

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF  
**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
November 18, 2014

President David Lewis called the meeting to order at 4:31 p.m.

**ROLL CALL:**

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

**Absent:** None

**General Manager:** Eric Tynan

**Secretary to the Board:** Lidia Santos

**Staff Present:** None

**Guest:** Lloyd Lowrey, Brian J. Cousino, Gary Porter, Martin Carver and Grant Leonard

**PLEDGE OF ALLEGIANCE**

Director Betty MacMillan led the Pledge of Allegiance.

**PUBLIC COMMENTS**

1. None

**CONSENT CALENDAR**

1. A motion was made by Adriana Melgoza and seconded by Betty MacMillan to approve the minutes of the October 21, 2014 Regular Board Meeting. The motion carried by the following vote:

AYES:	5	Directors:	Stefani, Melgoza, Montejano, MacMillan and Lewis
NOES:	0	Directors:	None
ABSENT/NOT			
PARTICIPATING:	0	Directors:	None

*Consent Calendar accepted as presented*

**CORRESPONDENCE:**

1. None

**INFORMATIONAL ITEMS:**

1. *California Water Foundation* – Fact Sheet: Sustainable Groundwater Management Act
2. *Local Government; by Jeffrey Mount, Ellen Hanak, Jay Lund* – Drought Watch: What if 2015 is dry?
3. National Weather Service – U.S. Seasonal Drought Outlook: Drought Tendency During the Valid Period; October 16, 2014 to January 31, 2015
4. *The Salinas Californian; by Dennis L. Taylor* – Groundwater laws flow down to county level
5. *Local Government; by John Hrabe* – Gov. Brown Rebuilds Redevelopment
6. LAFCO; 2014 Municipal Service Review and Sphere of Influence update for the Castroville Community Services District

*Informational items accepted as presented*

**PRESENTATIONS:**

1. Hinricher, Douglas & Porter, Certified Public Accountants to present audit report for fiscal year ended June 30, 2014 – Castroville CSD's annual financial audit was recently completed and presented to the Board of Directors at the November 18, 2014 board meeting by Certified Public Accounts Gary Porter and Brian J. Cousino with Hinricher, Douglas & Porter. Per Mr. Cousino, 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. There were no internal control deficiencies "findings" and no management improvement recommendations. Mr. Cousin asked if the Board had any questions or concerns. Director Betty A. MacMillan stated that the Office Manager does an excellent job. Mr. Porter stated that per their perspective, they have a lot of confidence in Castroville CSD's Office Manager. They deal with audits enough and with many different agencies and test to make sure the financial statements are reflected accordingly. They also evaluate the integrity of the people they are dealing with; although they are certainly not behaviorist, but can get a feeling as to how people respond. Mainly, looking to see if they are being honest with you or trying to handle you with smoke and mirrors. He also stated that whenever the Office Manger has a question, she gives them a call. He feels they have a very good, open, and honest relationship established with Castroville CSD staff. He also discussed briefly the implementation of GASB 68 for fiscal year June 2015. Footnote 9 on page 30 of the notes to the financial statement mentions the implementation of GASB 68. Employers will be required to recognize a liability as employees earn their pension benefits (that is, as they provide services to the government). For the first time employers will recognize their net pension liability, deferred outflow of resources, deferred inflows of resources, and pensions expense. The complete financial audit including the Management, Discussion and Analysis (MD&A) is available on the District website, [www.Castrovillecsd.org](http://www.Castrovillecsd.org).

**UNFINISHED BUSINESS:**

1. Resolution No. 14-4, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2014, as Prepared by Hinricher, Douglas & Porter, Certified Public Accountants – Following the presentation of the audit, a motion is made by Betty A. MacMillan and seconded by Ron Stefani to approve Resolution No. 14-4, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2014, as prepared by Hinricher, Douglas & Porter, Certified Public Accountants. The motion carried by the following vote:  

