

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT

April 19, 2016

President Ron Stefani called the meeting to order at 4:30 p.m.

ROLL CALL:

Directors Present: President Ron Stefani, Vice President Silvestre Montejano, Director Adriana Melgoza and Director Betty MacMillan

Absent: Director David Lewis

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present: None

Guest: Lloyd Lowrey, Dennis Klingelhofer, Judy Burditt, Grant T. Leonard and David Armanasco

PLEDGE OF ALLEGIANCE

At the request of President Ron Stefani, Vice President Silvestre Montejano led the Pledge of Allegiance.

PUBLIC COMMENTS

1. Mr. David Armanasco who is part of DeepWater Desal wanted to inform those present that in the July issue of National Geographic there will be an article published on their project. He thought it would be important to relay this information since Castroville CSD has a memorandum of intent (MOI) with DeepWater Desal.

CONSENT CALENDAR

1. A motion was made by Betty MacMillan and seconded by Adriana Melgoza to approve the minutes of the March 15, 2016 Scheduled Board Meeting. The motion carried by the following vote:

AYES:	4	Directors:	Stefani, Montejano, Melgoza and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT			
PARTICIPATING:	1	Directors:	Lewis

Consent Calendar accepted as presented

CORRESPONDENCE:

1. None

Correspondence Calendar accepted as presented

INFORMATIONAL ITEMS:

1. *Monterey Herald* – CPUC official suggest Monterey Peninsula go ahead with groundwater replenishment ahead of desal project
2. *San Cruz Sentinel* – Santa Cruz County water agencies to change inconsistent basin boundaries
3. *Local L.A. Now* – Californians fall a bit short of Brown's call for 25% cut in water use after 9 months of conservations
4. *Monterey Herald* – Officials: Groundwater replenishment transfer pipeline to cost more than \$41 million
5. *Monterey Herald* – County gets \$250K groundwater sustainability grant

Informational items accepted as presented

PRESENTATIONS:

1. None

UNFINISHED BUSINESS:

The Board skipped down to item six for unfinished business.

