

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT
September 15, 2015

Vic President Ron Stefani called the meeting to order at 4:30 p.m. (President David Lewis was present and not feeling well and requested Stefani to chair the board meeting.)

ROLL CALL:

Directors Present: President David Lewis, Vice President Ron Stefan, Director Silvestre Montejano and Director Betty MacMillan

Absent: Director Adriana Melgoza (arrived at 4:56 p.m.)

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present: None

Guest: Lloyd Lowrey, Mike Sylvia, Patrick Dobbins, Paul Greenway and Grant Leonard

PLEDGE OF ALLEGIANCE

Director Silvestre Montejano led the Pledge of Allegiance.

PUBLIC COMMENTS

1. None

CONSENT CALENDAR

1. A motion was made by David Lewis and seconded by Betty MacMillan to approve the minutes of the August 18, 2015 Regular Board Meeting. The motion carried by the following vote:

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

Consent Calendar accepted as presented

CORRESPONDENCE:

1. Letter of support for the Castroville Multimodal Project: Asset Management Pilot Project Nomination sent to Caltrans District 5.
2. Email notice sent by Steve Collins to various entities and individuals, Subject: The Farmers are Clueless

Correspondence Calendar accepted as presented

INFORMATIONAL ITEMS:

1. *Monterey Herald* – Cal Am, Castroville in early talks over desal water
2. *Monterey Herald* – Official: Gov. Jerry Brown's water cutback likely to be extended
3. *Monterey County Weekly* – Marina Coast ordered to pay \$1.8 million to county, Cal Am
4. *Monterey County Weekly* – Water Bearer the nonprofit leader at center of water war calls for logic in heated debates

Informational items accepted as presented

PRESENTATIONS:

1. None

UNFINISHED BUSINESS:

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1. Update on well levels, chloride and conductivity – General Manager Eric Tynan informed the Board on the current static well levels. As of September 2015, Well #2 is currently at -31 feet below sea level, Well #3 is at -66 feet below sea level, and Well #4 is at -86 feet below sea level. A graph of the well trends for the months January 2015 through September 2015 can be viewed on page 20 of the board packet. One of the reasons the well levels may have slightly improved is if OceanMist modified pumping of their agricultural wells at the request of Castroville CSD General Manager in order to mitigate affects on Castroville CSD wells. The Board recommended the CSD General Manager send OceanMist a letter of gratitude if they are in fact doing their part to prevent Castroville CSD well levels from rising. The chloride and conductivity levels for the Well #3 continue to hold steady and the graph can be viewed on page 21 on the board packet. Well #3 is most at risk of seawater intrusion.
2. 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 but there seems to be a few customers who continually need to be reminded of the conservations measures that are currently in place. This month's water bills will inform customers what may occur if they do not comply with the conservation measures put in place. First offense \$100, second offense \$250 and third offense \$500. Again, most customers have been very cooperative. As the graph shows, there is a drop in water usage from 2013 versus 2015. The graph can be viewed on page 22 of the board packet. For the month of August 2013 water usage was 25.8 million gallons and July 2015 it is 24.5 million gallons. Customers are doing their part to conserve, which is noticeable with all the dead lawns in town. Watering of lawns is currently limited to two days per week for all customers.
3. 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 as mentioned at last month's board meeting and everyone it still waiting to hear from the MCWRA on any further news. The "Proposed Comprehensive Basin Sustainability Plan for Halting Seawater Intrusion in the Salinas Valley Groundwater Basin" can be viewed on pages 23-29 of the board packet.
4. Update on Prop 84: Well 5 (formerly Well 2B) Arsenic Treatment project – General Manager Eric Tynan informed the Board that the project is two weeks behind schedule since the foundation needed to be modified due to unsuitable soil being discovered that was not anticipated. The soil turned out to be very expansive clay. Paul Greenway with MNS Engineers the firm contracted by the District to oversee the construction administration of Design-Build entity for Well 5 Arsenic Removal Treatment System advised the Board that Conco -West the contractor awarded the project is doing a great job. A photo montage will be presented to the Board at the next board meeting to view the progression that has been made on this project to date.
5. 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 submitted a draft copy of a project list for NCRPD, which can be viewed on pages 29-B to 29-E of the board packet. The Five Year Capital Improvement program still needs to be organized in order of priority and these are just rough estimates of cost. He and Board Member Paul Cortopassi both sit on the ad hoc committee for NCRPD that was formed to work on a community outreach and development of a Capital Improvement Plan (CIP) needed to move forward with the tax measure. **(Director Adriana Melgoza arrived at 4:56 p.m.)**
6. Discussion of water rate structure recommendations and financial requirements to meet 218 compliance (Harris & Associates were the consultants selected to perform the water rate study) – General Manager Eric Tynan reported to the Board that the water rate study was completed and will be presented by Mike Sylvia with Harris & Associates. Mr. Sylvia reviewed the water utility rate study with the Board. A copy can be viewed as an attachment to the board packet. The following was discussed:
 - o Current Rate Structure
 - o Future Expense Analysis FY 2016-2020
 - o O & M Expense Budget Table FYE 2010-2020
 - o Complete Expense Budget Table FYE 2015-2020
 - o Recent Legal Change Affecting Water Rate Design
 - o Affects of San Juan Capistrano Case to CCSD
 - o Fixed vs. Variable Cost/Revenue Components