AYES:	5	Directors:	Stefani, Melgoza, Montejano, MacMillan and Lewis
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None
2. Update on well levels – General Manager Eric Tynan informed the Board on the current well levels. Well #2 is up 6 feet and currently 11 feet below sea level, Well #3 is up 4 feet and 33 feet below sea level and Well #4 is down 1 foot and 38 feet below sea level. Some of the well levels are going up a little due to the lack of pumping from the farmers at this time. General Manager Eric Tynan will continue to update the Board on the well levels at the next board meeting.
3. Update on Prop 84: Well 5 (formerly Well 2B) Arsenic Treatment project – General Manager Eric Tynan informed the Board that the Department of Water Resources has assigned a new project manager, which will hopefully get the Prop 84 grant funding project moving forward. The Wallace Group is reviewing different technologies to use for the arsenic treatment of Well 5 and will recommend the best solution for the Well 5 arsenic treatment. He also had the operations department trench and install the well pump power cable.
4. Update on mural project for Castroville walkway over Highway 156 – General Manager Eric Tynan reported to the Board as mentioned at the last few board meetings; Caltrans is requiring a traffic, air and lead study by Castroville CSD before they would consider moving forward with this project. This project currently has a budget of \$12,500 and all these additional requirements would likely end this project. General Manager Eric Tynan proposed to Caltrans that they prep the wall for this project. He is still waiting to see if they will consider this request and has received no response as of yet. Mr. Grant Leonard suggested that Castroville CSD attend a Transportation Agency for Monterey County (TAMC) public meeting and offer a partnership to work on this project with them. Per Mr. Leonard the next public meeting for TAMC is scheduled for December 3, 2014 at 9:00 a.m. at the Agriculture Center in Salinas. General Manager Eric Tynan and Director Ron Stefani stated they would both attend this meeting.
5. Update on tax measure for North County Recreation and Park District (NCRPD) – General Manager Eric Tynan informed the board that the first week of January 2015, informational meetings will resume to discuss the tax measure for the North County Recreation and Park District (NCRPD).



6. Update on Castroville overhead sign - General Manager Eric Tynan reported to the Board that he is still waiting to have an engineer's stamped plan to verify the structural integrity of the sign as requested by Caltrans.
7. Update on the site review of the infrastructure deficiencies of the Pajaro County Sanitation District – General Manager Eric Tynan notified the Board that he and Operator II Roberto Galvez had separately viewed the Pajaro County Sanitation District. General Manager Eric Tynan reported to the Board the various infrastructure deficiencies that exist with the Pajaro County Sanitation District and also presented them with pictures to view that were taken by Operator II Galvez. In addition, he also showed the Board a letter from Pajaro Sunny Mesa CSD addressed to the County. Pajaro Sunny Mesa CSD is currently operating under contract with the County to operate the Pajaro County Sanitation District but has given them written notice to cancel the contract due to the liability of operating and maintaining such a poor system. Furthermore, no agencies responded to the County's two proposals; (RFP #10502) maintenance and operation of the Pajaro County Sanitation District or (REI #PWO2) ownership of the Pajaro County Sanitation District and/or Boronda County Sanitation District. Director Betty MacMillan thought that the Board already had taken action at the last board meeting not to express any interest of ownership of the Pajaro County Sanitation District and especially with the information provided today by General Manager Eric Tynan. In her opinion, Castroville CSD just needs to stay where it is. President David Lewis thought it was an option that was worth looking into. The action taken at the October 21, 2014 board meeting still stands; not to express interest to assume ownership and operational responsibility for the Pajaro County Sanitation District. General Manager Eric Tynan just wanted to provide the Board with more detailed information on the system. Also, the County showed appreciation that Castroville CSD at least took the time to tour the system.

