

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF  
CASTROVILLE COMMUNITY SERVICES DISTRICT  
November 17, 2015

President David Lewis called the meeting to order at 4:32 p.m.

**ROLL CALL:**

**Directors Present:** President David Lewis, Vice President Ron Stefani, Director Silvestre Montejano and Director Adriana Melgoza

**Absent:** Director Betty MacMillan

**General Manager:** Eric Tynan

**Secretary to the Board:** Lidia Santos

**Staff Present:** None

**Guest:** Gary Porter, Brian J. Cousino, Paul Greenway, Patrick Dobbins, Sherriff's Commander William Kaye and Grant Leonard

**PLEDGE OF ALLEGIANCE**

Director Adriana Melgoza led the Pledge of Allegiance.

**PUBLIC COMMENTS**

1. Sherriff's Commander William Kaye is the commander for North County and attended the Castroville CSD board meeting so he can find out what is going on in the community and furthermore he wants to build trust with community. He offered his contact information to anyone interested. Everyone present at the board meeting welcomed him.

**CONSENT CALENDAR**

1. A motion was made by Ron Stefani and seconded by Silvestre Montejano to approve the minutes of the October 27, 2015 Rescheduled Board Meeting. The motion carried by the following vote:

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

*Consent Calendar accepted as presented*

**CORRESPONDENCE:**

1. None

*Correspondence Calendar accepted as presented*

**INFORMATIONAL ITEMS:**

1. *Monterey Herald* – Eric Sabolsice: Why local water rates must change
2. *Public CEO* – California's Epic Drought Creates Significant Challenges and Opportunities for Special Districts
3. *Monterey Herald* – Key recycled water pact heads to Board of Supervisors
4. *Los Angeles Times* (Source: NOAA Climate Prediction Center) – How recent increases in ocean temperatures compare to strongest El Niño on record
5. *Los Angeles Times* (Source: NOAA Climate Prediction Center) – El Niño keeps getting stronger, raises chance of drenching rains

*Informational items accepted as presented*

**PRESENTATIONS:**

1. Hinricher, Douglas & Porter, Certified Public Accountants to present audit report for fiscal year ended June 30, 2015 – Castroville CSD's annual financial audit was recently completed and presented to the Board of Directors at the November 17, 2015 board meeting by Certified Public Accountants Gary

Porter and Brian J. Cousino with Hinricher, Douglas & Porter. Per Mr. Porter, Castroville CSD received a clean audit and opinion, which is issued by an auditor when the financial statements presented are free from material misstatements and are represented fairly in accordance with Generally Accepted Accounting Principles (GASB). In other words, Castroville CSD's financial condition, position, and operations are fairly presented in their financial statements. It is the best type of report opinion an auditee may receive from an external auditor. Mr. Porter turned over the presentation of the audit to Mr. Cousino who in turn asked if the Board had any questions regarding the audit. Since there were no questions, he wanted to discuss a major change on the financial statement that now reflects the net pension liability. The implementation of GASB 68 for fiscal year June 30, 2015 was briefly discussed last year when the fiscal year ended June 30, 2014 audit was presented to the Board at the November 18, 2014 meeting. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. For the first time employers will recognize their net pension liability, deferred outflow of resources, deferred inflows of resources, and pensions expense on their financial statements. However, the accrual estimate reported by CalPERS regarding the net pension liability for Castroville CSD is \$376,234 is not a significant amount in comparison with other districts. The net pension liability is the unfunded portion that the District is liable for current and former employees. It is anticipated that the final data should be issued soon by CalPERS and the estimate provided should not change significantly. The Board was asked if they wanted to wait to approve the audit until CalPERS issues the final net pension liability information or move forward with the estimate by adding footnotes that address the estimate is subject to change. Both Mr. Porter and Mr. Cousino wanted to thank Office Manager/Secretary to the Board Lidia Santos and the staff for always having everything ready for them when they came to conduct the audit. Mr. Porter stated a perennial matter that he is required to mention every year and he also addresses to various boards, is the lack of segregation of duties, typical of organizations that have less than 5 employees. With a small staff it is almost impossible to achieve an adequate segregation of duties, which is impossible to avoid and it is simply not cost effective to hire additional staff. As long as mitigation controls are in place, which he believes Castroville CSD has, it reduces the risk to an acceptable level. Organizations will also have to rely on the integrity and trust of employees. In addition, Castroville CSD Board of Directors are signing checks, viewing the cash report (internal report) and other financial reports on a regular basis, even though some of this information is viewed after the fact, except for the checks. He feels the Board has a pretty good feel of what is going on with the District and it would be very difficult for somebody to get away with something based on his review of the system.

**UNFINISHED BUSINESS:**

1. Resolution No. 15-9, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2015, as Prepared by Hinricher, Douglas & Porter, Certified Public Accountants – Following the presentation of the audit and discussion, a motion is made by Ron Stefani and seconded by Silvestre Montejano to approve Resolution No. 15-9, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2015 by approving the audit with an amendment to include footnotes that the net pension liability reflected \$376,234 is currently an estimate and subject to change and will be updated once CalPERS provides the actual dollar amount of the net pension liability, as prepared by Hinricher, Douglas & Porter, Certified Public Accountants. The motion carried by the following vote:

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

2. Property owner informational meeting to present water rate structure and provide questions and answers (Q&A) sessions regarding the proposed water rate increase and Public Hearing Date scheduled for December 15, 2015 at 4:30 p.m. District board room – General Manager Eric Tynan asked if there was anyone present at the board meeting that had any questions or concerns regarding the proposed water rate increase and Public Hearing Date scheduled for December 15, 2015 at 4:30 p.m. in the District

board room. Patrick Dobbins with Harris & Associates whose firm conducted the Water Rate Study was present for the Q&A session. There were no questions or concerns at this time from any members of the public. In addition, General Manager Eric Tynan informed the Board that only one protest letter has been received as of today. Water rate increase notices were mailed out in English and Spanish to all property owners and water customers who would be affected by the water rate increase. The District is only required to mail water rate increase notices to property owners but also mailed them to water customers to be open and transparent.

