

**THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT**
June 19, 2018

President Silvestre Montejano called the meeting to order at 4:30 p.m.

ROLL CALL:

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

Absent:

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present:

Guest: Grant Leonard

PLEDGE OF ALLEGIANCE

At the request of President Silvestre Montejano, Grant Leonard led the Pledge of Allegiance.

PUBLIC COMMENTS

1. None

CONSENT CALENDAR

1. A motion was made by James Cochran and seconded by Ron Stefani to approve the minutes of the May 15, 2018 Scheduled Board Meeting. The motion carried by the following vote:

AYES:	5	Directors:	Cochran, Oania, Stefani, Melgoza and Montejano
NOES:	0	Directors:	
ABSENT/NOT			
PARTICIPATING:	0	Directors:	

Consent Calendar accepted as presented

CORRESPONDENCE:

1. None

Correspondence Calendar accepted as presented

INFORMATIONAL ITEMS:

1. Monterey County Elections, November 6, 2108 – General Election Calendar
2. ACWA – Proposed drinking water tax issue heating up with statewide media coverage
3. Los Angeles Times – California moves closer to crafting specific water caps for urban districts
4. The Monterey Herald – John Narigi: Environmental report shows desal won't harm groundwater
5. Water. Desalination & Reuse Magazine – DeepWater Desal drives to overturn Monterey County ownership rule

Informational items accepted as presented

PRESENTATIONS:

1. None

NEW BUSINESS:

1. Message on May 2018 water bills that Castroville CSD 2017 Annual Water Quality Report is now available and posted on the District's website: www.Castrovillecsd.org/files/127877495.pdf - General Manager Eric Tynan informed the Board that water customers have been notified that the "2017 Annual Water Quality Report" is available and posted on the District website. It has also been submitted and accepted by the State Water Resources Control Board-Division of Drinking Water.

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2. Status of Well #3 and consider exploring prospective sites for a new well – General Manager Eric Tynan reported to the Board that last month, on the 17th of May, Monterey Bay Analytical Services notified the District that the chloride levels had jumped to 733 Mg/L. This level is past the secondary standard MCL of 500 Mg/L. The District immediately notified the State Water Resources Control Board-Division of Drinking Water of the chloride levels, which ordered the well be put on standby status and to only be used in a water emergency shortage. A subsequent test showed that the chloride levels had dropped to 526 Mg/L after the well had been running for a few minutes. Well #3 provides about 22% of Castroville CSD's water supply. Well #3 was sleeved in 2009 and the chloride levels dropped from over 500 Mg/L to the low 300's before slowly rising again to finally exceed the secondary limit of 500 Mg/L. Well #2 was also sleeved in 2006 and its chloride levels dropped from over 500 Mg/L to 63 Mg/L and have stayed there. The District will need to have Well #3 investigated using a video and sampling meter to determine one of four responses:
- The sea water could be coming from a hole in the blank casing below the K-packs that seal off the upper perforations. The hole in the casing would need to be sealed off.
 - The K-packers could be leaking and need to be re-installed. Will need to pull the sleeve and re-install K-Packers.
 - The seawater intrusion has migrated down below to the lower screens and will then need to consider Reverse Osmosis (in discussion with Monterey 1 Water for brine disposal).
 - Consider destroying Well #3 and drill new well at either the lot next to Well #4 or at the end of Ocean Mist Parkway.

CCSD is in discussion with Ocean Mist and Ausonio Properties for options on a potential well site location. The District will also be contracting with Maggiora Brothers and Newman Well Survey for further investigation of Well #3. In addition, on the 18th of May the District applied for an emergency grant from the United States Department of Agriculture (USDA).

3. Approve "Castroville Community Services District Investment and Deposit Policy" for fiscal year 2018/2019 – The Board approves this policy annually, which can be viewed on pages 22-26 of the board packet. A motion is made by Glenn Oania and seconded by Ron Stefani to approve "Castroville Community Services District Investment and Deposit Policy" for fiscal year 2018/2019. The motion carried by the following vote:

AYES:	5	Directors:	Cochran, Oania, Stefani, Melgoza and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	

4. The Board will take action to designate Eric Tynan, General Manager as labor negotiator for all employees for the District for purpose of (Gov. Code Sec. 54957.6) - After some discussion, a motion is made by Glenn Oania and seconded by Ron Stefani to designate General Manager Eric Tynan as labor negotiator for all employees for the District for purpose of (Gove. Code Sec. 54957.6). The motion carried by the following vote:

AYES:	5	Directors:	Cochran, Oania, Stefani, Melgoza and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	

UNFINISHED BUSINESS:

1. Resolution No. 18-3 Adopting the District Budget for FY 2018/2019 for Water (Castroville Zone 1), Sewer and Governmental (Castroville Zone 1), Sewer and Governmental (Moro Cojo, NMCHS, Monte Del Lago Mobile Park Zone 2) and Sewer (Moss Landing Zone 3) and the 5 year CIP.
- Recommendation of the Budget & Personnel Committee (Directors: James Cochran and Glenn Oania) to consider along with the annual income and operating budget for fiscal year 2018/2019:

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- Extended recreational services with North County Recreation & Park District (\$118,000)
- Includes Zone 1, water rate increases per summary of Ordinance No. 66, adopted January 2016
- Includes Zone 2, sewer rate increases per summary of Ordinance No. 67, adopted July 2016
- Three (3%) percent salary increases for all eligible District staff
- Capital Improvement Projects

The Board reviewed and discussed the final budget presented for FY 2018/2019 for Water (Castroville Zone 1), Sewer and Governmental (Castroville Zone 1), Sewer and Governmental (Moro Cojo, NMCHS, Monte Del Lago Mobile Park Zone 2) and Sewer (Moss Landing Zone 3) and the 5 year CIP. Resolution No. 18-3, the District Budgets for FY2018/2019, 5 Year CIP and supporting documentation can be viewed on pages 27-63 of the board packet. A motion is made by Glenn Oania and seconded by James Cochran to approve Resolution No. 18-3 Adopting the District Budget for FY 2018/2019 for Water (Castroville Zone 1), Sewer and Governmental (Castroville Zone 1), Sewer and Governmental (Moro Cojo, NMCHS, Monte Del Lago Mobile Park Zone 2) and Sewer (Moss Landing Zone 3), the 5 year CIP and a 3% percent salary increase for all eligible District Staff. The motion carried by the following vote:

AYES:	5	Directors:	Cochran, Oania, Stefani, Melgoza and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	

2. Update on approving intervention as a party in CPUC proceeding A. 1201-19 – General Manager Eric Tynan reported to the Board that the Castroville CSD submitted a motion for party status in the application of California-American Water Company (U210W) for approval of the Monterey Water Supply Project to Public Utilities Commission. The application was returned with comments and District Legal Counsel Lloyd Lowrey has done the revisions but is waiting to have other counsel also have a final look at it before it is resubmitted. He stated that he has been reluctant to get involved at this time since the main purpose for Castroville CSD to get involved is to have the ability to participate in the meetings and it appears no meetings are being held at this time. He believes the point of views of Castroville CSD are being adequately represented as he has read the briefs that are being filed on behalf of the Monterey County Water Resources Agency, Farm Bureau and the business community over on the Peninsula. They are all aligned with giving a Certificate of Public Convenience and Necessity (CPCN) to Cal Am for their desal project. The question is will the CPUC hold up this project and not give them the CPCN so they can study these alternatives of water sources instead. To get involved at this time would cost the District a lot of money, time and resources. If and when they start these meetings again, it would then be an appropriate time for Castroville CSD to jump in as he does not want to spend the District's money needlessly. **(NCRPD General Manager Judy Burditt arrives at 4:52 p.m.)**
3. Update on the Local Groundwater Sustainability Agency (GSA) – Director Ron Stefani informed the Board that the GSA has been meeting regularly. They hired a consultant to develop a funding plan for the agency, which is the number one priority. The agency folds up at the end of next fiscal year if there is not a funding source in place. The GSA plan is due in 2020 and per the state each individual basin has to have it own specific plan. There are eight basins. The plan will go in for each basin and will then try to do an over arching plan. The over arching plan connects everything together, which is leading to discussion that everyone up and down the river will have to pay for the improvements.
4. 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 - General Manager Eric Tynan reported to the Board that Castroville CSD submitted a grant application for Prop 1 funding to the State Water Resource Control Board for the Moss Landing Sewer Zone 3. The medium household income study (MHI) notices were mailed out last week since a new study was required. The District is waiting to complete the income survey for Moss Landing and confirm Disadvantage Community status. *Castroville CSD is aggressively pursuing funding for its critical infrastructure and funding program.* Current funding efforts: Moss Landing sewer system improvements, Castroville emergency well replacement, Castroville water supply improvements and Castroville wastewater improvements. Funding update submitted by Gutierrez Consultants can be viewed on pages 64-67 of board packet.