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- o Water Consumption FYE 2014 & 2015
- o Rate Design Assumptions & Goals
- o New Rate Structure Options: Do Nothing, Cost/Revenue Allocations and Base Fee Heavy
- o Recommended Structure Option 2: Cos/Revenue Allocation Structure

Pros of Option 2: Cost Revenue Allocation Structure matches revenue needs with functionalized expenses, provides CIP funding for new wells and legally durable. Con: Significant increases in base fees and commodity charges. Vice President Ron Stefani thought that the increases were too significant for the customers of the District since this area is considered a disadvantaged community. The proposed five-year base rate structure fee varies depending on the base rate by meter size and the proposed five-year commodity rate structure for FYE 2016 will increase by 37.10%, FYE 2017 13.00%, FYE 2018 13.00%, FYE 2019 13.00% and FYE 2020 10.00%. In his opinion, the District should be able to use the 10 million it has in the bank to fund water or borrow against it. District Legal Counsel Lloyd Lowrey stated that the Districts revenues collected for this other services other than water, belongs to that specific service and recommended against using these funds for the water fund, which can cause legal issues. Vice President Ron Stefani stated that he has not seen any real information on Well 6 and wants to see more information on this proposed project and thought the District was applying for a grant to fund this well. Vice President Stefani also stated that another option would be to do nothing and if the wells were to go dry, the State would step in and help. General Manager Eric Tynan informed the Board that the District has not raised water rates since 2004 and even with the water rate increases, customers would still have one of the lowest rates in Monterey County. The District should not depend on the State to step in and help. District Lloyd Lowrey stated that if the water rate study is approved it would be valid for five years and if it is not necessary the Board does not have to increase water rates each year. Once the five years have passed if water rates were increased or not it would be required to go through the Prop 218 process again to justify rate increases. After much discussion, the Board requested to see the water rate study without Well 6 so they may compare it with this study. A motion is made by David Lewis and seconded by Adriana Melgoza to have Harris & Associates redo the water rate study without Well 6. 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

NEW BUSINESS:

1. Report on armed robbery that occurred at the District office on August 21, 2015 and security measures implemented – General Manager Eric Tynan notified the Board that the District office was robbed at gunpoint and fortunately no one was hurt. He and the billing clerk were the only ones in the office when the incident occurred. Additional security measures have been implemented since the robbery. Vice President Ron Stefani stated that the District should consider putting in a secure window/bar over the counter to prohibit anyone from jumping over the counter. General Manager Eric Tynan stated that the staff has a great relationship with the customers and this measure would likely take away from that. However, if the staff requests this measure, the District should consider it. This is only the second time the District has been robbed in 63 years.
2. Monterey County Public Works is requesting sewer realignment for Castroville Boulevard force main for a bike path installation – General Manager Eric Tynan reported to the Board that the County is requesting a sewer force main realignment to allow for the installation for the bike path bridge over the railroad tracks. Initially when the plans were 65% complete, CCSD was told only one manhole would need to be raised to grade. The latest plans show approximately 300 feet of sewer force main would need to be moved resulting in an estimated \$100K cost to Zone 2. CCSD has replied that they would like to see the contractor responsible for protecting the existing sewer force main in place during construction. The District is awaiting the County's response.

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 MRWPCA is still negotiating with Marina Cost Water District regarding the Pure Water Project.

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2. Update on Oversight board meeting – Director Ron Stefani stated that the Oversight board meeting in scheduled for the 23rd of this month.

GENERAL OPERATIONS

1. General Manager's Report – Compliance update, current projects update, meetings/seminars update, staff update, suggestive projects discussions (**Director Betty MacMillan left at 5.57 p.m.**)
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 – August 2015. A motion was made by David Lewis and seconded by Silvestre Montejano to pay all bills presented. The motion carried by the following vote:

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

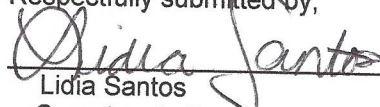
CLOSE:

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


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

The meeting adjourned at 5:33 p.m. until the next scheduled meeting.

Respectfully submitted by,


Lidia Santos
Secretary to the Board

Approved by,


Ron Stefani
Vice President