

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT
November 21, 2017

President Ron Stefani called the meeting to order at 4:30 p.m.

ROLL CALL:

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

Absent:

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present:

Guest: Gary Porter and Grant T. Leonard

PLEDGE OF ALLEGIANCE

At the request of President Ron Stefani, Director Adriana Melgoza led the Pledge of Allegiance.

PUBLIC COMMENTS

1. President Ron Stefani called for Public Comments – none received

CONSENT CALENDAR

1. A motion was made by Adriana Melgoza and seconded by Glenn Oania to approve the minutes of the October 17, 2017 Scheduled Board Meeting. The motion carried by the following vote:

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

Consent Calendar accepted as presented

CORRESPONDENCE:

1. Letter to Monterey One Water informing them Director James Cochran was appointed as the alternate representative to the Monterey One Water Board of Directors seat for Castroville and replacing General Manager J. Eric Tynan effective December 1, 2017.

Correspondence Calendar accepted as presented

INFORMATIONAL ITEMS:

1. ACWA JPIA, Vol. 38, No. 5 – No rate increases for the Liability Program renewal
2. *The Monterey County Weekly* – Basin Invasion, New maps show seawater has continued creeping inland, threatening water supply
3. *The Monterey Herald* – Moratorium on new Salinas Valley wells advised
4. *The Monterey Herald* – Pure Water Monterey, Marina Coast alternative water supply proposals get attention
5. California American Water's DWR 2017 Water Desalination Grant Proposal (Castroville pipeline attachment 14) on the Monterey Peninsula Water Supply Project benefits
6. *The Monterey Herald* – Officials discuss how to handle looming water supply problems
7. *Monterey County Weekly* – A picture of seawater intrusion in Marina's aquifers is unveiled

Informational items accepted as presented

District Legal Counsel Lloyd Lowrey arrives at 4:34 p.m.

PRESENTATIONS:

1. Hinricher, Douglas & Porter LLP, Certified Public Accountants to present audit report for fiscal year ended June 30, 2017 – Castroville CSD’s annual financial audit was recently completed and presented to the Board of Directors by Certified Public Accountant Gary Porter with Hinricher, Douglas & Porter, LLP. 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 asked if the Board had any questions or concerns regarding the audit report. Since there were no questions, he reminded the board that as of 2015-2016 the audit report now reflects the net pension liability. 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. He also informed the Board that his firm tested the cash receipts, accounts receivable, accounts payable, payroll and reviewed banks statements as part of internal controls. They selected transactions at random to review and found no such indications of errors or fraud. Mr. Porter stated that there is a perennial matter that he is required to mention every year to Castroville CSD and one he also addresses to various boards which is the lack of segregation of duties. This is typical of organizations that have less than 6 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 if 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. Mr. Porter also wanted to thank Castroville CSD staff for always being very cooperative and having all the data ready for them to view when they arrive to the District to conduct the annual audit. By having all the information so well organized, the annual audit saves the district about 50% in audit fees.

NEW BUSINESS:

1. Resolution No. 17-7, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2017, as Prepared by Hinricher, Douglas & Porter, Certified Public Accountants – Following the presentation of the audit and discussion, a motion is made by Glenn Oania and seconded by Silvestre Montejano to approve Resolution No. 17-7, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2017 as prepared by Hinricher, Douglas & Porter, Certified Public Accountants. The motion carried by the following vote:

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

2. Resolution No. 17-8, Authorizing A Financial Assistance Application for Enhancement of Existing Castroville Water Infrastructure – General Manager Eric Tynan informed the Board that by approving Resolution No. 17-8, the Board hereby designates the District’s General Manager as the District’s “Authorized Representative”, and directs the General Manager to prepare, sign and file, for and on behalf of the District, a grant application to the California Department of Water Resources under the 2017 Sustainable Groundwater Planning Grant Program pursuant to the Water Quality Supply, and Infrastructure Improvement Act of 2014. District Legal Counsel Lloyd Lowrey stated if the Monterey Peninsula Water Supply Project (MPWSP) goes sideways, this Resolution No. 17-8 will need to be amended to focus on the deep well. A motion is made by Glenn Oania and seconded by Adriana Melgoza to approve Resolution No. 17-8, Authorizing A Financial Assistance Application for Enhancement of Existing Castroville Water Infrastructure. The motion carried by the following vote:

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

3. Award bid for 630,000 gallon Welded Steel Tank Painting Project – General Manager Eric Tynan reported to the Board that President Ron Stefani and Director Glenn Oania were both present for the bid opening on the 14th of November at 2:00 p.m. in the District board room. There were a total of seven contractors that submitted a bid. A list of the bidder's can be viewed on page 27 of the board packet. The lowest bidder at \$45,000 was Quality Painting & Maintenance. He recommended the Board award the bid to Quality Painting and Maintenance. All their documentation has been checked and is in order. Furthermore, the good news is that this project came in a lot lower than budgeted. The District had budgeted 200k for this project for fiscal year 2017/2018 anticipating more work needed to be done such as stripping the whole tank. A motion is made by Adriana Melgoza and seconded by Glenn Oania to award the bid for 630,000 gallon Welded Tank Painting Project to Quality Painting & Maintenance; not to exceed \$45,000. The motion carried by the following vote:

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

4. Accept Castroville CSD Moss Landing Sewer System Risk Assessment prepared by Akel Engineering Group, Inc. – General Manager Eric Tynan presented for Board approval the Moss Landing Sewer Risk Assessment prepared by Akel Engineering. This study is the foundation for applying for 3 million in grants for the Moss Landing Sewer System. General Manager Eric Tynan and the Board all concurred that Akel Engineering Group Inc. did a great job in submitting the evaluating documentation for the Moss Landing Sewer System Risk Assessment. A motion is made by Silvestre Montejano and seconded by Glenn Oania to accept the Castroville CSD Moss Landing Sewer System Risk Assessment prepared by Akel Engineering Group, Inc. The motion carried by the following vote:

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

5. Discuss purchase of radio upgrades for water and sewer systems for \$15,956 and have contractor install – General Manager Eric Tynan let the Board know that the radios for all the systems are becoming outdated and the District needs to think about upgrading them soon. The new radios respond by Ethernet and the current radios by radio waves which is not as effective. Down the road the base unit will also need to be replaced as well. He will start working on getting this equipment purchased and installed.
6. Report on California-Nevada Section, AWWA Annual Fall Conference 2017, October 23-26, 2017, Reno, NV – General Manager Eric Tynan provided the board with a summary of all the classes he attended for this conference which had to do with the water industry. He found the conference to be very beneficial and in addition he also will acquire contact hours needed for his water certifications.

UNFINISHED BUSINESS:

1. Update on levels for Well #2, #3 #4 and #5 – General Manager Eric Tynan informed the Board on the current well levels as of November 1, 2017 were as follows: Well #2 is currently at -12.6 feet below sea level and October 1, 2017 it was -15.9 feet below sea level. Well #3 is currently at -34.5 feet below sea level and October 1, 2017 it was -45.5 feet below sea level, and Well #4 is at -50.9 feet below sea level and October 1, 2017 it was -60.7 feet below sea level. Well #5 is currently at -35 feet below sea level and October 1, 2017 it was -34.5. A graph of the well trends for the months August 2015 through November 2017 can be viewed on page 29 of the board packet. General Manager Eric Tynan stated that all the well levels except for Well #5 are rising again. Well #5 is the deeper well and not recharging as quickly as the other wells are.