3. Update on well levels, chloride and conductivity – General Manager Eric Tynan informed the Board on the current static well levels. As of November 2015, Well #2 is currently at -14 feet below sea level, Well #3 is at -32.5 feet below sea level, and Well #4 is at -44 feet below sea level. A graph of the well trends for the months January 2015 through November 2015 can be viewed on page 22 of the board packet. The well levels continue to improve from the previous months. As mentioned at last month's board meeting, most agriculture farming has started to move to Arizona. Well #3 Chloride levels have spiked from 388 in August 2015 to 445 as of November 2015. This is a sign of seawater intrusion for Well #3. He will continue to monitor well levels and chloride levels for Well #3.
4. 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 are still going well. As the graph shows, there is a drop in water usage from 2013 versus 2015. The graph can be viewed on page 24 of the board packet. For the month of October 2013 water usage was 24.9 million gallons and October 2015 it is 23.1 million gallons. Customers continue to do their part to conserve, however, any further significant water conservations measures would be difficult for Castroville to achieve since the town does not have any big lawns or pools that would usually be maintained by customers before these conservations measure were put into place. He also, informed the Board that he had received an email from State Water Resource Control Board (SWRCB) reminding the District that it is required to submit a small water supplier conservation report by December 15, 2015 to SWRCB.
5. Update on the local groundwater sustainability agency (GSA) and representation – General Manager Eric Tynan reported to the Board that Monterey County Water Resources Agency (MCWRA) has selected a facilitator for the GSA and her name is Gina Bartlett. He and Vice President Ron Stefani had a telephone conference call with her on the 29<sup>th</sup> of October. She wanted the District's opinion on how the governance for the GSA should be put together. The next step will be to try and establish a "Big Tent" meeting amongst all the interested parties.
6. Update on Prop 84: Well 5 (formerly Well 2B) Arsenic Treatment project – General Manager Eric Tynan informed the Board that the well pump at Well 5 is malfunctioning and may need to be replaced. He will be having a meeting tomorrow morning with MNS Engineers and Conco West to discuss further. Castroville CSD is still waiting for State Water Resources Control Board to issue the permit for Well 5. The construction aspect of this project is going great. Paul Greenway with MNS Engineers hired by the District to handle the construction administration of this project stated that he has been monitoring Conco West and is very pleased with them as they are on schedule and on budget for this project.
7. Update on tax measure for North County Recreation and Park District (NCRPD) – General Manager Eric Tynan informed the board that NCRPD Board Member Grant Leonard was present to provide an update on the tax measure. Mr. Leonard stated that there was no new news to report at this time.

#### **NEW BUSINESS:**

1. Update on Castroville Boulevard Bicycle/Pedestrian and Railroad Crossing Bridge; Project No. 8622 concerning the sewer relocation – General Manager Eric Tynan informed the Board that he and Paul Greenway, P.E. with MNS Engineers representing Castroville CSD and Douglas Poochigian, P.E. representing Monterey County RMA-Public Works met to discuss a resolution to the conflicting sewer lines affecting this project. It was agreed to have new plans drawn that would relocate the sanitary sewer lines. However, Castroville CSD would be responsible for these plans. The cost for having new plans drawn would be 15K. As the current plans stand, the cost to Castroville CSD to relocate the sanitary sewer pipelines could cost \$50K to possibly \$100K and it is much more feasible to have new plans made that would not be in the path of this project. He has authorized MNS Engineers to draw up new plans, specifications and an estimate for Project No. 8622. Furthermore, Zone 2 does not have adequate funds for the unexpected relocations of these sewer lines.

2. Approve proposal with De Nora Water Technologies, Inc. for media change-out services for Well 5 (formerly Well 2B) – General Manager Eric Tynan reported to the Board that he recommended they approve a contract with Del Nora Water Technologies, Inc. for media change-out services not to exceed \$150,000 for Well 5, which would need to be replaced after 486,000,000 gallons of produced water. It is anticipated it would be 6.65 years before a change-out is expected. Approving this contract now would keep the price fixed for the media change-out. A detailed memo to the Board and the contract with De Nora Water Technologies, Inc. can be viewed on pages 28-34 of the board packet. A motion is made by Ron Stefani and seconded by Silvestre Montejano to approve the contract with Water Technologies Inc. for media change-out services for Well 5; not to exceed \$150,500. The motion carried by the following vote:

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

**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 – Director Ron Stefani reported that the Amended and Restated Water Recycling Agreement was approved by MRWPCA and they were disappointed that Monterey County Water Resources Agency did not also approve it on the same day. However, they did approve it the following week and the agreement is going before the Board of Supervisor on schedule.
2. Update on meetings/educational classes attended by the Directors – No information 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** – October 2015. A motion was made by Adriana Melgoza and seconded by Ron Stefani to pay all bills presented. The motion carried by the following vote:

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

## CLOSE:

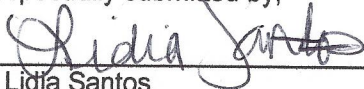
There being no further business, a motion was made by Silvestre Montejano and seconded by Ron Stefani to adjourn to the next scheduled Board meeting; the motion carried by the following vote:

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

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The meeting adjourned at 5:27 p.m. until the next scheduled meeting.

Respectfully submitted by,



Lidia Santos  
Secretary to the Board

Approved by,



David Lewis  
President