**NEW BUSINESS:**

1. Review current Moss Landing Wastewater Treatment Capacity Allocation Plan – General Manager Eric Tynan informed the Board that per the draft copy of the Moss Landing Community Plan, section 4.2.3. Current Wastewater Treatment Capacity Allocation, The MLCSD (now Castroville CSD) provides sewer services to its five service areas based on a Coastal Commission-certified Sewer Allocation Plan (SAP), which was adopted in November 1984. The SAP allocates a certain volume of sewer flow to each of the five service areas based upon existing land use, expected future growth, and allocations for future priority uses. The reason the SAP was developed is that Moss Landing had a lot of septic tanks that were leaking and polluting the slough and neighboring properties. Eric stated that the limit is 105,000 gallons per day and he believes that it was limited due to the old Castroville treatment plant that is long gone. Moss Landing's MRWPCA pump station can currently handle 280,000 gallons per day and currently it is only at 79,000 gallons per day. There is plenty of capacity and this SAP is in need of an update to accommodate new and expanded development, address new technologies, account for existing usage, and retain capacity for vacant lots. Eric stated that the SAP is a little controversial; people think they have an entitlement in the service areas since they have been paying sewer fees even though they are not hooked-up. Per District Legal Counsel Lloyd Lowrey, the plan does not provide for allocations to specific properties, it provides for allocations within zones. It is a plan and the general rule in vested rights is that unless you have something that has been vested to a specific property, you do not have vested rights. There are certain vested rights provided for in code for certain kinds of planning activities. Although, he has not reviewed the whole background of the SAP, this kind of plan seems unlikely that there would be a finding of a vested right in connection with this plan. There would need to be a process to change the plan. Eric introduced to the Board, Management Specialist Martin Carver who has been employed with the County as of 2012. Mr. Carver is the lead person working to make draft changes to the Moss Landing Community Plan. The Moss Landing Community Plan process started in 2008 and then fell idle due to the recession. The Moss Landing Community Plan is in the EIR process and a meeting was held last July 2014 to respond to EIR issues better. The County also suggested for the first time for the Sewer Allocation Plan to be eliminated, which appears were the intentions of the plan in 2008 all along. These changes were included in the plan and republished and presented at the July meeting. The County got immediate concerns, in particular from the Moss Landing Harbor District and Mark Del Piero. However, they did meet with the Moss Landing Harbor District last month and had a very good productive meeting with them. Discussed was the topic of the Sewer Allocation Plan and that the County does not think the Sewer Allocation Plan is a proper tool anymore to regulate growth. A lot has changed since this plan was originally implemented. Those concerned seem to think by eliminating the Sewer Allocation Plan that somehow it will eliminate allocations that were guaranteed to specific properties. The preliminary work done on the EIR is not published yet. The analysis that they have in



draft form shows that there is plenty of treatment capacity at the regional plant. Mr. Carver stated he has been working closely with Eric on getting the EIR analysis right. It is going to be critical to get people to relax around the elimination of the Sewer Allocation Plan. The plan will need to show that there is sufficient treatment and conveyance capacity. One of the concerns is adding the Moss Landing Business Park, Nader Agha's property which is located across from Dolan Road from the power plant. Part of what the community recommended in 2008-2009 and part of what they have included in the plan is adding that property or suggesting that the Castroville CSD add this property to their service area. From what Mr. Carver understands, the existing Sewer Allocation Plan guarantees existing vacant lots of records a minimum of 250 gallons per day and does not show where it otherwise guarantees allocation to other sites. After much discussion, a motion is made by Ron Stefani and seconded by Betty A. MacMillan to authorize staff to move forward in modifying a plan to work with the County and community in forming a solid plan and a possible committee in regards to the Moss Landing Wastewater Treatment Capacity Allocation Plan. The motion carried by the following vote:

AYES:	5	Directors:	Stefani, Melgoza, Montejano, MacMillan and Lewis
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

1. None

**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 a memorandum of understanding (MOU) has been signed with the farmers. There was also a lot of discussion about the Ground Water Replenishment Project.
2. Update on Oversight board meeting – Director Ron Stefani stated that the Oversight board has not met yet.

## 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, New Service Installation Status Update, Current Contractor Work Update, Maintenance/Repair Update
  - b) Sewer & Storm Drain – Jetting, Connections, Maintenance/Repair Update
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 2014. A motion was made by Betty MacMillan and seconded by Ron Stefani to pay all bills presented. The motion carried by the following vote:

AYES:	5	Directors:	Stefani, Melgoza, Montejano, MacMillan and Lewis
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

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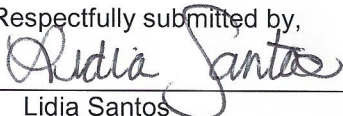
**CLOSE:**

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

AYES:	5	Directors:	Stefani, Melgoza, Montejano, MacMillan and Lewis
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

The meeting adjourned at 5:43 p.m. until the next scheduled meeting.

Respectfully submitted by,



Lidia Santos  
Secretary to the Board

Approved by,



David Lewis  
President