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2. 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 – President Ron Stefani informed the Board that they hired a consultant to seek 1.5 million in grant funding with the state. They are also trying to clarify jurisdictional disputes with Marina Coast Water District and Greenfield.
3. 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 let the Board know that the grant application was resubmitted to the State Water Resource Control Board by Castroville CSD. It had previously been returned for the reason that it was not in the specific format that they wanted. General Manager Eric Tynan reminded the Board that the District is having Lidia Gutierrez with Gutierrez Consultants assist with the grant application and she is doing a great job. Castroville CSD should be notified regarding the outcome of the application by the State Water Resources Control Board in December.
4. Second reading of Ordinance No. 68 An Ordinance to Enforce Separate Metering or Sub Metering of Individual Units in Multi-Unit Structures – President Ron Stefani introduced and waived the second reading of Ordinance No. 68 an Ordinance to Enforce Separate Metering or Sub Metering of Individual Units in Multi-Unit Structures. Ordinance No. 68 can be viewed on pages 30-33 of the board packet. General Manager Eric Tynan informed the Board that Ordinance No. 59 requires that individual units in multi-unit building or structures be separately metered, while allowing sub metering in certain circumstances, to encourage water conservation and the efficient use of water. However, Ordinance No. 59 did not have any penalties if these policies were not followed and Ordinance No. 68 does enforce penalties. A motion is made by Glenn Oania and seconded by James Cochran to approve the second reading of Ordinance No. 68 An Ordinance to Enforce Separate Metering or Sub Metering of Individual Units in Multi-Unit Structures. The motion carried by the following vote:

AYES:	5	Directors:	Montejano, Melgoza, Oania, Cochran and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	
5. Paul W. Davis, AIA Architect with The Paul Davis Partnership request on behalf of the Housing Authority to continue with master meters for the new construction of all their apartments – General Manager Eric Tynan reminded the Board that at last month’s board meeting Starla Warren, President/CEO and Carolina Sahgun, Senior Community Development Planner with the Monterey County Housing Authority Development Corporation were present and had addressed the board on this matter and that they would prefer sub metering individual units in these multi-unit structures and will not have a problem reporting the water use to Castroville CSD. A motion is made by Glenn Oania and seconded by James Cochran to approve their request for sub metering individual units in these multi-unit structures. The motion carried by the following vote:

AYES:	5	Directors:	Montejano, Melgoza, Oania, Cochran and Stefani
NOES:	0	Directors:	
ABSENT/NOT PARTICIPATING:	0	Directors:	
6. Update on North County Recreation and Park District (NCRPD) tax measure and 4th quarter (April-June 2016/2017) and 1st quarter (July-September 2017/2018) reports on extended recreation services activities – General Manager Eric Tynan had NCRPD President Grant T. Leonard update the Board since he was present at this meeting. Mr. Leonard informed the Board that the NCRPD is currently installing new security cameras on their properties and putting an improved playground in Moro Cojo. They are also getting ready for the snow play date in December which is a big hit with the kids. The 4th and 1st quarter Income and Expense for NCRPD for extended recreation can also be viewed on pages 34-37 of the board packet. There is no current activity on the tax measure at this time.

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 – President Ron Stefani reported to the Board that at this meeting the board approved Amendment 2 to the Cost Sharing Agreement with MPWMD for the Pure Water Monterey Project, subject to nonsubstantive changes approved by legal counsel. This action is subject to agreement by the MPWMD Board at its November 13, 2017 meeting. Also, the Board approved Resolution 2017-33, approving Addendum No. 3 to the Pure Water Monterey Groundwater Replenishment Project EIR, and approving project modifications to provide expanded capacity of the Advanced Water Treatment Facility and Shared use of the Product Water Conveyance Facilities contingent upon approval of an agreement with Marina Coast Water District that establishes a mutually agreeable cost sharing method for AWT Facility capacity and joint pipeline for recycle water conveyance.
2. Update on meetings/an educational class attended by the Directors – Per General Manager Eric Tynan both he and Director James Cochran attended the Moss Landing Community Plan Update regarding sewer allocations. At this meeting Moss Landing Harbor District, President Russ Jefferies stated that the Harbor District would sue the County if the sewer allocation was changed.

District Legal Counsel Lloyd Lowrey requested the board excuse him from the meeting at this time. He left at 5:18 p.m.

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 2017. A motion was made by Glenn Oania and seconded by Adriana Melgoza to pay all bills presented. The motion carried by the following vote:

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

CLOSE:

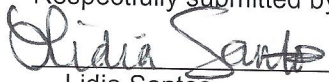
There being no further business, a motion was made by Glenn Oania and seconded by Silvestre Montejano to adjourn to the next scheduled Board meeting; the motion carried by the following vote:

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

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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
President