happens every day.

All we know is it has taken almost three years to get to the point where the commission was even able to accept applications, which indicates it is either very careful or doesn't have a clue what it is doing.

Looking at the list, we see advantages for Sites. It's the only one that has "new" water: the untapped tributaries of the Sacramento River downstream from Shasta Dam. There's a lot of watershed there, and no way to collect the runoff.

Most of the others enlarge existing dams, or in the case of Temperance Flat, adds a second dam on the San Joaquin River above existing Millerton Lake.

There is one odd proposal, from the Semitropic Water District in the southern San Joaquin Valley, that would re-create a small portion of Tulare Lake. The lake used to be the largest freshwater lake by surface area in the western United States. But the rivers flowing out of the Sierra that fed it were all dammed and diverted to irrigate the east side of the valley, and the lake dried up.

Semitropic wants to make a new smaller lake that would recharge into the underground aquifers where it stores water.

Problem is it would fill the lake by diverting the Kings River, and the people who use Kings River water say they don't have enough to spare.

The "public benefit" aspect is another advantage for Sites. The bond money can't pay for storing water for residential, commercial or agricultural use, just for uses that benefit the public as a whole. Environmental uses are the most clearly defined public benefit. The money also has to result in "measurable" improvements in the Sacramento-San Joaquin Delta.

The other projects largely increase storage for existing water users. They're all south of the delta, which is the wrong side to be helpful to it.

Their only public benefit is indirect: They might allow a reduction in the amount of north state water that has to be diverted to south of the delta, theoretically freeing up that water for the delta's needs.

Sites, by comparison, is in the right spot to provide water to help the delta when it's needed. It's also in the right spot to allow more cold water to be saved in Shasta Lake to help endangered and threatened fish populations in the Sacramento River.

But we don't know what the commission wants. It may favor something like Semitropic's proposal because it's groundwater banking. That's all the rage with one faction of the water world that dislikes dams no matter what. If enough members of the commission come from that faction, then a bit of Tulare Lake may be resurrected, as weird as that proposal is.

Don't expect an answer anytime soon. The commission has until the end of 2021 to allocate the money, and if past history is a guide, they'll use that whole time.

Heat wave, fires, hurricanes bear the ‘fingerprints of climate change,’ scientists say

BY DALE KASLER AND RYAN SABALOW

dkasler@sacbee.com



SEPTEMBER 06, 2017 1:27 PM

Wildfires from the Oregon border to Los Angeles. Temperatures hitting 100 degrees in San Francisco, and higher in Sacramento, capping off the hottest summer in California history.

Not to mention two of the most ferocious hurricanes ever recorded.

It has to be climate change, right?

The answer is a little more complicated than you might think.

As [Hurricane Irma prepared to strike](#) the Florida coast and millions of acres continued to burn in the West, climatologists said it was overly simplistic to blame global warming for the flurry of chaotic weather afflicting portions of the United States. Wildfires, heat waves and hurricanes are common this time of year.

“This is hurricane and heat wave season,” said Bill Patzert, a climatologist at NASA’s Jet Propulsion Laboratory near Pasadena.

Nonetheless, Patzert and other experts said the Earth’s climate truly is getting warmer, and that phenomenon is responsible for increasing the intensity and frequency of extreme weather events.

Take Hurricane Harvey, which dumped the Houston area with 50 inches of rain in barely a day. Warmer temperatures, likely caused by climate change, filled the atmosphere over Houston with more moisture and made the hurricane wetter than it would have been, said Paul Ullrich, a climate modeling expert at UC Davis.

“There are fingerprints of climate change,” Ullrich said.

Climate change skeptics, including top officials in the Trump administration, have sidestepped assertions by environmentalists, climatologists and others that climate change has been responsible for the latest spell of weather. Interviewed by right-wing media outlet Breitbart about Hurricane Harvey last week, Scott Pruitt, administrator of the Environmental Protection Agency, said it was “opportunistic” and “misplaced” to link the Houston disaster with climate change. It was more important, he said, to “focus upon the needs of people.”

Climatologists, however, said it’s undeniable that climate change is making normal weather patterns more extreme. It’s just that the impact often tends to be at the margins.

Ullrich said climate change likely increased temperatures by 1 degree or so in Northern California last week. But he said Northern Californians would have sweltered with or without global warming.

“You can’t say there wouldn’t have been a heat wave if there hadn’t been climate change,” he said.

Last week’s heat wave sent temperatures past 100 degrees at San Francisco International Airport and 110 degrees in portions of the Sacramento Valley. It was the fitting end to the hottest summer in California history.

The average statewide temperature was 73.7 degrees from June through August, breaking the record set in 2006 by about a half a degree, according to the Western Regional Climate Center in Reno. This year’s summertime average was 3.2 degrees above the historical average.

In fact, every summer in this century has seen above average temperatures, except 2010 and 2011, according to the center.

State climatologist Michael Anderson, who works for the Department of Water Resources, said Californians should start getting used to this kind of weather.

“We’ve had hot summers in the past, but as the world warms you spend more time above certain (temperature) thresholds,” Anderson said. “There’s no one event that’s going to be a flashing sign saying, ‘Climate change did this.’ It’s just the background upon which these events start playing out. We’re in a warmer world than we were back in, say, 1991.”

California’s hottest regions usually get a respite from blast-furnace summers during the nights, but the warming climate is gradually making evenings hotter, Anderson said.

“That changes the nature of the heat waves from the standpoint that you don’t get the hours of relief,” Anderson said.

Scientists said climate change might have worsened [this year’s wildfires](#), which blanketed portions of the state with smoke. Some of the largest fires threatening homes last week in California have been mostly contained, including the Ponderosa Fire in Butte County and the La Tuna Fire in Los Angeles. But there are still approximately 1.4 million acres burning throughout the West, according to the National Interagency Fire Center, adding to one of the most severe fire seasons on record.

So far wildfires have consumed 7.8 million acres this year, the center reported. That compares with 4.2 million acres at this point last year, and an annual average of 5.5 million acres over the past decade.

“It’s very difficult to link a specific event to climate change,” said Timothy Brown, director of the climate center in Reno. “But again, having a warm, dry summer in these regions certainly puts the potential for a lot of fires in play.”

Seeking Applications for an Alternate Director for the Public Water System / Private Non-Profit Water System / Disadvantaged Community Seat on the Board of Directors for the Salinas Valley Groundwater Sustainability Agency (GSA)

The nominating group will review applications for this seat and select potential candidates for follow-up interviews and/or make nominations for an alternate director position to the Castroville Community Services District (CSD), the appointing authority for this seat. The board of directors for Castroville CSD will consider appointing the nominee as an alternate director to the board of directors of the Salinas Valley Groundwater Sustainability Agency during a March 2017 board meeting. This appointment is for an alternate to the primary representative on the initial board only with the term starting in March 2017 and ending on September 30, 2017. **Please submit your application no later than March 7, 2017 by 5:00pm to Castroville CSD (arlc@castrovillecsd.org).**

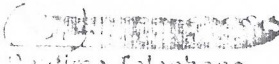
QUALIFICATIONS:

- Primary residence must be within the boundary of the Salinas Valley water basin (see map here: <http://www.salinasgroundwater.org/>)
- Must be a resident of a Disadvantaged Community in the unincorporated area, or a representative of a Public Water System or Private Non-Profit Water System, serving residential customers only. Representatives of water systems must be ratepayers or staff of the water system and approved by the board of the water system to serve on the Salinas Valley GSA. (See definitions on second page of this document)
- Must be willing to represent all Disadvantaged Communities and Public and Private Non-Profit Water Systems located in unincorporated areas of the Salinas Valley water basin.
- Must be willing to complete a financial disclosure statement as required by the Fair Political Practices Commission. (fppc.ca.gov/Form700.html)
- Must meet General Qualifications as described in the Governing Board of Groundwater Sustainability Agency JPA Agreement Section 6.4. (See second page of this document for a quick reference).

QUESTIONS:

1. In which Disadvantaged Community, Disadvantaged Community census block group, Public Water System, or Private Non-Profit Water System are you a resident, ratepayer, and/or staff?
2. Are you able to dedicate the time necessary to serve on the board of directors and report back to the nominating committee (estimated 20-40 hours per month)?
3. Why do you want to serve on the Salinas Valley Groundwater Sustainability Board of Directors?
4. What special interest or area of expertise do you have, which would be of value to the Board of Directors and the Nominating Group?

Please submit a Statement of Interest answering these questions and return to the nominating group contact, the Castroville Community Services District by March 7 2017, by 5:00 p.m. Thank you.

Richard W. Boyer *Richard W. Boyer* *21 Feb 17* 

Signature Print Name Date Daytime Telephone

Castroville Community Services District (CSD)
 20 Park 1035 - 11331 Castroville, CA 95012
 Phone: (311) 533-2580, Fax: (311) 533-1103, Email: arlc@castrovillecsd.org

Richard W. Boyer



David Morisoli

P O Box 652

Soledad, CA 93960

dmorisoli@hotmail.com

cell: 831-682-7178

Application for Director or Alternate Director to the Salinas Valley Basin GSA representing Disadvantaged Communities / Small Public Water Systems.

1. I am the manager of Pine Canyon Mobile Estates, a south county mobile home park. The community has not had a determination of economically distressed area as defined by Water Code section 79702; but is believed to be habited by economically distressed families. I am the manager and corporate director for Little Bear Water Company serving the rural community west of King City, CA serving less than 750 customers. As such I believe I represent both groups.
2. As the manager of both businesses, I am able to set my own hours. Because of the importance of water, I am willing to spend the time necessary to aid in maintaining a sustainable water supply.
3. I have lived my entire life in the Salinas Valley, residing and working in Salinas, Gonzales, Soledad and King City. My children and grand-children live in the Valley. It is important that we leave them an area that is livable. No place is livable without water. My position with Little Bear Water Company requires that I be able to provide water to an entire community. They rely on us to provide adequate and acceptable water upon demand.
4. I have worked in a Public Accounting Firm and have an excellent knowledge of financial matters. I have audited government agencies. I am a manager of several businesses; meaning I am able to negotiate with many different parties. I am able to absorb information and make critical decisions.

i I have a Bachelor of Science degree from the California State University San Luis Obispo. I am permitted by the State of California as a grade T2 water treatment operator and grade D2 water distribution operator. As manager of Little Bear Water Company, and other activities, I am familiar with the control, treatment, storage and beneficial distribution of water.

ii I am familiar with the Salinas Valley Basin's sources of water, the underground flow of water within the Salinas River, the underground storage of water within the Arroyo Seco Cone, the sea water intrusion within the coastal areas, etc.

As a lifetime resident, I have worked with farmers, businesses, and specifically residents being served by the water company I manage.

iii I have developed long term and short term plans for several business, obtaining financing to build and maintain those entities. As a business manager, I oversee strategic planning and policy decisions constantly.

