

**THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT
August 19, 2014**

Vice President Ron Stefani called the meeting to order at 4:32 p.m.

ROLL CALL:

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

Absent: President David Lewis

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present: None

Guest: District Legal Counsel Lloyd Lowrey and Deep Water Desal Management: David Armanasco, Public Relations/Government Affairs; Dennis R. Ing, Chief Financial Officer; James G. Heisinger, General Counsel and Grant Gordon, Chief Operating Officer

PLEDGE OF ALLEGIANCE

Director Silvestre Montejano led those present in 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 July 15, 2014 Regular Board Meeting. The motion carried by the following vote:

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

Consent Calendar accepted as presented

CORRESPONDENCE:

1. Letter from NCRPD General Manager Judy Burditt thanking Castroville CSD for helping renovate Cato Phillips Park.

Correspondence items accepted as presented

INFORMATIONAL ITEMS:

1. *The Salinas Californian* – Plan would ship Salinas water to Monterey Peninsula
2. *Monterey County Weekly* – The fight over unclaimed water
3. *Monterey County Herald* – Clock ticking on recycled water project
4. *The Salinas Californian* – Study: Farmers tap into groundwater reserves
5. *Monterey County Weekly* – Seaside officials ask how Marina Coast will produce their Fort Ord water
6. *California State Water Boards* – State Water Board approves emergency regulation to ensure agencies and state residents increase water conservation
7. *National Geographic News Watch* – Water currents: Ideas and insight about the world of fresh water
8. *California Special District Association, Volume 9, Issue 4* – Ask the Experts

Informational items accepted as presented

PRESENTATIONS:

1. Presentation on DeepWater Desal – The DeepWater Desal management team present were as follows: David Armanasco, Public Relations/Governmental Affairs; Dennis R. Ing, Chief Financial Officer; James G. Heisinger, General Counsel and Grant Gordon, Chief Operating Officer. Mr. Armanasco thanked the board for inviting them back to do another presentation on the DeepWater

Desal project. Along with a PowerPoint presentation, he gave them an overview of the project. Topics addressed where the project location, site layout, financing, cost and schedule. Further information on this project can be obtained at www.deepwaterdesal.com. General Manager Eric Tynan informed the Board that the DeepWater Desal management team did a presentation a few years ago, however during this time the District wells were in great shape. With this ongoing drought, well levels have dropped and the DeepWater Desal project is an option that should be considered. DeepWater Desal General Counsel James G. Hesinger stated that the Castroville CSD can enter into a MOU that is non-bidding. District Legal Counsel Lloyd Lowrey requested that they forward a copy of the MOU to him for further review before it is presented to the Castroville CSD Board. The DeepWater Desal management team answered any questions or concerns the Board had.

UNFINISHED BUSINESS:

1. Update on well levels and drought response – General Manager Eric Tynan informed the Board that Well 3 and Well 4 came up 10 feet. The chloride levels are holding steady. However, Well 2 is 25 feet below sea level and holding steady. Well 3 is 65 feet below sea level and Well 4 is 80 feet below sea level. General Manager Eric Tynan will continue to update the Board on the well levels at the next board meeting.
2. Update on Prop 84: Well 5 (formerly Well 2B) Arsenic Treatment project – General Manager Eric Tynan informed the Board that the pump has been installed and tomorrow at 8:00 am, zone testing will commence at Well 5. He is also working on how to proceed with arsenic remediation for Well 5.
3. Update on mural project for Castroville walkway over Highway 156 – General Manager Eric Tynan reported to the Board that NCRPD General Manager Judy Burditt informed him that she is still waiting to receive approval from Caltrans in order to proceed with the mural project. This project is on hold until approval is acquired from Caltrans.
4. Update on tax measure for North Country Recreation and Park District (NCRPD) – General Manager Eric Tynan stated that NCRPD General Manager Judy Burditt apologized for not submitting an actual expense report on how recreation services funding was allocated for the prior fiscal year end as requested by the Board. In addition, she has lost key staff members, which has put her behind schedule. Eric stated that two meetings have since been held inviting key community members to discuss a tax measure for NCRPD and both meetings had a very low turnout. At the first meeting eight people showed up and at the second only four people. For those that were present, a consensus was not reached at this meeting for a vision statement regarding the tax measure. Another informational meeting has been scheduled for September 8, 2014 at 5:30 p.m. in the Castroville CSD board room.