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5. Update on radio system upgrades for water and sewer systems for \$15,956 and have contractor install – General Manager Eric Tynan notified the Board that the equipment (radio system upgrades) for water and sewer systems are being programmed by the contractor Mike Brigham with Life Control Systems. The District is still waiting for the radios to be installed with ethernet technology.
6. Update on Moss Landing Sewer Allocation Plan – General Manger Eric Tynan let the Board know that he attended a meeting on May 23, 2018 at 3 p.m. with the Moss Landing Harbor District at their office to further discuss the 2013 Sewer Allocation Plan. He was also accompanied by District Legal Counsel Lloyd Lowrey and Directors Ron Stefani and James Cochran at this meeting. Representatives from Monterey One Water were also at this meeting. The Moss Landing Harbor District legal counsel brought up the question of California Environmental Quality Act (CEQA) for the first time, although, they have been in multiple meetings to address this concern sooner. District Legal Counsel Lloyd Lowrey is drafting a letter to address the Moss Landing Harbor District's concerns regarding CEQA. As of today, Castroville CSD has not received any further feedback from the Moss Landing Harbor District since the meeting. Per District Legal Counsel Lloyd Lowrey the question that the Moss Landing Harbor District's legal counsel raised is about compliance with the California Environmental Quality Act and whether there should have been an initial study done, then a mitigated negative declaration to change the allocation. The Board of Supervisors did not do that when they got the allocation in the first place. There is an argument that can be made when you do something that could potentially have a physical affect on the environment, which changing an allocation plan could, then you should go through the CEQA process. There are also provisions and exemptions to CEQA that say when you are doing regulatory actions there is an exemption for regulatory actions. The District adopted the change to the sewer allocation plan with full public notice and everybody knew about it and nobody objected. There is a statue of limitations for challenging on the basis of not complying with CEQA, which was a long time ago. The question would be whether a "can and will serve letter" would require each "can and will serve letter" to comply with CEQA. The difference is that a "can and will serve letter" in this context only tells the responsible agency, like the county or the city giving the right to develop (giving development approval). It just tells them that the water supplier or supplier of services; sewer or water has the capacity and are reserving that capacity until they make their planning decision. They are not being given anything. They do not have a vested right to anything when they are provided with a "can and will serve letter". When they acquire the development approval and pay the connection fee, that's when they have the right. The "can and will letter" states they must acquire County approval. The County does the CEQA analysis. This District is not doing anything or making a decision that requires the environmental analysis. Castroville CSD will provide Moss Landing Harbor District a thoughtful reply to their questions and concerns.
7. Update on North County Recreation and Park District tax measure (NCRPD) – NCRPD General Manager Judy Burditt reported to the Board that the district contracted with EMC Research to do some public outreach in a survey that has been mailed out. The survey asks what the public thinks about recreation and a tax measure. She will report the results of this survey to her board at the 2nd of July board meeting. The results of this survey should let them know how much support they will receive from the community. She has also spoken to people in the community who appear to be positive about supporting the NCRPD. She is feeling confident about the results of this survey and in addition Proposition 68 just passed on the June 2018 ballot providing monies for park services.

CLOSED SESSION: 5:09 p.m.

1. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION
Pending litigation pursuant to Government Code Section 54956.9: One case. Kathryn Parish, Trustee of the John & Irene Duran Family Trust, Plaintiff v. Castroville Community Services District; and Does 1 to 100 Inclusive, Defendants. Monterey County Superior Curt Case No. 18CV00213.
2. Pursuant to Government Code Section. 54957, Public Employee Performance evaluation, Title: General Manager

ANNOUNCEMENT OF CLOSED SESSION ITEM: (if applicable) **5:16 p.m.:** The board will reconvene into open session prior to adjournment and shall announce any action taken during the closed session. The Board met with District Legal Counsel Lowrey and there was no action taken since the case has been dismissed as of May 17, 2018 without prejudice. The Board also conducted the evaluation of the General Manager in closed session.

NEW BUSINESS CONTINUED:

5. Consider approving the General Manager's contract for another three years as it is due to expire on June 30, 2018 – The Board reviewed the General Manager Employment Contract between J. Eric Tynan and the Castroville CSD, which is the current contract in place. It can be viewed on pages 29-35 of the board packet. A motion was made by Glenn Oania and seconded by James Cochran to renew the contract as follows: effective July 1, 2018 the contract is for three years and will expire on June 30, 2021, it includes a 3% percent salary increase and the annual salary will be 149,235.87, amend section 2. Compensation, (1) second sentence, delete the words "at the same rate of annual CPI increases received by the other CCSD employees" of the employment contract. The motion carried by the following vote:

AYES:	5	Directors:	Cochran, Oania, Stefani, Melgoza and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	

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 Monterey One Water board meeting – Director Ron Stefani provided the Board with a Pure Water Monterey update and stated that the PUC is not responding. He feels the Cal Am Desal Project has the edge right now with the PUC and they are leaning more towards a permanent water solution.
2. Update on meetings/an educational class attended by the Directors – Director Ron Stefani and General Manager Eric Tynan attend a UC Santa Cruz study by PhD students studying the valley. They were very interested in disadvantaged communities such as issues with water, farming and nitrates.

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 Issue
 - 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 – May 2018. 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:	5	Directors:	Cochran, Oania, Stefani, Melgoza and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	

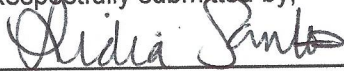
There being no further business, a motion was made by Adriana Melgoza and seconded by Glenn Oania to adjourn to the next scheduled Board meeting; the motion carried by the following vote:

AYES:	5	Directors:	Cochran, Oania, Stefani, Melgoza and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	

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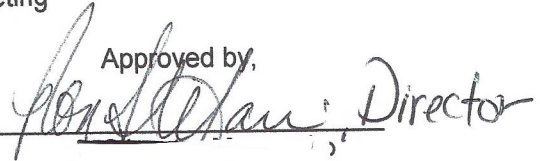
The meeting adjourned at 5:47 p.m. until the next scheduled meeting

Respectfully submitted by,



Lidia Santos
Secretary to the Board

Approved by,



Director