

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT
February 20, 2018

President Silvestre Montejano called the meeting to order at 4:31 p.m.

ROLL CALL:

Directors Present: President Silvestre Montejano, Director Glenn Oania, and Director Ron Stefani

Absent: Vice President Adriana Melgoza and Director James Cochran

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present:

Guest: Grant T. Leonard and Sally Chiids

PLEDGE OF ALLEGIANCE

At the request of President Silvestre Montejano, Director Glenn Oania led the Pledge of Allegiance.

PUBLIC COMMENTS

1. None

CONSENT CALENDAR

1. A motion was made by Glenn Oania and seconded by Ron Stefani to approve the minutes of the January 16, 2018 Scheduled Board Meeting. The motion carried by the following vote:

AYES: 3 Directors: Oania, Stefani and Montejano

NOES: 0 Directors:

ABSENT/NOT

PARTICIPATING: 2 Directors: Melgoza and Cochran

Consent Calendar accepted as presented

CORRESPONDENCE:

1. Letter from Castroville CSD General Manager Eric Tynan to The Monterey County Herald on why North Monterey County needs desal.
2. Via E-Mail from Norman C. Groot, Executive Director of the Farm Bureau Monterey to the following agencies: Monterey Peninsula Water Management District, One Water, City of Pacific Grove and Monterey County Water Resources Agency.

Correspondence Calendar accepted as presented

INFORMATIONAL ITEMS:

1. *The Monterey Herald* – Bruce Delgado: Cal Am's proposed desal plant bad idea and bad for Marina
2. *MCWD* – MCWD & Desalination
3. *The Monterey Herald* – NOAA investigating massive sewage spill into Monterey Bay
4. *The Monterey Herald* – Cal Am, county win appeal over Marina Coast on regional desal project legal costs
5. *The Monterey Herald* – CPUC judge ask for final arguments on pursuing alternatives to desal
6. Well permit application activities update by Monterey County Water Resources Agency
7. *The Monterey Herald* – Farm Bureau declares opposition to proposed Salinas Valley new wells moratorium

Informational items accepted as presented

PRESENTATIONS:

1. None

NEW BUSINESS:

1. Consider amending Castroville CSD Employee Handbook to include Section 19, Employee Awards Program – General Manager Eric Tynan requested the board consider amending the Castroville CSD Employee Handbook to include Section 19, Employee Awards Program, which can be viewed on page 27 of this board packet. It includes Section 19.0 Employee Awards Program and 19.1 Retiree Recognition Program. Many districts already have this policy and it would be a nice way to recognize employee's long-term service contribution to CCSD. Each employee completing five (5) years of service and additional (5) year increments, thereafter will receive a gift certificate and recognition item. For Section 19.1 Retiree Recognition Program, in order to recognize the years of service to CCSD, employees with twenty (20) years or more of employment, will upon retirement, receive fifty (\$50), after taxes for each year of service. A motion is made by Ron Stefani and seconded by Glenn Oania. The motion carried by the following vote:

AYES:	3	Directors:	Oania, Stefani and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	2	Directors:	Melgoza and Cochran

2. Recognize Roberto Galvez, employee's long-term service contribution of 20 years to Castroville CSD – General Manager Eric Tynan informed the Board that Mr. Galvez had to leave early today. A motion it made by Ron Stefani and seconded by Glenn Oania to table this item to the next regularly scheduled board meeting, March 20, 2018. The motion carried by the following vote:

AYES:	3	Directors:	Oania, Stefani and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	2	Directors:	Melgoza and Cochran

3. Election of one regular Special District Representative to Local Agency Formation Commission of Monterey County (LAFCO) – The Board reviewed the official ballot of the independent special district selection committee. After reviewing the nomination forms with the list of candidates: (Herbert Cortez, Marina Coast Water District); (Mary Ann Leffel, Monterey Regional Airport District); (Grant Leonard, North Monterey County Recreation and Park District) and (Graig Stephens, Soledad Community Health Care District), a motion is made by Glenn Oania and seconded by Ron Stefani to vote for Grant Leonard (North Monterey County Recreation and Park District). The motion carried by the following vote:

AYES:	3	Directors:	Oania, Stefani and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	2	Directors:	Melgoza and Cochran

Mr. Leonard thanked the Board for their support.