Iv I have worked with public agencies before. It is understood that there are differing beliefs as to how the current and future water supplies should be maintained and used. This group appears to be the last effort the local community has to work together before the State of California takes those decision away from us. With that incentive, everyone should be able to work collaboratively.

V My past experience has included developing administrative structures, obtaining beneficial financing, negotiated contracts, been president of a national organization, hiring and managing employees. I have also started form the bottom up and understand those whom I work with.

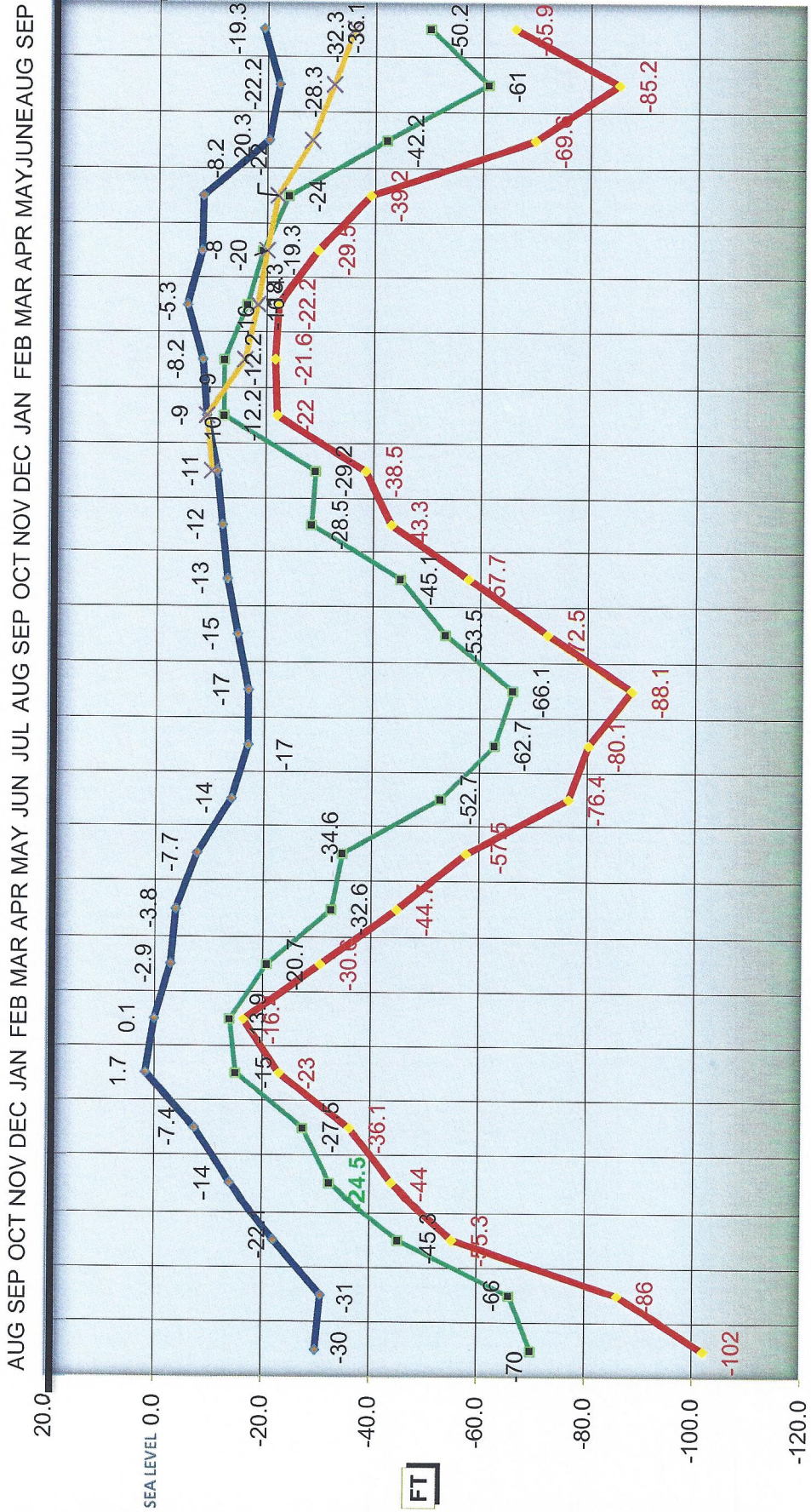
Vi The importance of this issue has motivated me to participate in this position. That means I am willing to dedicate the time to review documents before meetings, to analyze financial and technical reports, to obtain Board training, to serve on committees I am assigned to, and knowledgably attend Board meetings.

Vii As stated previous, I am a lifelong resident within the Basin and I represent businesses and organizations within the Basin.



David Morisoli
8/18/2017
(831) 678-3370

CASTROVILLE WELL LEVELS 2015-2017



■ WELL #2
 ■ WELL #3
 ■ WELL #4
 ■ WELL #5

Report to: CCSD Board

From: Judy Burditt, General Manager
North County Recreation and Park District
July 20, 2017

SUBJECT: 4th Quarter (April – June 2017) report on extended recreation services activities.

Attached is our Budget vs. Actual for the 4th Quarter of FY 2016/2017.

Programs offered this quarter:

Youth Programs:

- **T-Ball** ran from April through the end of May capping off the season with an All Star game on May 30th. Registration was up from last year and we fielded four full teams.
- **Jr. Giants** is a baseball league for children ages 5-18 sponsored by MLB and SF Giants. On line registration began in April. In this program, participants learn about nutrition and bullying. Another component is a summer reading program and opportunities to earn tickets to SF giants games. Our first league meeting was held on June 6th with over 40 parents in attendance. We hope to have 120 active participants in the league.
- **After School Activities:** We continue to offer **cooking class** on Tuesdays. Tennis on Wednesdays. We have moved outdoors and are offering kickball and soccer on Thursdays at the Sports Complex and skateboarding and soccer at the Rec Center as well as other drop in activities for middle school students including music and games in the Recreation Center gym. In June we transitioned from after school activities to Summer Camp and summer activities.
- **Summer Camp and summer activities:** Summer camp began the Monday after school let out. This is a fee based program for parents that need all day day care. About 30 youth attended our camp which is filled with a variety of games, activities and field trips. We collaborate with the NMCUSD who brings their food mobile to our site and offer **free breakfast** and **free lunches** to children 1 – 18 during the summer. On average we serve 140 children daily.
- **Community Days:** During the summer we host an event for kids and families every Friday, which are free to the community and change from week to week. Our first community day was held on June 23rd. We provided the supplies and kids supplied their imagination to make their own Lava Lamp.
- This quarter CSUMB **Service Learners** continued to work on redesigning our website and presence. Unfortunately, they were not able to complete the transition by the end of their school quarter. We hope to resume the work in September when students return to school.
- **Nature Guides:** In collaboration with the Elkhorn Slough Foundation, we developed a Nature Guide job training program. Three local high school

students were hired to lead nature tours this summer. The objective of the program is to:

- Disseminate information about and encourage conservation of the Elkhorn slough and its watershed
- Provide work experience for local youth that will prepare them for jobs in the ecotourism industry
- Increase the use of the Moro Cojo Park and Nature Trails by providing community programming at these sites
- Encourage healthy behaviors in our community.

Adult and Community Activities:

- Monday evenings we host a local **Aztec Danza** group at Recreation Center (open to all ages) and **Fierce Tigers** offer martial arts classes at the Japanese School House.
- Tuesday evening is **open gym** at Recreation Center and **Zumba** (exercise) at the Japanese School House.
- Wednesday is **Dog Training** at the Recreation Center and martial arts at the Japanese School House.
- Thursday is **Farmer's Market Day** at the Recreation Center and Adult Indoor Soccer at the Middle School gym.
- Monday – Friday we offer a **senior nutrition program** at the “Senior Center” in the Recreation Center in the morning hours. On Tuesdays we have senior Tai Chi and on Wednesday and Friday we have Bingocize (combination of bingo and exercise for adults and seniors). This quarter we also implemented the Arthritis Foundation's Walk with Ease program. District staff went through a training program and lead the first of what we hope will be many 6 week courses.
- **Quilters** meet in the mornings on Wednesday and Fridays to work on quilts and craft projects.
- Gym is open to adults for open play weekday mornings.
- This quarter we hosted held a number of community events: In April we hosted two free **Easter Egg Hunts**. We collaborated with Don Chapin, Boy Scouts and Artichoke Festival Committee to host the **Annual Good Friday Calamari Dinner**. Also in April, we put on the **Joe Micheli Sr. Memorial Community Parade** and in collaboration with the Castroville Coalition and Castroville Midnighters hosted **Castroville's Party in the Plaza** festival and car show. In June we provided the **Artichoke Festival** volunteers who helped staff the Kidz Zone area, the Wine and Beer Garden and several food booths. Our staff managed the “Stuff Stuff “ artichoke food booth at this year's festival.

Volunteers utilized:

Volunteers help us with a variety of services: park maintenance, food service, janitorial service, administrative assistance, program assistance and coaching

- Work Alternative referrals: 180 hours (4/1-6/30/17)
- District Attorney referrals: 21 hours (4/1-6/30/17)
- Youth Employment Training Program: 175.75 hours (4/1-6/30/17)
- Second Chance referrals: 32 hours (4/1-6/30/17)
- CSUMB service Learners: 60 hours (4/1-6/30/17)
- Parents, High School Community Service and community members: 1491 hours (4/1-6/30/17)
- Senior Aide Program: 34 hours (4/1-6/30/17)

Total hours volunteered this quarter 1993.75 hours, equivalent to 3.8 full time employees.