NEW BUSINESS:

1. Amend Operating Budget for Sewer (Castroville Zone 1) for fiscal year 2014/2015 – General Manager Eric Tynan informed the Board that the budget for Sewer (Castroville Zone 1) that was approved at the July 15, 2014 was the incorrect draft budget presented and approved. The correct budget has been presented today and was previously reviewed by the budget committee. This budget reflects 35 percent of shared expenses that will be allocated to the Sewer (Castroville Zone1) fund. See page 29 of board packet for detailed explanation of how shared expenses will be allocated among the different funds. After some discussion, a motion is made by Betty MacMillan and seconded by Adriana Melgoza to approve the amended Operating Budget for Sewer (Castroville Zone 1) for fiscal year 2014-2015. The motion carried by the following vote:

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

2. Status on the Moss Landing seat that is held with MRWPCA board - General Manager Eric Tynan reported to the Board that President David Lewis, Vice President Ron Stefani, District Legal Counsel Lloyd Lowrey and he met with County Supervisor Lou Calcagno and MRWPCA Representatives to discuss Moss Landing representation on the MRWPCA board. Per Eric, until a resident from Moss

Landing proper is seated on the CCSD Board, representation for the Moss Landing seat with MRWPCA shall be as an ex officio non- voting member of the MRWPCA board. At this point, it appears that per a memo from MRWPCA assistant agency legal counsel, he is recommending that the MLCSD representative not participate as a voting member pending a final decision on continued, permanent representation (memo on page 40 of board packet). Castroville CSD is still fighting to keep the representation for Moss Landing with MRWPCA.

3. Adopt Ordinance No. 63, an Ordinance Concerning Responsibility for Installation and Maintenance of Backwater Overflow Prevention Devices – After some discussion, a motion is made by Betty MacMillan and seconded by Silvestre Montejano to approve and adopt Ordinance No. 63, an Ordinance Concerning Responsibility for Installation and Maintenance of Backwater Overflow Prevention Devices After some discussion, the motion carried by the following vote:

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

4. Adopt Ordinance No. 64, an Ordinance Changing Sewer Connections Fee for Moss Landing (Zone 3) – After some discussion, a motion is made by Silvestre Montejano and seconded by Adriana Melgoza to approve and adopt Ordinance No. 64, an Ordinance Changing Sewer Connections Fee for Moss Landing (Zone 3). The motion carried by the following vote:

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

5. Consider a 5 year water rate increase to prepare for desal supply – General Manager Eric Tynan suggested that the Board consider a 5 year rate increase to prepare for desal supply if this drought continues past December 2014. Currently, Castroville has one of the lowest water rates in Monterey County. The purchase of desal water is more costly than ground water and if a desal supply is needed, this cost would require Castroville CSD to likely double rates for water customers with an increase of 20 percent per year for the next five years. Vice President Ron Stefani stated that Castroville CSD will need to start analyzing possible rate increases but the priority would be to use Castroville CSD wells first.
6. Approve attendance of Castroville CSD Board of Directors to the CSDA Annual Conference, Palm Springs, September 29, 2014 to October 2, 2014 – Vice President Ron Stefani and Director Adriana Melgoza requested to attend the conference. Furthermore, since Vice President Ron Stefani also serves as a representative on the MRWPCA board, MRWPCA will cover half the cost for the conference and the hotel and bill Castroville CSD for the difference. A motion is made by Adriana Melgoza and seconded by Silvestre Montejano to approve the attendance of Directors Ron Stefani and Adriana Melgoza to the CSDA Annual Conference in Palm Springs on September 29, 2014 to October 2, 2014. The motion carried by the following vote:

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

COUNSEL'S REPORT

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 MRWPCA is trying to finalize the agreement with the farmers regarding recycled water ownership in order for Monterey Peninsula Water Management District to continue funding the Ground Water Replenishment Project.
2. Update on Oversight board meeting – Director Ron Stefani stated that the next Oversight board meeting is scheduled for September 2014. Meetings are held quarterly.

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 – July 2014. A motion was made by Adriana Melgoza and seconded by Silvestre Montejano to pass all bills presented. The motion carried by the following vote:

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

ITEMS FOR THE NEXT MONTHS AGENDA: Tuesday, September 16, 2014 at 4:30 p.m.

CLOSE:

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

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

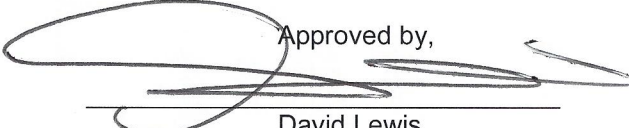
The meeting adjourned at 6:00 p.m. until the next scheduled meeting.

Respectfully submitted by,



Lidia Santos
Secretary to the Board

Approved by,



David Lewis
President