UNFINISHED BUSINESS:

1. Consider approving intervention as a party in CPUC proceeding A. 1201-19 – District Legal Counsel Lloyd Lowrey reminded the Board that the parties to these proceedings are involved in ongoing series of settlement negotiation with a hired facilitator. After the first meeting, the facilitator notified the District and other people there that only participants that are actual parties to the Public Utilities proceeding could participate from that time forward in the settlement conversation. At last month's board meeting the Castroville CSD at this point considered this information and determined that it tentatively would look at intervening in the proceeding but waited depending on what would happen with potential further evidentiary hearings. All the evidentiary hearings regarding the desal plant have been held, however, Marina Coast Water District and other parties have requested that they reopen it and hold more evidentiary hearings on alternative water supply, primarily recycled water from the regional plant. At this last meeting this request was not approved. It was decided to hold a further hearing to decide if there should be more hearings and this meeting is suppose to take place in April. In the meantime they gave a

hint they would approve the current deal application. Per Director Ron Stefani he referenced the newspaper article by Jim Johnson, *Monterey Herald* "CPUC judges ask for final arguments on pursuing alternatives to desal" on page 20 of this board packet provided information on the hearing dates. CPUC judges set a February 22 deadline for the parties to the Cal Am desal project proceeding to submit a joint statement outlining the various arguments for establishing a new Phase 3 process to consider water supply project alternatives, such as a Pure Water Monterey recycled water project expansion, in case Cal Am's oft-delayed desal proposal encounters further difficulties. The CPUC judges also set a February 27 status conference to allow the parties to make their arguments. Per District Legal Counsel Lloyd Lowrey a reason Castroville CSD should consider to intervene at this time is that it would enable the district to participate earlier in the settlement meetings. There are principal reasons for not intervening in the past. One reason is that it is a very time consuming and expensive process to be involved in a Public Utilities Commission proceeding. Another reason is that it has appeared in the past there are various organizations that are parties essentially supporting Castroville CSD's interest. The Water Purchase agreement to accept water with Cal AM, already had Cal Am championing for the desal project with support of the Farm Bureau, MCWRA, City of Salinas and the business interest in the peninsula. Now, there is a potential of Castroville CSD adding its voice as a unique perspective because Castroville CSD is one of the last entities at the end of the water chain on this side and the first ones to be affected along with Marina Coast Water District for getting seawater intrusion into its water supply. Both districts have a similar interest in being heard on that point. Those are some of the competing issues of amount of resource and time it takes to be involved in this versus having an opportunity to participate in the process of reaching a solution. Mr. Lowrey stated he had already disclosed this information to General Manager Eric Tynan and will now disclose it to the Board. His firm and he had represented Marina Coast Water District in what was then the Regional Desalination project, which went belly up for a variety of reasons. The follow-up to that is the current Monterey Peninsula Water Supply Project, which is currently part of Public Utility Commission proceeding. The other project started in 2004 and marched along until 2012. This current project started in 2012. Marina Coast Water District has been represented by a law firm in San Francisco. The principal attorney is Mark Folgeman who has been doing that representation. Noland, Hamerly, Etienne & Hoss Attorneys at Law was general counsel for Marina Coast Water District during 2004-2012 time frames and ceased being general counsel on October 2012 and they have not represented Marina Coast Water District in those proceedings, particularly the current proceeding since then. There is a potential question that can be raised whether or not Noland, Hamerly, Etienne & Hoss Attorneys at Law would have a conflict. They have attended various meeting without this question being raised. Still, there is a possibility that someone might complain and Castroville CSD may need to have a conflict counsel to represent them in the Public Utility Commission. A motion is made by Ron Stefani and seconded by Glenn Oania approving intervention as a party in California Public Utility Commission proceedings A. 12-04-19. The motion carried by the following vote:

AYES:	3	Directors:	Oania, Stefani and Montejano
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	2	Directors:	Melgoza and Cochran

2. Update on levels for Well #2, #3 #4 and #5 – General Manager Eric Tynan informed the Board of the well level. The current well levels as of February 1, 2018 were as follows: Well #2 is currently at -7.4 feet below sea level and January 1, 2018 it was -8. Well #3 is currently at -24.4 feet below sea level and January 1, 2018 it was -19 and Well #4 is at -33 feet below sea level and January 1, 2018 it was -23 feet below sea level. Well #5 is currently at -31 feet below sea level and January 1, 2018 it was a -35. The graph shows Well #2, #3 and #4 in the 400 foot aquifer are starting to drop. The deep Well #5 is flat lining, affected by water mining and it is not getting recharged, which can be a problem. A graph of the well trends for the months January 2016 through February 2018 can be viewed on page 37 of the board packet. General Manager Eric Tynan stated that the District should be pushing hard for the desal project that Cal Am wants to build.