CASTROVILLE COMMUNITY SERVICES DISTRICT

GENERAL MANAGER'S REPORT

SEPTEMBER 19, 2017

❖ Regulatory Compliance

- ❑ SWRCB-DDW inspection of water system and permit July 12th
- ❑ No coliform violations (all routine samples negative) for August 2017
- ❑ Started Quarterly sampling of Well #3 due to it exceeding secondary standards
- ❑ Submitted water quality reports to 9 large Water system customers
- ❑ Regulatory documentation for CCSD sewer jetting activities
- ❑ Submitted No-spill report to State documenting Castroville, Moro Cojo and Moss Landing systems had no sewer spills for August 2017
- ❑ Regulatory documentation for MLCSD sewer jetting activities
- ❑ Regulatory documentation for CCSD sewer jetting activities

❖ Current Projects

- ❑ Convert Well #5 Arsenic treatment from Co2 to Acid for Ph adjustment
- ❑ Complete Illness, Injury, Prevention, Program (IIPP) to comply with SDRMA and Cal-OSHA requirements
- ❑ Enforcement of Sub-Metering Ordinance
- ❑ Prepare to put out bid for painting Tank @ site 4
- ❑ Prepare grant proposal for Castroville sewer for 2.9 million dollars
- ❑ Prepare grant proposal for Castroville water for 4.0 million dollars
- ❑ Began testing of all backflow devices in Castroville water system
- ❑ Collaborate on Hydraulic study of Castroville water system with Cal Am to facilitate tie-in with Desal line
- ❑ Moss Landing Operations, see report in Board packet
- ❑ Akel Engineering Moss Landing Sewer Asset assessment study
- ❑ Help Commercial Parkway owners comply with storm water discharge requirements
- ❑ Moro Cojo Operations, see report in Board packet
- ❑ Castroville Operations, see report in Board packet
- ❑ Replace damaged antenna on District roof
- ❑ Investigate multiple projects in Castroville done w/o review or permitting
- ❑ Sewer cleaning, repair, video and maintenance program for CCSD

❖ **Completed Projects**

- ❑ Hired Alexander Torres as new T1-D2 Operator for District Operations
- ❑ Submitted application for Moss Landing Prop 1 grant for \$3,000,000
- ❑ Jonathan Varela and Alex Torres passed Backflow certifications
- ❑ Grease trap inspections 70% completed
- ❑ Received new \$220,000 jetter for sewer systems
- ❑ Inspected Force main under Elkhorn bridge on Hwy one while Pig Catching in the ocean with James C
- ❑ Received \$15,000 from Santa Fe for unpermitted sewer connection
- ❑ Repaired Traffic lid at Station #4- Potrero Rd
- ❑ Replaced approximately 68 meter registers

❖ **Upcoming Projects**

- ❑ Consideration of proposed 90 SFR and 120 MFR at intersection of Castroville Blvd and Hwy 156
- ❑ Mow open Space along frontage of Moro Cojo subdivision
- ❑ Upgrade SCADA system with new radio's and computers
- ❑ Accent Street Sweeping- next sweep in July 2017
- ❑ RCAC to assist in applying for Prop 1 funding for T/A study for future water systems improvements such as a new 600,000-gallon storage tank, hydraulic study and ability to fill tank 4 from distribution system
- ❑ Meet with NMR&PD Committee re: tax measure for NCR&PD
- ❑ Upgrade Moss Landing Lift station Motor control centers
- ❑ Design Washington Sewer Bypass line

❖ **Meetings/Seminars (attended)**

- ❑ Meeting for of the interim Board of the SVGWB GSA -Ron
- ❑ Monthly staff safety meeting
- ❑ Met with Ray from Quality Painting to assess tank #4 condition
- ❑ Moss Landing Chamber Board meeting
- ❑ Attended IRWVG TAC meeting in Moss Landing
- ❑ Met with Paul Sciuto re: Moss Landing seat
- ❑ MBWWA- Operator training in Castroville-Roberto, Alex, Jonathan and Eric
- ❑ Met with Tony Akel re: risk assessment for Moss Landing Sewer system
- ❑ Monterey County Sherriff's Citizens Advisory Group-Eric
- ❑ MRWPCA meeting – Ron and James
- ❑ Meeting with Moss Landing Chamber
- ❑ Multiple on-site inspections and review of bike path project

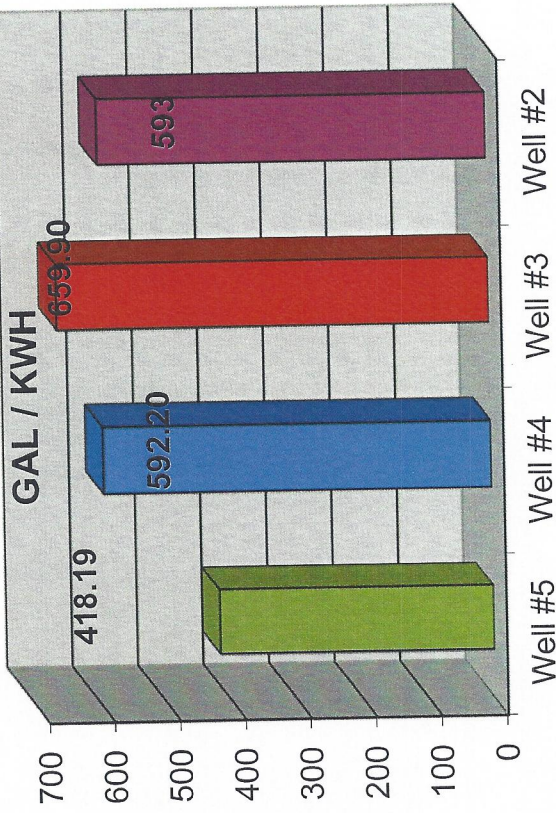
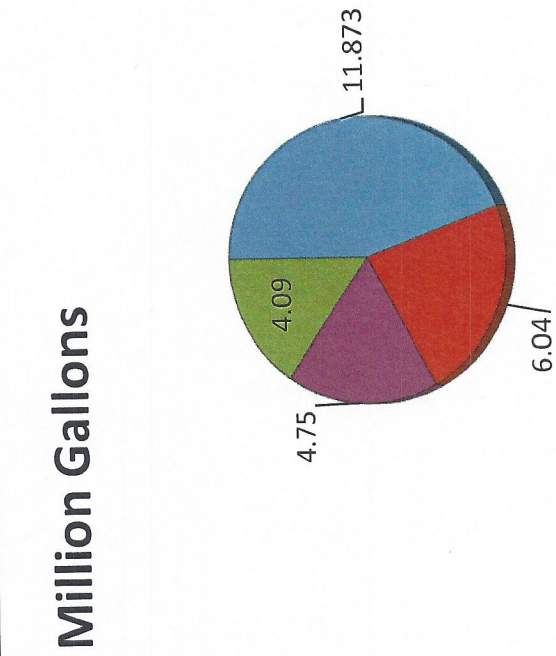
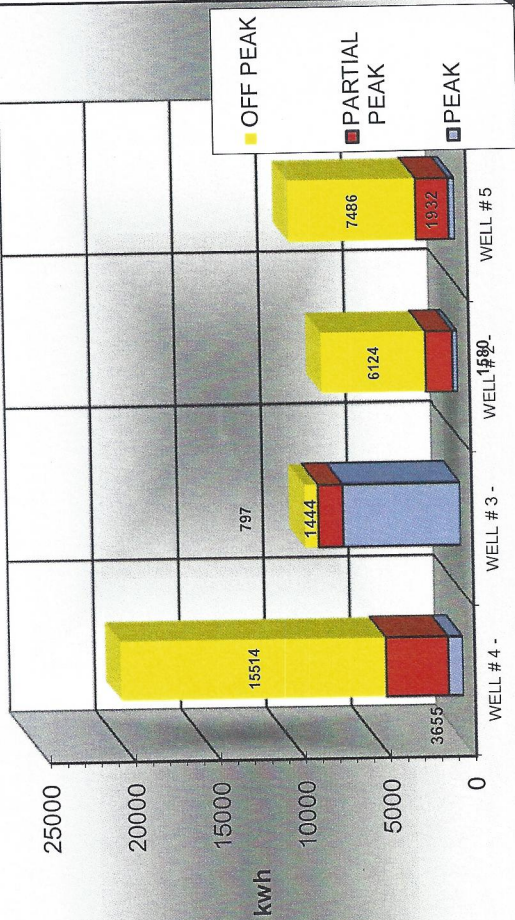
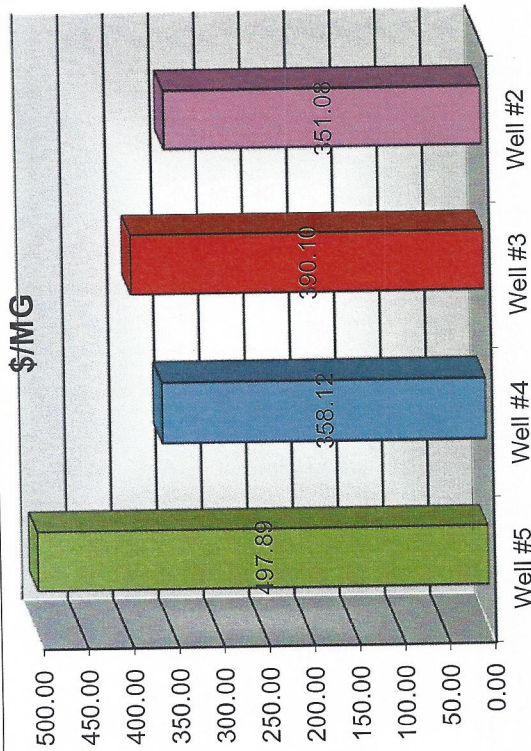
❖ **Meetings/Seminars (upcoming)**

- ❑ Redevelopment Oversight Committee- Ron
- ❑ Funding fair in Monterey
- ❑ CSUMB Water symposium- Ron & Eric
- ❑ CSDA Conference in Monterey
- ❑ OES disaster training in Seaside
- ❑ Infrastructure maintenance conference in Houston Texas
- ❑ Moss Landing Community Plan update
- ❑ SVGWB GSA Board meetings Ron & Eric (as possible interim Alt)
- ❑ Neighborhood Watch
- ❑ Multiple on-site inspections and review of bike path project
- ❑ Monterey County Sherriff's Citizens Advisory Group-Adriana & Eric
- ❑ NMR&PD Ballot Committee re: tax measure for NCR&PD
- ❑ Special District Managers meeting
- ❑ Meeting with Moss Landing Chamber
- ❑ MRWPCA meetings – Ron & James

❖ **Improvements/Ideas/Suggestions**

- ❑ Consider installing backup generator for Office
- ❑ Select areas for Saddle main valves and lateral replacement program

August-17





CASTROVILLE COMMUNITY SERVICES DISTRICT

OPERATIONS REPORT

August 2017

Emergency calls for the month of August 2017:

- a) 7th Leak on service line at 11435 Del Monte Av. was fixed.
- b) 10th Power Failure Satation # 1 – Jonathan on call, took generator.
- c) 27th Sewer backup at 11260 Seymor st. line was cleaned.

Maintenance:

- a) Continue to exercise valves in the distribution system.
- b) Continue to flush the fire hydrants.
- c) Run the stand-by engines at the water plant sites bi-weekly.
- d) Run the stand-by engines at the sewer lift station weekly.
- e) Cosmetic site/station maintenance.
- f) Cleaned storm drains.
- g) Jetted sewer mains.
- h) Backwash arsenic tank "B".