1. Update on levels for Well #2, #3 and #4 – General Manager Eric Tynan informed the Board on the current well levels as of April 1, 2016 were as follows: Well #2 is currently at -3.8 feet below sea level and in March 1, 2016 it was -2.9 feet below sea level. Well #3 is at -32.6 feet below sea level and in March 1, 2016 it was -20.7 feet below sea level, and Well #4 is at -44.7 feet below sea level and in March 1, 2016 it was -30.6 feet below sea level. A graph of the well trends for the months February 2015 through April 2016 can be viewed on page 19 of the board packet (note the graph is incorrectly tilted March for the well levels and should state April; March well levels are not reflected.) In his opinion, the decline in well levels is from local farmers irrigating once again.
2. Update on the local groundwater sustainability agency (GSA) and representation – General Manager Eric Tynan reported to the Board that he and Board President Stefani attended the last scheduled GSA meeting. Furthermore, on pages 20-29 of the board packet is information on what is a GSA and a schedule of the upcoming meetings. Per President Stefani at the last meeting attended the discussion focused on forming a GSA. Per General Manager Eric Tynan, the bottom line is cost and who is going to pay for it. Also, according to state law, if no local entities come together to form a GSA, the county would be the default GSA. If the county doesn't step forward, the State Water Resources Control Board would intervene. The next GSA meeting is scheduled for the 19th of May. He will continue to update the Board on any further developments at the next regularly scheduled board meeting.
3. Update on Castroville CSD's conservation measures put in place for District customers both residential and commercial – General Manager Eric Tynan reported to the Board that conservation efforts have been extended until October 2016 and notices were mailed to all water customers on the 16th of March to inform them of the extension. The only change the District made was to the limits on watering days, which will now be on Tuesdays and Saturday. All houses and businesses irrigate on Tuesday and Saturday before 9:a.m. and after 5:00 p.m. As the graph shows on page 26 of the board packet, there is a drop in water usage from 2013 versus 2015. For the month of March 2013 water usage was 19.9 million gallons and March 2016 it is 13.9 million gallons. Customers continue to do their part to conserve water.
4. Update on Castroville Boulevard Bicycle/Pedestrian and Railroad Crossing Bridge; Project No. 8622 concerning the sewer relocation – General Manager Eric Tynan reported to the Board that it was the original intention between Monterey County and CCSD to incorporate the sanitary sewer relocation into the Castroville Bicycle/Pedestrian and Railroad Crossing Bridge project plans and have the bridge contractor awarded the contract complete the relocation during construction. Caltrans did not accept the incorporation of the relocation of the CCSD sanitary sewer pipeline into the bid items for the project bridge contractor during the submittal of the Right-Of-Way Certification. An approved Right-Of-Way Certification by Caltrans is a requirement for receiving the programmed federal and state funds for construction. It was decided to remove the plans, specifications, and contract items produced by MNS Engineers for the sanitary sewer relocation from the full TRC plans for the project. The relocations of the CCSD sanitary sewer relocation will now be conducted by a Job Order Contract with a contractor presently under contract with Monterey County prior to the beginning of construction. The sanitary sewer relocation construction is now planned to occur between June 13, 2016 and July 31, 2016 but could occur sooner. The complete letter from the County regarding this matter can be viewed on pages 27-28 of the board packet. The County is also requesting CCSD provide written correspondence if it agrees with this understanding of the work and funding responsibilities for the sanitary sewer relocation for this project.
5. Consider whether to proceed with selling Principal Financial Group, Inc. common stock and depositing the monies into the General Fund for water – General Manager Eric Tynan recommended the Board sell the common stock and deposit the monies into the water fund since these stocks were purchased with water revenues. To proceed with the selling of the common stock, the documentation requires a medallion seal which can be provided by the representative that handles the 457 investment plans for District employees. A motion is made by Adriana Melgoza and seconded by Betty MacMillan to sell the common stock and deposit the monies in the water fund. The motion carried by the following vote:

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AYES:	4	Directors:	Stefani, Montejano, Melgoza and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	1	Directors:	Lewis

6. Discuss if a Memorandum of Understanding between North County Recreation and Park District (NCRPD) and Castroville CSD, for a Process to Obtain Program Funding for a Tax Measure should be executed and review for information purposes the proposal submitted by Armanasco Public Relations to NCRPD. Mr. Armanasco submitted a proposal to assist the NCRPD with a capital campaign to fund upgrades to the recreation center and an outreach and awareness building campaign to gain support for the passing of a property tax measure. District Legal Counsel Lloyd Lowrey met earlier today with General Manager Eric Tynan, NCRPD Judy Burditt, NCRPD Director Grant Leonard and the president of Armanasco Public Relations, Inc. David Armanasco to clarify the language on the proposal submitted. Phase 1 of the proposal just needs to get redefined; Phase 2 poses a risk. Mr. Lowrey will send the suggested language to NCRPD. As for the existing MOU, he will need to also change some of the language. Per NCRPD Director Grant they will be waiting to have final approval from Mr. Lowrey regarding the proposal submitted by Armanasco Public Relations, Inc. The Board returned to the normal order of business on the agenda.

NEW BUSINESS:

1. Consider approving Resolution No. 16-4, Approving Submittal to CPUC of Draft "In Concept" Return Water Purchase Agreement between California-American Water Company (Cal Am) and Castroville Community Services District – General Manager Eric Tynan informed the Board that he, President Ron Stefani and District Legal Counsel Lloyd Lowrey have invested a lot of time on this agreement. He is recommending the Board approve Resolution No. 16-4. President Ron Stefani stated CCSD was lucky to have such great counsel representing them. Per District Legal Counsel CCSD is only approving the resolution and the agreement in concept and not signing anything at this time regarding the agreement. This is simply an approval in "Concept" for CPUC to review. Documentation can be viewed on pages 34-57 of the board packet. Once questions and concerns are addressed, a motion is made by Betty MacMillan and seconded by Adriana Melgoza to approve Resolution No. 16-4, Approving Submittal to CPUC of Draft "In Concept" Return Water Purchase Agreement between California-American Water Company (Cal Am) and Castroville Community Services District. The motion carried by the following vote:

AYES:	4	Directors:	Stefani, Montejano, Melgoza and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	1	Directors:	Lewis

2. Consider approving Rate Structure Analysis Report for Zone 2 which consists of Rancho Moro Cojo Subdivision, Monte Del Lago Mobile Park and the number of North Monterey County High School students (NMCHS) enrolled annually for sewer user fees and set a public hearing date (report prepared by Harris & Associates) – General Manager Eric Tynan reported to the Board that Harris & Associates conducted the rate structure analysis report for Zone 2. The report can be viewed on pages 58-63 of the board packet. Mr. Dennis Klingelhofer with Harris & Associates discussed the report findings. He recommended proportioning the costs to ratepayers in an equitable manner consistent with the requirements of Proposition 218. It appears Monte Del Lago and NMCHS sewer fees will need to be increased. Currently Monte Del Lago pays annually \$30,160 and fees will increase to \$76,848.10 and NMCHS currently pays about \$4,400 depending on the number of students enrolled annually and fees will increase to \$13,237.50 based on the same number of students enrolled annually if the proposed sewer rates pass. Furthermore, CCSD has not increased their fees since taking over in 2008 from the County. Rancho Moro Cojo fees are not subject to increase at this time since they do already pay their fair share for sewer fees. General Manager Eric Tynan stated although the increase is significant, it is necessary in order to provide the revenues needed for sewer operation, maintenance, and capital projects needed to provide reliable sewer service to the parcels of land served by Zone 2. A public hearing date will also need to be set to meet the annual sewer service charge to be collected for fiscal year 2016-2017. A motion is made by Silvestre Montejano and seconded by Betty MacMillan to approve

the Rate Structure Analysis Report for Zone 2, which consists of Rancho Moro Cojo Subdivision, Monte Del Lago Park and the number of North Monterey County High School students enrolled annually for sewer user fees as submitted by Harris & Associates and set the public hearing date for June 21, 2016. The motion carried by the following vote:

AYES:	4	Directors:	Stefani, Montejano, Melgoza and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	1	Directors:	Lewis

3. Election of an Alternate Special District Representative to LAFCO; vote for one: Grant T. Leonard, North County Recreation and Park District or Stephen Snodgrass, Pajaro/Sunny Mesa CSD – The Board reviewed the election ballot for LAFCO. General Manager Eric Tynan recommended the Board vote for Grant T. Leonard, North County Recreation and Park District. After some discussion, a motion is made by Adriana Melgoza and seconded by Betty MacMillan to vote for Grant T. Leonard for the position of Alternate Special District Representative to LAFCO. The motion carried by the following vote:

AYES:	4	Directors:	Stefani, Montejano, Melgoza and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	1	Directors:	Lewis

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 that the Ground Water Replenishment project keeps moving forward. In the past week there have been hearings scheduled at the PUC that affect the MRWPCA regarding their project.
2. Update on meetings/educational classes 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

General Operations Reports were accepted as presented

CHECK LIST – March 2016. A motion was made by Adriana Melgoza and seconded by Betty MacMillan to pay all bills presented. The motion carried by the following vote:

AYES:	4	Directors:	Stefani, Montejano, Melgoza and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	1	Directors:	Lewis

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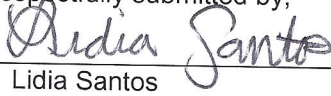
CLOSE:

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

AYES:	4	Directors:	Stefani, Montejano, Melgoza and Lewis
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	1	Directors:	MacMillan

The meeting adjourned at 5:23 p.m. until the next scheduled meeting

Respectfully submitted by,



Lidia Santos
Secretary to the Board

Approved by,



Ron Stefani
President