3. Update on the Local Groundwater Sustainability Agency (GSA) Formation and Alternate Director for the Small Water System/Disadvantaged Community Seat on the Board of Directors for the Salinas Valley GSA – Director Ron Stefani informed the Board that they will be having another meeting this Thursday. They have been evaluating consultants so they may select one to develop a plan as this plan is going to be a big factor. As mentioned at last month's board meeting, the plan has to be approved and sent into the State by 2020. The State does not have to reply until 2022 and it is anticipated that there will be a lot

of back and forth to make sure the plan is up to the State's standards. Therefore, it is looking like 2023 before the plan is approved.

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 to the State Water Resource Control Board for Moss Landing Sewer Zone 3 and a response should have been received by mid January on the status of the application but there is still no update. He will follow-up with Lidia Gutierrez the consultant assisting the district with the grants. As mentioned before, he is holding off on grant applications for Castroville-Sewer Zone1 and Castroville-Water Zone 1 since plans are being developed. He would first like to get Moss Landing-Sewer Zone 1 done. It also will give the District more time to see what will happen with the Cal Am desal project. If the project moves forward this would determine if the District will be paying for a desal pipeline/tanks or if falls through a new well or deep well. These are two different projects for Castroville CSD and until it is clear which direction will be taken, the District should not invest a lot of time or money into these projects.
5. Update on 630,000 gallon Welded Steel Tank Painting Project – General Manager Eric Tynan informed the Board that the contractor Quality Painting & Maintenance will start the project in three weeks. There is also a little more sea corrosion on the ladder than anticipated, which will require additional work. The contractor will submit a quote for this task.
6. 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 he has purchased the equipment (radio system upgrades) for water and sewer systems for \$15,956. The contractor he has selected to do the upgrades, Mike Brigham with Life Support Controls LLC just returned from being out of town due to a family emergency.
7. Update on North County Recreation and Park District tax measure and 2nd quarter (October-December 2017) reports on extended recreation services activities – General Manager Eric Tynan had NCRPD President Grant Leonard provide an update since he was present at this meeting. Mr. Leonard stated that they are currently working on acquiring donations to start a campaign to see if the public will support a tax measure. The 2nd quarter (October-December 2017) reports on extended recreation services activities have been submitted for the Castroville CSD Board to review and are on pages 38-40 of this board packet.

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 reported to the Board that the January 2018 meeting the main topic of discussion was the sewage spill into Monterey Bay. The spill occurred due to an electrical failure on a PLC card. They have installed transducers and consultants have been hired to evaluate what went wrong and what procedures need to be put in place for Monterey One Water to prevent an incident like this from occurring again.
2. Update on meetings/an educational class attended by the Directors – Directors Silvestre Montejano and Glenn Oania announced they both completed AB 123 Ethics training and Sexual Harassment course as required by elected officials.

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 – January 2018. A motion was made by Glenn Oania and seconded by Ron Stefani to pay all bills presented. The motion carried by the following vote:

AYES:	3	Directors:	Oania, Stefani and Montejano
NOES:	0	Directors:	
ABSENT/NOT			
PARTICIPATING:	2	Directors:	Melgoza and Cochran

CLOSED SESSION: The Board went into closed session at 5:15 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.

ANNOUNCEMENT OF CLOSED SESSION ITEM: (if applicable):

The board will reconvene into open session prior to adjournment and shall announce any action taken during the closed session. **The Board returned to open session at 5:21 p.m. The Board conferred with District Legal Counsel Lloyd Lowrey and no action was taken.**

The Board returned to the regular order of business, New Business

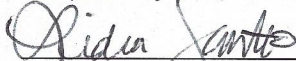
CLOSE:

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

AYES:	3	Directors:	Oania, Stefani and Montejano
NOES:	0	Directors:	
ABSENT/NOT			
PARTICIPATING:	2	Directors:	Melgoza and Cochran

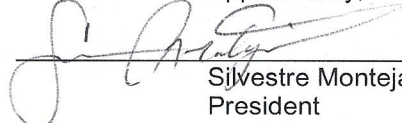
The meeting adjourned at 5:22 p.m. until the next scheduled meeting

Respectfully submitted by,



Lidia Santos
Secretary to the Board

Approved by,



Silvestre Montejano
President