Work Orders:

- a) 48 Hour notices - 53
- b) Final bill – read meter - 12
- c) Investigate - 1
- d) Install / Change Meter - 59
- e) Turn On Service - 2
- f) Padlock Service, no tenant - 5
- g) Reconnection – 1
- h) Reread meter - 1
- i) Shut off - 2

WORK ORDERS - 136

TOTAL WORK ORDERS - 136

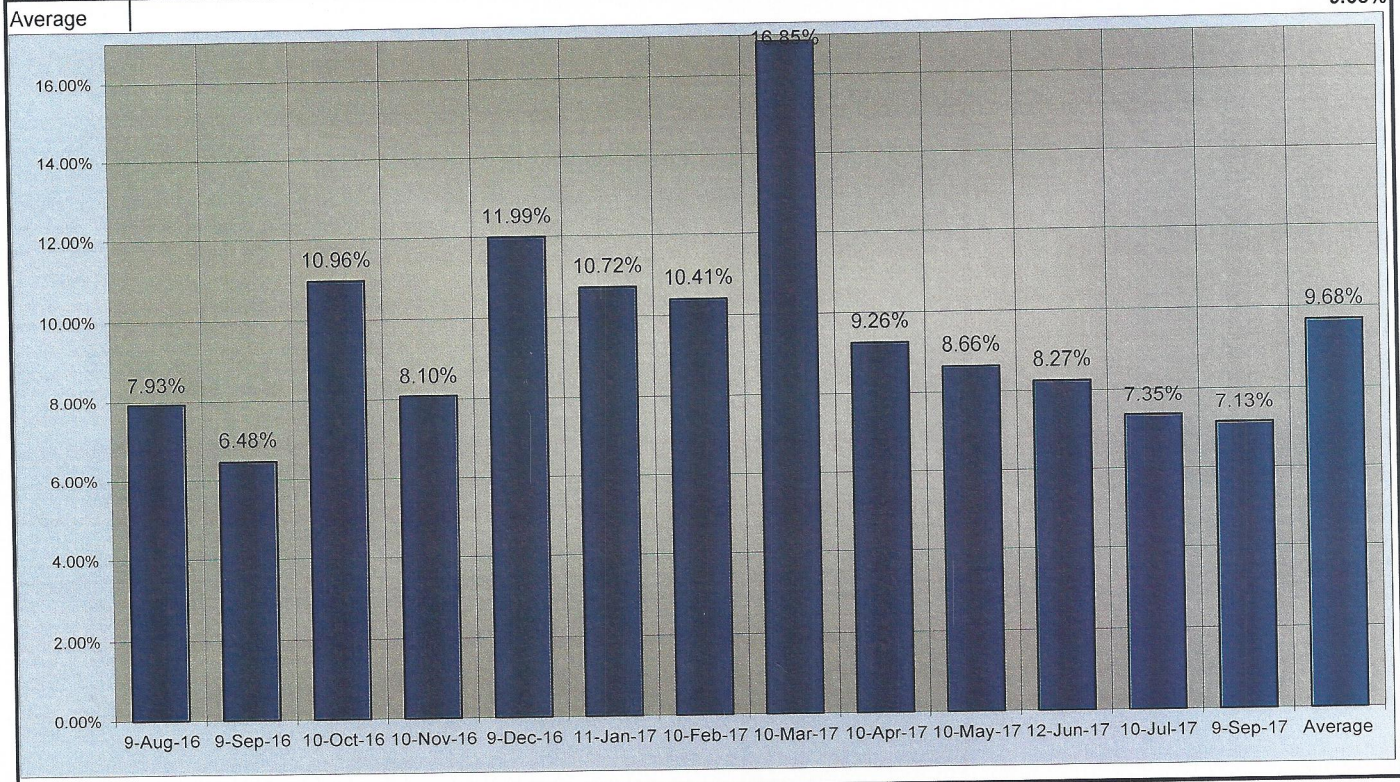


Castroville Community Services District



Percent Water Loss Monthly & Yearly

Month	Well #5 Gal.	Site 2 Well Gal.	Site 3 Well Gal.	Site 4 Well Gal.	Totals		miscellaneous	Unaccounted Water %
					Water Pumped	Water Sold		
9-Aug-16	3090805	3728000	3923000	12614000	23355805	20933378	Hydrant meters 414052, Jetting & Flushing 12k, Leaks 100k, FD 4k, R.O. & Softner 4K	7.93%
9-Sep-16	4078732	3188000	4804000	12845000	24915732	22861880	Hydrant meters 390505, Jetting & Flushing 10k, Leaks 30k, FD 4k, R.O. & Softner 4K	6.48%
10-Oct-16	3337985	3807000	4607000	13139000	24890985	21880735	Hydrant meters 207402, Jetting & Flushing 6k, Leaks 0k, FD 4k, R.O. & Softner 4K	10.96%
10-Nov-16	1825566	3397000	4569000	13043000	22834566	20842683	Hydrant meters 141545, Jetting & Flushing 10k, Leaks 30k, FD 4k, R.O. & Softner 4K	8.10%
9-Dec-16	1094936	1490000	3679000	10337000	16600936	14439227	Hydrant meters 30342, Jetting & Flushing 7k, Leaks 60k, FD 4k, R.O. & Softner 4K	11.99%
11-Jan-17	2399417	2239000	3502000	7617000	15757417	13959236	Hydrant meters 40030, Jetting & Flushing 13k, Leaks 50k, FD 4k, R.O. & Softner 4K	10.72%
10-Feb-17	3704112	4502000	3233000	3290000	14729112	13030437	Hydrant meters 141570, Jetting & Flushing 16k, Leaks 10k, FD 4k, R.O. & Softner 4K	10.41%
10-Mar-17	2844962	3631000	2632000	6836000	15943962	12234580	Hydrant meters 274252, Jetting & Flushing 700k, Leaks 30k, FD 4k, R.O. & Softner 4K	16.85%
10-Apr-17	2711139	3936000	0	10427000	17074139	15118127	Hydrant meters 321603, Jetting & Flushing 6k, Leaks 30k, FD 4k, R.O. & Softner 4K	9.26%
10-May-17	2310817	1911000	4834000	10899000	19954817	17888487	Hydrant meters 311841, Jetting & Flushing 8k, Leaks 10k, FD 4k, R.O. & Softner 4K	8.66%
12-Jun-17	2229068	2322000	5982000	13977000	24510068	22161115	Hydrant meters 292487, Jetting & Flushing 12k, Leaks 8k, FD 4k, R.O. & Softner 4K	8.27%
10-Jul-17	2365287	2126000	5430000	12660000	22581287	20323803	Hydrant meters 582767, Jetting & Flushing 8k, Leaks 0k, FD 4k, R.O. & Softner 4K	7.35%
9-Sep-17	3863163	4164000	6125000	11190000	25342163	23020283	Hydrant meters 497120, Jetting & Flushing 9k, Leaks 0k, FD 4k, R.O. & Softner 4K	7.13%
Average								9.68%



CASTROVILLE COMMUNITY SERVICES DISTRICT



CASTROVILLE - ZONE 1 MONTHLY O&M REPORT AUGUST 2017

❖ LIFT STATION Del Monte

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ LIFT STATION Via Linda

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ **LIFT STATION Sea Garden**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ **JETTING ACTIVITIES**

- ❑ Total jetted approx. 3600 feet

❖ **OTHER MATTERS**

- ❑ Responded to 14 Underground Alert marking requests
- ❑ Reported "No Spill" to SWRCB on 9/1/2017
- ❑ Cleaned storm drains in November and December 2016
- ❑ Need to clean SD again ASAP
- ❑ Had street sweeper come through on July 25-26

❖ **Improvements/CIP/Suggestions**

- ❑ Confirm that storm drain interceptors are clear and detention ponds are clean & fence secured



Castroville
AUGUST 2017 JETTING

AUGUST 30, 2017



CASTROVILLE COMMUNITY SERVICES DISTRICT



MORO COJO - ZONE 2 MONTHLY O&M REPORT AUGUST 2017

❖ LIFT STATION @ CASTROVILLE BLVD

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ LIFT STATION @ COMPO DE CASA

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ JETTING ACTIVITIES

- ❑ Jetted sewer lines btwn MH #63 to-MH #64
- ❑ Jetted sewer lines btwn MH #58 to-MH #58.1
- ❑ Jetted sewer lines btwn MH #12 to-MH #13
- ❑ Jetted sewer lines btwn MH #64 to-MH #66
- ❑

- ❑ Total jetted approx. 1177 feet

❖ **OTHER MATTERS**

- ❑ Responded to 6 Underground Alert marking requests
- ❑ Rerouted sewer force main in preparation for new pedestrian overpass
- ❑ SWRCB-Reported "no-spill" 9/1/2017
- ❑ Performed inspection of all storm drains in September 2016
- ❑ Scheduled next maintenance of open space field area mowing in August 2017

❖ **Improvements/CIP/Suggestions**

- ❑ Confirm that storm drain interceptors are clear and detention ponds are clean & fence secured



MORO COJO

AUGUST 2017 JETTING

8/30/2017



ID	Type	Activity	When Ended	Who	Why	Downstream Manhole ID	Upstream Manhole ID	Feet Jetted
Los Ninos4	SDR35 6"	Jetted	8/15/2017	JV/AT	Routine	MH 63	MH 64	160.00 ft
Campo De Casa3	8" PVC	Jetted	8/15/2017	JV/AT	Maintenance Routine	MH 58	MH 58.1	319.00 ft
MH13>MH12	PSM	Jetted	8/15/2017	RG/AT	Maintenance Routine	MH12 ML	MH13 ML	418.00 ft
8inBall Feild	SDR35 8" 8" PVC	Jetted	8/15/2017	JV/AT	Maintenance Routine	MH 65	MH 66	280.00 ft
								Feet Jetted 1177

CASTROVILLE COMMUNITY SERVICES DISTRICT



MOSS LANDING (ZONE 3) MONTHLY O&M REPORT AUGUST 2017

❖ LIFT STATION # 1 (Struve Rd)

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ LIFT STATION #2 (Hwy 1 @ Pottery barn)

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ **LIFT STATION #3 (in front of Phil's fish market)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ **LIFT STATION #4 (Potrero Rd)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/3/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/9/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/17/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/24/2017
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 8/31/2017

❖ **JETTING ACTIVITIES**

- ❑ Jetted sewer lines btwn MH #14 to-MH #13
- ❑ Jetted sewer lines btwn MH #13 to-MH #12

- ❑ Total jetted approx. 858 feet

❖ **OTHER MATTERS**

- ❑ Responded to 6 Underground Alert marking requests
- ❑ Filed complaint with County re: illegal cross connection
- ❑ Working on grant application for \$2.5 Million for upgrades, replacements and repair of sewer system
- ❑ Performing Bi-annual inspection of grease traps @ various facilities in March and November-behind schedule
- ❑ Emailed notice of "no spill" to CIWQS 9-1-2017

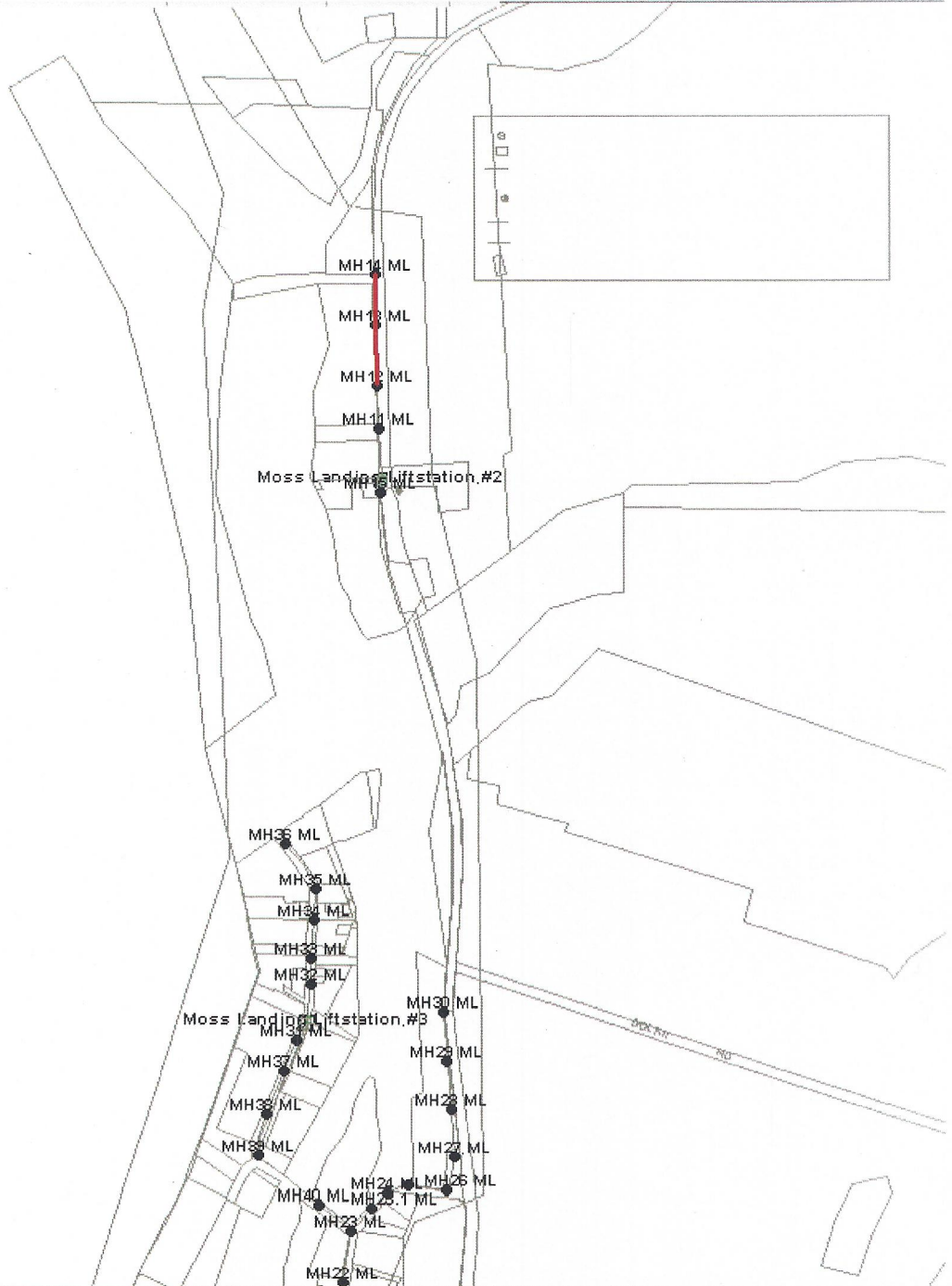
❖ **Improvements/CIP/Suggestions**

- ❑ Need to recoat or replace 12-15 manholes that internal walls are failing
- ❑ Complete Akel Study to facilitate funding for infrastructure replacement



Moss Landing AUGUST 2017 JETTING

8/31/2017



ID	Type	Activity	When Ended	Who	Why	Downstream Manhole ID	Upstream Manhole ID	Feet Jetted
MH14>MH13	PSM	Jetted	8/15/2017	Roberto	Routine	MH13 ML	MH14 ML	440.0 ft
	SDR35 8"				Maintenance			
MH13>MH12	PSM	Jetted	8/15/2017	RG/AT	Routine	MH12 ML	MH13 ML	418.0 ft
	SDR35 8"				Maintenance			

Feet Jetted 858

Accounts Receivable Summary

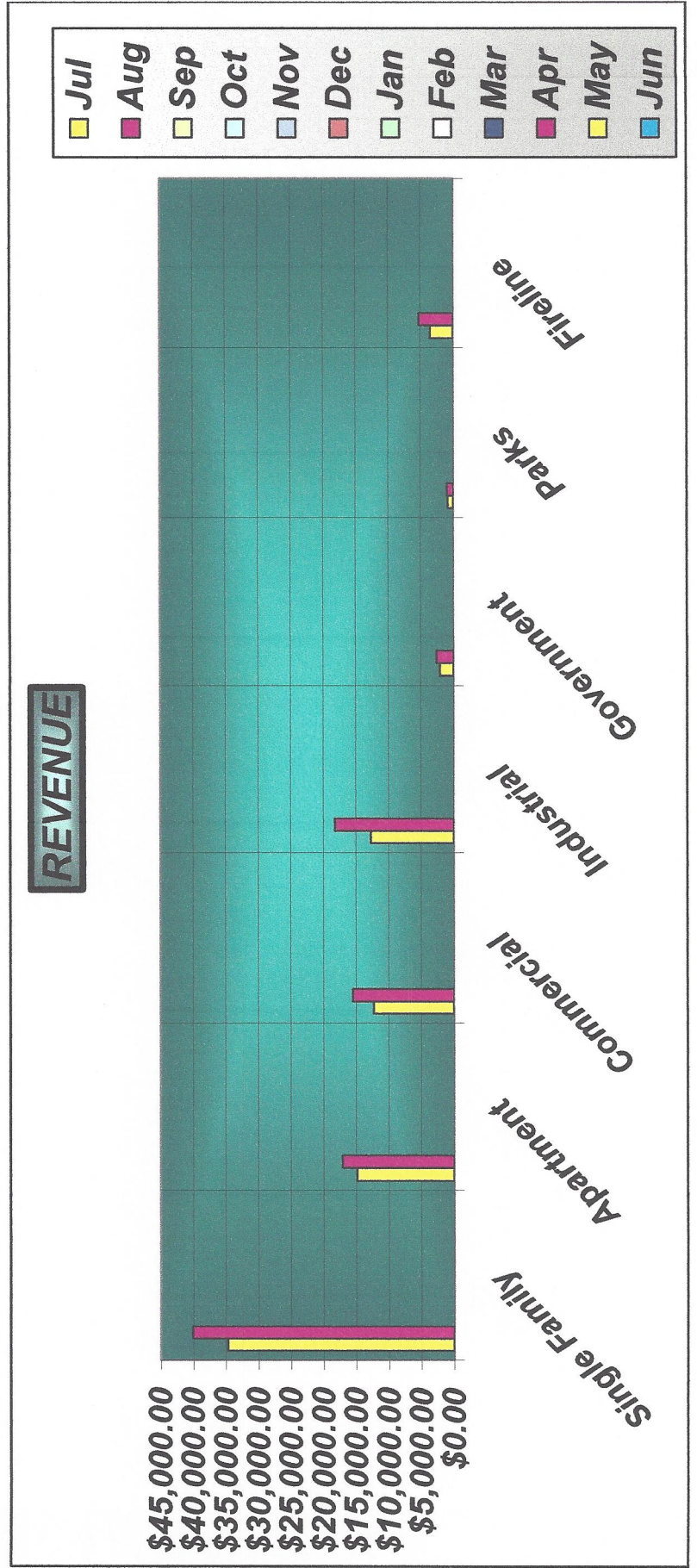
From 08/01/2017 Through 08/31/2017

	Minimum	Overage	Usage	Count	Total	Balance
OPEN BALANCE	39,184.19					39,184.19
MONTHLY-Charge						
WATER	35,832.56	49,401.43	3,068,709.00	1,389	85,233.99	124,418.18
FIRELINE	5,217.29	1.03	62.00	67	5,218.32	129,636.50
SURCHARGE	9,219.99	0.00	0.00	123	9,219.99	138,856.49
WATER CMPND	0.00	141.79	8,807.00	2	141.79	138,998.28
***Total Charge	50,269.84	49,544.25	3,077,578.00	1,581	99,814.09	
MONTHLY-Miscellaneous						
WATER	710.00			129		139,708.28
***Total Miscellaneous	710.00			129		
MONTHLY-Payment						
WATER	-73,270.06			1,334		66,438.22
WATER Miscellaneous	-756.40					65,681.82
FIRELINE	-4,274.66			58		61,407.16
SURCHARGE	-8,192.02			115		53,215.14
***Total Payments	-86,493.14			1,507		
MONTHLY-Write-Off						
WATER	-500.00			2		53,215.12
***Total Write-Off	-500.00			2		
MONTHLY-Deposit Applied						
WATER	-500.00			10		52,715.12
WATER Miscellaneous	-90.00					52,625.12
***Total Deposit Applied	-590.00			10		
MONTHLY-Refund						
WATER	175.75			4		52,800.87
***Total Refund	175.75			4		

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Annual Water Revenue By Classification 2017-2018

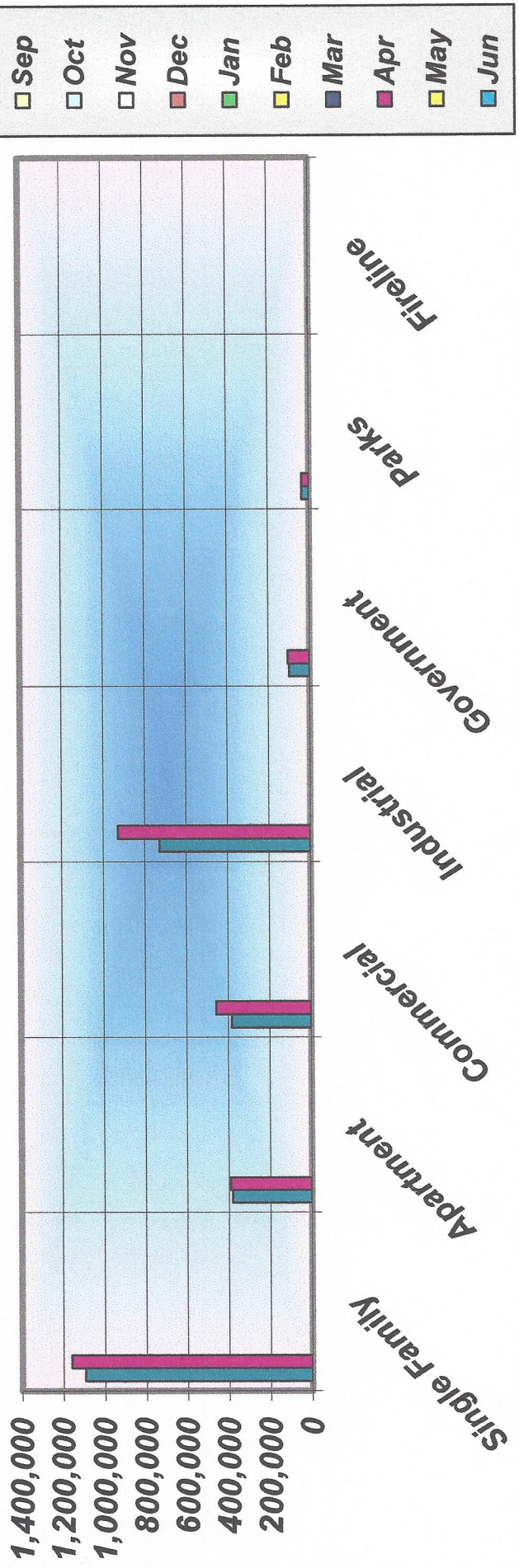
	Single Family	Apartment	Commercial	Industrial	Government	Parks	Fireline	Totals
Jul	\$34,699.90	\$14,901.60	\$12,315.60	\$12,755.61	\$2,113.03	\$828.79	\$3,499.75	\$81,114.28
Aug	\$40,122.50	\$17,111.23	\$15,507.80	\$18,239.62	\$2,633.81	\$980.81	\$5,218.32	\$99,814.09
Sep								
Oct								
Nov								
Dec								
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Totals	\$74,822.40	\$32,012.83	\$27,823.40	\$30,995.23	\$4,746.84	\$1,809.60	\$8,718.07	\$180,928.37



Annual Water Usage By Classification 2017-2018

	Single Family	Apartment	Commercial	Industrial	Government	Parks	Fireline	Totals
Jul	1,093,359	381,691	382,629	726,920	97,378	35,043	66	2,717,086
Aug	1,160,123	391,310	458,216	928,804	104,838	34,225	62	3,077,578
Sep								
Oct								
Nov								
Dec								
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Totals	2,253,482	773,001	840,845	1,655,724	202,216	69,268	128	5,794,664

CUBIC USAGE





**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
08/14/17	1.08	1.06	187
08/15/17	1.08	1.06	186
08/16/17	1.08	1.06	188
08/17/17	1.08	1.06	189
08/18/17	1.09	1.06	187
08/19/17	1.09	1.06	187
08/20/17	1.09	1.06	187
08/21/17	1.09	1.06	185
08/22/17	1.09	1.06	183
08/23/17	1.09	1.06	181
08/24/17	1.09	1.06	181
08/25/17	1.09	1.06	180
08/26/17	1.09	1.07	180
08/27/17	1.09	1.07	180
08/28/17	1.09	1.07	178
08/29/17	1.09	1.07	178
08/30/17	1.09	1.07	177
08/31/17	1.10	1.07	179
09/01/17	1.10	1.07	187
09/02/17	1.10	1.07	187
09/03/17	1.10	1.07	187
09/04/17	1.10	1.07	187
09/05/17	1.10	1.07	184
09/06/17	1.10	1.07	182
09/07/17	1.10	1.07	180
09/08/17	1.10	1.07	181
09/09/17	1.10	1.07	181
09/10/17	1.10	1.07	181
09/11/17	1.10	1.07	179
09/12/17	1.10	1.07	177
09/13/17	1.11	1.07	176

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

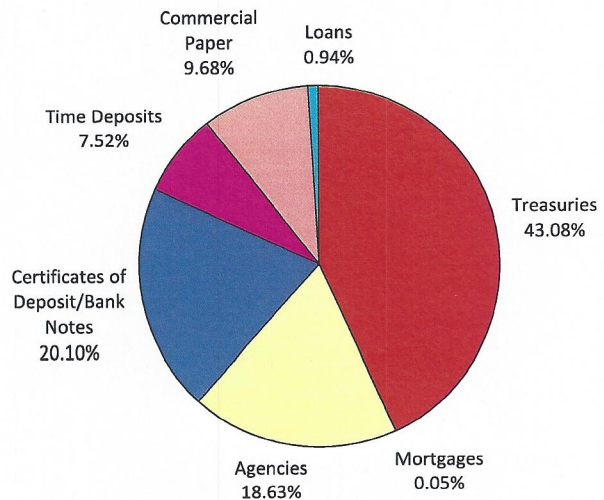
Quarter Ending 06/30/17

Apportionment Rate: 0.92%
 Earnings Ratio: .00002531309414880
 Fair Value Factor: 0.998940671
 Daily: 1.03%
 Quarter to Date: 0.93%
 Average Life: 194

PMIA Average Monthly Effective Yields

Aug 2017 1.084%
 July 2017 1.051
 June 2017 0.978

**Pooled Money Investment Account
Portfolio Composition
08/31/17
\$75.1 billion**



Based on data available as of 9/13/2017

Castroville COMMUNITY SERVICES District

List of Checks for August 2017

Date	Number	Name	Memo	Amount
General Fund Checking				
8/3/2017	24336	Accent Clean & Sweep, Inc.	Storm Drain Maintenance	\$ 3,999.86
8/3/2017	24337	All Safe Security Alarm	Quarterly Monitoring Services	\$ 168.00
8/3/2017	24338	Aramark Uniform Services	Operator Uniforms & Mats	\$ 428.32
8/3/2017	24339	AT&T	Telephone Service	\$ 270.96
8/3/2017	24340	California Water Service Company	Water Meters in Zone 2	\$ 88.70
8/3/2017	24341	CalPERS - Health Benefits	Employee Medical Benefits-August	\$ 10,664.69
8/3/2017	24342	Carmel Marina Corporation	Pump Repair & Maintenance	\$ 30.21
8/3/2017	24343	Castroville CSD	Replenish Petty Cash: Misc Exp	\$ 32.41
		continued	Rotary Lunches 7x \$20	\$ 140.00
		continued	Various Lunch Meeting	\$ 55.00
8/3/2017	24344	Exxon Mobile	Fuel for Vehicles	\$ 374.00
8/3/2017	24345	Great America Financial Svcs.	Monthly Lease-Billing Sorter & Meter	\$ 462.26
8/3/2017	24346	HD Supply Waterworks	Meter Register Parts	\$ 1,591.32
8/3/2017	24347	Monterey Bay Analytical Services	Water Testing Fees	\$ 284.00
8/3/2017	24348	Monterey Bay Water Works	Training Class-Operator	\$ 35.00
8/3/2017	24349	Sheriff's Department	Alarm Fee	\$ 50.00
8/3/2017	24350	Noland, Hamerly, Etienne, Hoss	Legal Fees	\$ 972.50
8/3/2017	24351	Office Depot	Office Supplies	\$ 690.40
8/3/2017	24352	Pacific Gas & Electric	Well Sites	\$ 9,203.24
		continued	Office	\$ 200.98
		continued	Street Lights Zone 1 & 2	\$ 4,110.88
8/3/2017	24353	Praxair Distributions Inc.	Well Site Supplies	\$ 279.19
8/3/2017	24354	Principal Life Group	Employees Life Insurance Benefits	\$ 107.40
8/3/2017	24355	Sierra Chemical	Well Site Supplies	\$ 530.19
8/3/2017	24356	Underground Services Alert	Annual Membership Dues	\$ 324.43
8/3/2017	24357	Alexander Torres-Expense	Cellular Phone Reimbursement	\$ 40.00
8/3/2017	24358	Jonathan Varela-Expense	Cellular Phone Reimbursement	\$ 40.00
	24359-			
8/3/2017	24364	District Employees'	Bi-Weekly Net Payroll	\$ 10,689.97
8/3/2017	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 5,505.46
8/3/2017	2	EDD	Bi-Weekly Payroll Taxes	\$ 900.42
8/3/2017	3	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,228.70
8/3/2017	4	PERS-Employer Contribution	Bi-Weekly Retirement Benefits	\$ 1,451.15
8/3/2017	24365	VALIC	Bi-Weekly Deferred Comp	\$ 1,365.00
8/17/2017	24366	ACWA JPIA	Employees Dental/Vision/EAP	\$ 1,035.72
8/17/2017	24367	Adriana Melgoza	8-15-2017 Board Meeting	\$ 100.00
8/17/2017	24368	Aramark Uniform Services	Operator Uniforms & Mats	\$ 215.01
8/17/2017	24369	Castroville Hardware	Parts & Supplies	\$ 107.93
8/17/2017	24370	Glenn G. Oania	8-15-2017 Board Meeting	\$ 100.00
8/17/2017	24371	James R. Cochran Jr.	8-15-2017 Board Meeting	\$ 100.00
8/17/2017	24372	James Wilbee Co. Inc.	2 Bellows Kits	\$ 324.10
8/17/2017	24373	M.R.W.P.C.A.	Bi-Monthly Sanitation Fees	\$ 23.00
8/17/2017	24374	NCRPD- for Public Relations	Oct, Nov & Dec Consulting Services	\$ 20,000.00
8/17/2017	24375	Pacific Gas & Electric	Steel Garage	\$ 15.31
		continued	Castroville Zone 1 & 2 Lift Stations	\$ 1,158.19
		continued	Moss Landing Zone 3 Lift Stations	\$ 1,052.86
8/17/2017	24376	Pettigrew & Foletta Auto Parts	Parts & Supplies	\$ 16.14
8/17/2017	24377	Postmaster	Annual PO Box Dues	\$ 284.00
8/17/2017	24378	Redshift Internet Services	DSL Service	\$ 69.99
8/17/2017	24379	Robert M. Tasner & Associates	Operator Uniform/Hats	\$ 278.58
8/17/2017	24380	Ron J. Stefani	8-15-2017 Board Meeting	\$ 100.00

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List of Checks for August 2017

Date	Number	Name	Memo	Amount
8/17/2017	24381	USA Bluebook		\$ 1,004.91
8/17/2017	24382	Visa-Eric	Operators Backflow Applications	\$ 360.00
		continued	Lunch meeting with Ron Stefani	\$ 49.40
		continued	Supplies for Well 4	\$ 28.02
		continued	Misc. Car Wash, Postage &	
		continued	Snacks for 7-18-17 Meeting	\$ 15.49
8/17/2017	24383	Visa-Lidia	Operators Cellular Phones	\$ 87.31
		continued	Monthly Web Page Service	\$ 124.95
8/17/2017	24384	Visa-Roberto	Wash Vehicle at Car Wash	\$ 12.00
	24385-			
8/17/2017	24390	District Employees'	Bi-Weekly Net Payroll	\$ 10,878.09
8/17/2017	24391	VALIC	Bi-Weekly Deferred Comp	\$ 1,365.00
8/17/2017	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 5,588.84
8/17/2017	2	EDD	Bi-Weekly Payroll Taxes	\$ 918.58
8/17/2017	3	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,251.58
8/17/2017	4	PERS-Employer Contribution	Bi-Weekly Retirement Benefits	\$ 1,475.47
8/18/2017	24392	3T Equipment Company, Inc.	2018 Freightliner Jetter	\$ 213,177.18
8/31/2017	24393	AT&T	Monthly Telephone Service	\$ 277.51
8/31/2017	24394	California Transport, LLC	Storm Drain Maintenance of Pond	\$ 402.50
8/31/2017	24395	CalPERS-Financial Reporting	GASB 68 Reports & Schedules	\$ 700.00
8/31/2017	24396	Carte Graph	Annual Subscription for All Sites	\$ 1,680.21
8/31/2017	24397	HD Supply Waterworks	Meter Register Parts	\$ 6,415.89
8/31/2017	24398	MNS Engineers, Inc	Technical Assistance with Zone 3	\$ 1,017.50
8/31/2017	24399	Monterey Bay Analytical Services	Water Testing Fees	\$ 1,050.00
8/31/2017	24400	NCRPD- 1st Quarter	Extended Recreational Services	\$ 25,000.00
8/31/2017	24401	Pacific Gas & Electric	Well Sites	\$ 10,315.36
		continued	Office	\$ 197.46
		continued	Street Lights Zone 1 & 2	\$ 4,112.54
8/31/2017	24402	Praxair Distributions Inc.	Well Site Supplies	\$ 275.28
	24403-			
8/31/2017	24408	District Employees'	Bi-Weekly Net Payroll	\$ 10,831.57
8/31/2017	24409	VALIC	Bi-Weekly Deferred Comp	\$ 1,390.00
8/31/2017	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 5,590.40
8/31/2017	2	EDD	Bi-Weekly Payroll Taxes	\$ 921.31
8/31/2017	3	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,251.58
8/31/2017	4	PERS-Employer Contribution	Bi-Weekly Retirement Benefits	\$ 1,475.47
Total General Fund - Checking				\$ 390,536.87
Customer Deposit Fund				
8/31/2017	3760	Vicenta Perez	Deposit Refund	\$ 29.39
8/31/2017	3761	Denise Blevins	Deposit Refund	\$ 59.41
8/31/2017	3762	Veronica Sanchez	Deposit Refund	\$ 26.95
8/31/2017	3763	REFCO Farms	Deposit Refund	\$ 60.00
8/31/2017	3764	Castroville CSD	August Closure's	\$ 414.25
Total Customer Deposit Fund				\$ 590.00

**CASTROVILLE COMMUNITY SERVICES DISTRICT
INTERNAL REPORT**

Receipts, Disbursements, and Bank Balances as of August 31, 2017

Ending balance as of July 31, 2017 \$10,844,212.40

RABOBANK, GENERAL FUND - Revenue and Expenses

Beginning Balance	235,736.02
Water Receipts	86,645.95
Water-Sewer Miscellaneous Receipts	4,775.63
MRWPCA Saniation Fees for Moss Landing Zone 3	26,804.78
Interest Earned	4.56
Expenses (Checks Written)	(390,536.87)
Misc. Over-Short	0.14
Incoming Wire from LAIF 8-18-17	200,000.00
Bank Fees for Incoming Wire	(15.00)
Credit Card Fees	(131.67)
Ending Balance for General Fund	<u>163,283.54</u>

RABOBANK, CUSTOMER DEPOSIT FUND

Beginning Balance	61,161.64
New Deposits (opened accounts)	1,720.00
Interest Earned	1.07
Deposits Returned or Applied to Accounts	(590.00)
Ending Balance for Customer Deposit Fund	<u>62,292.71</u>

LAIF FUND

Beginning Balance	7,874,344.50
Wire Transfer to Rabobank on 8-18-17	(200,000.00)
Ending Balance for LAIF	<u>7,674,344.50</u>

CAMP FUND

Beginning Balance Sewer (Zone 1) Capital Improv Account	114,071.61
Monthly Interest Earned	110.03
Ending Balance Camp Federal Security Account	<u>114,181.64</u>
Beginning Balance Sewer (Zone 1) Reserves Account	225,672.62
Monthly Interest Earned	217.68
Ending Balance CAMP Federal Security Account	<u>225,890.30</u>

Cal TRUST-INVESTMENT

Beginning Balance Sewer (Zone 1) Medium-Term Account	2,333,226.01
Income Distribution	2,728.39
Unrealized GAIN (Loss)	2,957.56
Ending Balance Cal TRUST	<u>2,338,911.96</u>

New Balance as of August 31, 2017	10,578,904.65
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Calendar for Year 2017 (United States)

January	February	March
Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 5:☉ 12:☉ 19:☉ 27:☉	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 3:☉ 10:☉ 18:☉ 26:☉	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 5:☉ 12:☉ 20:☉ 27:☉
April	May	June
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July	August	September
Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 9:☉ 16:☉ 23:☉ 30:☉	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 7:☉ 14:☉ 21:☉ 29:☉	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 6:☉ 13:☉ 20:☉ 27:☉
October	November	December
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Holidays:

Jan 1 New Year's Day	May 29 Memorial Day	Nov 10 Veterans Day observed
Jan 2 'New Year's Day' observed	Jul 4 Independence Day	Nov 11 Veterans Day
Jan 16 Martin Luther King Jr. Day	Sep 4 Labor Day	Nov 23 Thanksgiving Day
Feb 20 Presidents' Day	Oct 9 Columbus Day (Most regions)	Dec 25 Christmas Day

**Castroville Community Services District
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2017
Measurement Date: June 30, 2017**

*Prepared by:
Total Compensation Systems, Inc.*

Date: September 15, 2017

DRAFT

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Total Compensation Systems, Inc.

Castroville Community Services District Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

Castroville Community Services District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2017 (the measurement date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2017. If the report will first be used for a different fiscal year, the numbers may need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Castroville Community Services District to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Castroville Community Services District to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 74 and 75, Castroville Community Services District should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 74 and 75 compliance.

This actuarial report includes several estimates for Castroville Community Services District's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Castroville Community Services District in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- ten years of projected benefit payments.
- the "total OPEB liability (TOL)." (The TOL is the portion of the APVTPB attributable to

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- employees' service prior to the measurement date.)
- the "net OPEB liability" (NOL). For plans funded through a trust, this represents the unfunded portion of the liability.
 - the service cost (SC). This is the value of OPEB benefits earned for one year of service.
 - deferred inflows and outflows of resources attributable to the OPEB plan.
 - "OPEB expense." This is the amount recognized in accrual basis financial statements as the current period expense. The OPEB expense includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows. This amount may need to be adjusted to reflect any contributions received after the Measurement Date.
 - Amounts to support financial statement Note Disclosures and Required Supplementary Information (RSI) schedules.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Service costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2017 to be \$3,073 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2017 (the service cost) is \$1,914. This service cost would increase each year based on covered payroll. Had Castroville Community Services District begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$370,262. This amount is called the "Total OPEB Liability" (TOL). Castroville Community Services District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2017 was \$165,068. This leaves a Net OPEB Liability (NOL) Of \$205,194.

Based on the information we were provided, the OPEB Expense for the fiscal year ending June 30, 2017 is **negative** \$8,150. As noted in this report adjustments may be needed – particularly if the reporting date is not the same as the measurement date.

We based all of the above estimates on employees as of June, 2017. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

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C. Description of Retiree Benefits

The following description of the current retiree benefit plan applies to employees hired before January 1, 2013. Those hired subsequently are eligible for statutory minimum benefits under sections of the Government Code collectively known as PEMHCA. Also, employees hired prior to January 1, 2013 are entitled to statutory minimum benefits if they don't qualify for the benefits below.

	<u>All Employees</u>
Benefit types provided	Medical only
Duration of Benefits	Lifetime
Required Service	20 years
Minimum Age	50
Dependent Coverage	Yes
District Contribution %	100%
District Cap	PERS Choice Other Northern California

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Castroville Community Services District should take to manage the liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Castroville Community Services District's practices, it is possible that Castroville Community Services District is already complying with some or all of our recommendations.

- We recommend that Castroville Community Services District maintain an inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Castroville Community Services District should determine whether the benefit is material and subject to GASB 74 and/or 75.
- We recommend that Castroville Community Services District conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 74/75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Castroville Community Services District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Castroville Community Services District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Castroville Community Services District should establish a way of designating employees as

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eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Castroville Community Services District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Castroville Community Services District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Castroville Community Services District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

Geoffrey L. Kischuk, FSA, MAAA, FCA
Consultant
Total Compensation Systems, Inc.
(805) 496-1700

Total Compensation Systems, Inc.

PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”),

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method.”

The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under this method, there are two components of actuarial cost – a “service cost” (SC) and the “Total OPEB Liability” (TOL). GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. Under the entry age actuarial cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the service cost. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

The service cost is determined using several key assumptions:

- The current *cost of retiree health benefits* (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The “*trend*” rate at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- *Mortality rates* varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- *Employment termination rates* have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The *service requirement* reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses can be deferred five years
- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working lifetime
- Liability changes resulting from plan changes, for example, cannot be deferred.

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PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each employee. We determined eligibility for retiree benefits based on information supplied by Castroville Community Services District. We then selected assumptions for the factors discussed in the above Section that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex, length of service, and employee classification.

We summarized actuarial assumptions used for this study in Appendix C.

B. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the employee is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We discounted the expected cost for each year to the measurement date June 30, 2017 at 7% interest. Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any *current retirees*, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPBP for all employees to get the actuarial present value of total projected benefits (APVPBP). The APVPBP is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVPBP is the amount on June 30, 2017 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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Actuarial Present Value of Projected Benefit Payments at June 30, 2017

<i>All Participants</i>	
Active: Pre-65	\$142,448
Post-65	\$211,792
Subtotal	\$354,240
Retiree: Pre-65	\$0
Post-65	\$32,480
Subtotal	\$32,480
Grand Total	\$386,720
Subtotal Pre-65	\$142,448
Subtotal Post-65	\$244,272

The APVPBP should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVPBP is used to develop expense and liability figures. To do so, the APVPBP is divided into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability).

The past service and future service liabilities are each accrued in a different way. We will start with the future service liability which is funded by the service cost.

C. Cost to Prefund Retiree Benefits

1. Service Cost

The average hire age for eligible employees is 33. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 29 years (assuming an average retirement age of 62). We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Year Beginning June 30, 2017

<i>All Participants</i>	
# of Employees	6
Per Capita Service Cost	
Pre-65 Benefit	\$85
Post-65 Benefit	\$234
First Year Service Cost	
Pre-65 Benefit	\$510
Post-65 Benefit	\$1,404
Total	\$1,914

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This service cost would increase each year based on covered payroll.

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2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability (TOL). We calculated the TOL as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables.

Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2017

<i>All Participants</i>	
Active: Pre-65	\$138,063
Active: Post-65	\$199,720
Subtotal	\$337,783
Retiree: Pre-65	\$0
Retiree: Post-65	\$32,480
Subtotal	\$32,480
Subtotal: Pre-65	\$138,063
Subtotal: Post-65	\$232,200
Total OPEB Liability (TOL)	\$370,262
Fiduciary Net Position as of June 30, 2017	\$165,068
Net OPEB Liability (NOL)	\$205,194

Because Castroville Community Services District concluded that it would be too expensive and time-consuming to rerun prior valuations under GASB 75, we invoked Paragraph 244 of GASB 75 for the transition. Consequently, in order to determine the beginning NOL, we used a "roll-back" technique. The following table shows the results of the roll-back. Castroville Community Services District should restate its June 30, 2016 NOL accordingly.

Changes in Net OPEB Liability as of June 30, 2017

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Roll back balance at June 30, 2016	\$347,291	\$133,947	\$213,344
Service Cost	\$1,863	\$0	\$1,863
Interest on TOL	\$24,063	\$0	\$24,063
Employer Contributions	\$0	\$18,967	(\$18,967)
Employee Contributions	\$0	\$0	\$0
Actual Investment Income	\$0	\$15,235	(\$15,235)
Administrative Expense	\$0	(\$126)	\$126
Benefit Payments	(\$2,955)	(\$2,955)	\$0
Other	\$0	\$0	\$0
Net Change during 2016-17	\$22,971	\$31,121	(\$8,150)
Balance at June 30, 2017 *	\$370,262	\$165,068	\$205,194

* May include a slight rounding error.

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3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows. Castroville Community Services District determined that it was not reasonable to rerun prior valuations under GASB 75. Therefore, we used the transition approach provided in GASB 75, Paragraph 244. That means that there are no deferred inflows/outflows in the first year (with the possible exception of contributions after the measurement date). The OPEB expense shown below is considered to be preliminary because there can be employer specific deferred items (e.g., contributions made after the measurement date, and active employee contributions toward the OPEB plan).

OPEB Expense Fiscal Year Ending June 30, 2017	
	<i>Total</i>
Service Cost	\$1,863
Interest on Total OPEB Liability (TOL)	\$24,063
Employer Contributions	(\$18,967)
Employee Contributions	\$0
Recognized Actuarial Gains/Losses	\$0
Recognized Assumption Changes	\$0
Actual Investment Income	(\$15,235)
Recognized Investment Gains/Losses	\$0
Contributions After Measurement Date*	\$0
Liability Change Due to Benefit Changes	\$0
Administrative Expense	\$126
OPEB Expense**	(\$8,150)

* Should be added by Castroville Community Services District if reporting date is after the measurement date.

** May include a slight rounding error.

4. Deferred Inflows and Outflows

Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses. (Please see Appendix E, Paragraph 244 for more information.) Therefore, valuation-based deferred items will not begin until the next valuation. However, there could be employer-specific deferred items that need to be reflected, as mentioned earlier.

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PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **cert**ain to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

<i>Year Beginning</i>	
<i>July 1</i>	<i>All Participants</i>
2017	\$3,073
2018	\$3,183
2019	\$3,691
2020	\$10,609
2021	\$13,367
2022	\$15,512
2023	\$11,003
2024	\$12,653
2025	\$14,771
2026	\$16,931

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 74/75 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.
- An employer should perform a valuation whenever the employer forms a qualifying trust or changes its investment policy.
- An employer should perform a valuation whenever the employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We recommend Castroville Community Services District take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

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APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation.

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APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Castroville Community Services District to understand that the appropriateness of all selected actuarial assumptions and methods are Castroville Community Services District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Castroville Community Services District's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Castroville Community Services District regarding practices with respect to employer and employee contributions and other relevant factors.

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ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 7% per year. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT. We used the "Building Block Method" as described in ASOP 27 Paragraph 3.6.2. (See Appendix E, Paragraph 53 for more information).

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Castroville Community Services District.

Fiduciary Net Position as of June 30, 2017

	<u>06/30/2016</u>	<u>06/30/2017</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$133,946	\$165,068
Capital Assets	\$0	\$0
Total Assets	<u>\$133,946</u>	<u>\$165,068</u>
Benefits Payable	\$0	\$0
Fiduciary Net Position	<u>\$133,946</u>	<u>\$165,068</u>

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NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix E, Paragraph 52 for more information.

MORTALITY

<i>Employee Type</i>	<i>Mortality Tables</i>
Miscellaneous	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Miscellaneous	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees

SERVICE REQUIREMENT

<i>Employee Type</i>	<i>Service Requirement Tables</i>
Miscellaneous	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees (with a minimum retirement age of 52 for those hired after 12/31/2012)

COSTS FOR RETIREE COVERAGE

Actuarial Standard of Practice 6 (ASOP 6) provides that, as a general rule, retiree costs should be based on actual claim costs or age-adjusted premiums. This is true even for many medical plans that are commonly considered to be “community-rated.” However, ASOP 6 contains a provision – specifically section 3.7.7(c) – that allows use of unadjusted premiums in certain circumstances.

Because the section 3.7.7(c) exception is new, there is not a consensus among practicing actuaries regarding the specific circumstances under which a section 3.7.7(c) exception may be invoked. It is my opinion that the section 3.7.7(c)(4) exception allows use of unadjusted premium for PEMHCA agencies if certain conditions are met. Other actuaries have taken the position that ASOP 6 does not explicitly allow use of unadjusted premium for any agencies participating in the CalPERS medical plan.

Prior to the most recent ASOP 6 revision, there was general agreement that ASOP 6 allowed use of unadjusted premium as a retiree cost basis for PEMHCA agencies (under section 3.4.5 of the prior version of ASOP 6). Since there have been no changes to the CalPERS medical plan, use of unadjusted premium must still be viewed as appropriate actuarial practice to the extent that it was under the prior version of ASOP 6. That means that if the current ASOP 6 section 3.7.7(c)(4) exception is not deemed to *explicitly* allow use of unadjusted premium as a retiree cost basis for Castroville Community Services District, then it would be allowable as a “deviation.”

While I am confident that ASOP 6 section 3.7.7(c)(4) will ultimately be found to explicitly allow use of unadjusted premium as a retiree cost basis for most PEMHCA agencies, I cannot be certain that this will be the case if and when this issue is fully reviewed. Therefore, I am including disclosure information required for a “deviation” so that the valuation will not need to be revised in the event section 3.7.7(c)(4) should be found not to explicitly allow use of unadjusted premium. Following is the disclosure information that is required should a deviation be necessary.

Use of *age-adjusted* premium for the CalPERS medical plan results in an overstatement of Castroville Community Services District’s OPEB Expense and Total OPEB Liability (TOL) to the extent that Castroville Community Services District continues to participate in the CalPERS medical plan AND that the rate structure of the CalPERS medical plan continues in its current form (i.e. with no rate distinction between active employees and retirees). In addition to the overstatement of OPEB costs and liabilities, Castroville Community Services District’s policy of funding OPEB obligations could lead to an inability of Castroville Community Services District to recover overfunded assets. It is important to note that, should Castroville Community Services District leave the CalPERS

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medical plan, the subsequent plan may not qualify to use unadjusted premium rates. In this event, leaving the CalPERS medical plan would be comparable to a significant change in plan terms and would likely require a new valuation.

Following are the criteria we applied to Castroville Community Services District to determine that it is reasonable to assume that Castroville Community Services District's future participation in PEMHCA is likely and that the CalPERS medical program as well as its premium structure are sustainable. (We also have an extensive white paper on this subject that provides a basis for our rationale entirely within the context of ASOP 6. We will make this white paper available upon request.)

The District participates in the CalPERS medical program. We have performed the required evaluation of the CalPERS medical program and we have determined that there is sufficient evidence to apply the 3.7.7(c)(4) exception. Following are details regarding the evaluation based on the criteria we have set:

- **Plan qualifies as a “pooled health plan.”** ASOP 6 defines a “pooled health plan” as one in which premiums are based at least in part on the claims experience of groups other than the one being valued.” Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.
- **Rates not based to any extent on the agency’s claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.
- **Rates not based to any extent on the agency’s demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.
- **No refunds or charges based on the agency’s claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.
- **Plan in existence 20 or more years.** Enabling legislation to allow “contracting agencies” to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.
- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.
- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.

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- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.
- **The agency does not represent a large part of the pool.** The District is in the CalPERS Other Northern California region. Based on the information we have, the District constitutes no more than 0.03% of the Other Northern California pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Other Northern California pool.

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
All Participants	Statutory minimum: \$1,566 Hired prior to 1/1/13: \$14,767	Statutory minimum: \$1,566 Hired prior to 1/1/13: \$6,365

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
All Participants	Statutory minimum: 70% Hired prior to 1/1/13: 100%	Statutory minimum: 70% Hired prior to 1/1/13: 100%

TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Miscellaneous	2009 CalPERS Turnover for Miscellaneous Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>All Participants</i>
Under 25	0
25-29	0
30-34	0
35-39	2
40-44	2
45-49	1
50-54	0
55-59	1
60-64	0
65 and older	0
Total	6

ELIGIBLE RETIREES

<i>Age</i>	<i>All Participants</i>
Under 50	0
50-54	0
55-59	0
60-64	0
65-69	0
70-74	0
75-79	1
80-84	0
85-89	0
90 and older	0
Total	1

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APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Castroville Community Services District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Receiving Benefits	1
Inactive Employees Entitled to But Not Receiving Benefits*	0
Participating Active Employees	6
Total Number of participants	7

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

Shown in Appendix C.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Castroville Community Services District in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

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Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2009 CalPERS Turnover for Miscellaneous Employees
Disclosure	The turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL Using alternative trend assumptions The following table shows the Net OPEB Liability with a trend 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$139,802	\$205,194	\$288,475

Paragraph 53:

Discount Rate

The following information is intended to assist Castroville Community Services District to comply with Paragraph 53 requirements.

53.a: A discount rate of 7% was used in the valuation.

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53.b: We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

53.c: We used historic 30 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

53.d and 53.e.: We determined that plan assets should be sufficient to cover all future benefits for current plan participants. Consequently, we did not need to use a municipal bond rate.

53.f: Following is the assumed asset allocation and assumed rate of return for each.

CERBT - Strategy 1

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43.0000	7.7950
US Small Cap	23.0000	7.7950
Long-Term Corporate Bonds	12.0000	5.2950
Long-Term Government Bonds	6.0000	4.5000
Treasury Inflation Protected Securities (TIPS)	5.0000	7.7950
US Real Estate	8.0000	7.7950
All Commodities	3.0000	7.7950

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

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53.g The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$279,811	\$205,194	\$146,681

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on page 11. Please see the notes for Paragraph 244 below for more information.

Paragraph 56: **Additional Net OPEB Liability Information**

The following information is intended to assist Castroville Community Services District to comply with Paragraph 56 requirements.

- 56.a: The valuation date is June 30, 2017.
The measurement date is June 30, 2017.
- 56 b; 56 c; 56.d; 56.e; 56.f: Not applicable
- 56.g: To be determined by the employer
- 56.h.(1) through (4): Not applicable
- 56.h.(5): To be determined by the employer
- 56.i: Not applicable

Paragraph 57: **Required Supplementary Information**

- 57.a: Please see reconciliation on page 11. Please see the notes for Paragraph 244 below for more information.
- 57.b: These items are provided on page 11 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.
- 57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the College contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.
- 57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the College contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Paragraph 244: **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

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APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and actuarial accrued liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.

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<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to employees’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.