

MINUTES

The regular meeting of the Pajaro/Sunny Mesa Community Services District Board of Directors was called to order at 5:30 pm on February 27, 2025.

ROLL CALL:

President Paul Anderson
Vice President Donald Olsen
Secretary Clinton Miller, arrived at 5:38 pm
Assistant Secretary Sanford Coplin
Treasurer Donald Chesterman

ADMINISTRATIVE STAFF:

General Manager Judy Vazquez-Varela
Operations Manager Sergio Ochoa
Bookkeeper Amy Saldade
Recorder Rocio Fernandez

ABSENT DIRECTOR(S) & STAFF:

None

DISTRICT COUNSEL:

Heidi Quinn, absent

ADDITION(S) TO AGENDA: None

PUBLIC IN ATTENDANCE

Zoom: Margie Kay with Elkhorn Community, Ryan Jensen with Provost & Prichard Consulting Group, Salem Alyafeai with State Water Board DFA

In-person: Julie Grant, resident of Vierra Estates Water System

PUBLIC COMMENTS: None

Action Items

1. Consider and approve the Minutes of January 23, 2025, Regular Board Meeting

No discussion.

The motion was made by Director Coplin and seconded by Director Olsen to approve the Regular Board Meeting Minutes of January 23, 2025. Motion carried.

Roll Call Vote:	Ayes:	P. Anderson; S. Coplin; D. Chesterman
	Noes:	None
	Absent:	C. Miller
	Abstain:	D. Olsen

2. Consider and approve the Minutes of February 4, 2025, Special Board Meeting

No discussion.

The motion was made by Director Olsen and seconded by Director Coplin to approve the Special Board Meeting Minutes of February 4, 2025. Motion carried.

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Roll Call Vote: Ayes: P. Anderson; D. Olsen; S. Coplin; D. Chesterman
 Noes: None
 Absent: C. Miller
 Abstain: None

3. Review and Approve February 2025 Payments

1. General Fund 633: Total of \$0.00
2. Operating Account: Check No. 26083 through Check No. 26121 totaling \$160,997.22
3. Reserve Account: Total of \$825.00
4. Street Maintenance Account: Total of \$1,209.44
5. Pajaro Park Account: Check No. 859 totaling \$9,067.90
6. COP 2010 Account: Total of \$0.00
7. Debt Service Reserve Account: Total of \$0.00

A motion was made by Director Coplin and seconded by Director Chesterman to approve the February 2025 payments. Motion carried.

Roll Call Vote: Ayes: P. Anderson; D. Olsen; C. Miller; S. Coplin; D. Chesterman
 Noes: None
 Absent: None
 Abstain: None

OLD BUSINESS:

1. Review and consider approving the 2023-2024 Audit – Final Draft

The General Manager Vazquez-Varela informed the Board of Directors that there are no substantial changes from the draft.

A motion was made by Director Olsen and seconded by Director Anderson to approve the 2023-2024 Audit – Final Draft. Motion carried.

Roll Call Vote: Ayes: P. Anderson; D. Olsen; C. Miller; S. Coplin; D. Chesterman
 Noes: None
 Absent: None
 Abstain: None

NEW BUSINESS: (Action Items)

1. Review and consider approving financial reports for January 2025

Bookkeeper Saldade reported to the Board of Directors that the Water Revenue of January was 85% of budget projection. In the Indirect Expenses, Salaries and Wages were above

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budget due to annual vacation/sick leave accruals for the new calendar year, combined with year-end payouts. The Building Repair and Maintenance and Office Equipment Repair and Maintenance accounts both saw an increase due to upgraded alarm equipment at the Pajaro yard and District office. The Accounting and Bookkeeping account was over budget because of the final billing for the 2024 Audit and completion of the Financial Transaction Report by Bianchi, Kasavan and Pope.

The Total Expenses were more than the Total Income by \$16,600. January's cash on hand, combining the Operating and Reserve Accounts, was \$1,513,399.

Net Income did not meet the projected monthly budget due to year-end wage payouts and vacation/sick leave accruals combined with the shortfall in water sale revenue.

A motion was made by Director Anderson and seconded by Director Olsen to approve the financial reports for January 2025. Motion carried.

Roll Call Vote: Ayes: P. Anderson; D. Olsen; C. Miller; S. Coplin; D. Chesterman
 Noes: None
 Absent: None
 Abstain: None

2. Review and consider approving Employee Compensation Plan to appoint an Ad Hoc Committee to complete an update to the Compensation Study

General Manager Vazquez-Varela reported that our current compensation schedule is on the last step and would like to set up a committee to complete the update to the 2020 Compensation Study. She reached out to Deloach and Associates but he has not responded, it is believed that he has retired. Both Director Coplin and Olsen volunteered to be part of the committee. Director Chesterman would like to have the update done by Deloach but since he has not responded it is okay with the committee and is available to assist.

Director Miller inquired if the District has seen a change in the number of connections since the study was completed. General Manager responded that the District has not seen significant change in the number of connections but there will be an increase in the near future. Also, he inquired regarding property value being a factor in the study since the District has a unique demographic.

Director Coplin commented that the Deloach Study did not outline the Financing cost of administrative fees related to water and sewer or the number of rate payers.

Director Olsen would like to know the time frame for the study. General Manager responded that the update must be completed no later than June.

General Manager mentioned she would like to retain the part-time meter reader by offering him a full-time position as the District will be growing in the near future. Director Coplin mentioned the projects which include automated readers and questioned the need for another full-time employee. General Manager responded that the District will continue to

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grow and only three water systems will have automated readers, approximately half of the District's connections.

A motion was made by Director Olsen and seconded by Director Anderson to approve appointing Directors Olsen and Coplin to the Ad hoc Committee to work with Staff to complete an update to the 2020 Compensation Study. Motion carried.

Roll Call Vote: Ayes: P. Anderson; D. Olsen; C. Miller; S. Coplin; D. Chesterman
 Noes: None
 Absent: None
 Abstain: None

STAFF/COMMITTEE REPORTS: (Informational Only)

1. Summary of Reserve Funds

- Bookkeeper Saldate presented a Reserve Fund summary, stating Reserve Fund cash totals at Fiscal Year 2024 and current totals through January 2025. The Reserve Funds are a combination of several cash accounts including the Operating, Capital Reserve, Debt Service Reserve, and Other Reserve. The summary compared recommended minimum target figures to actual. In 2020, NBS provided a Water Rate Study Report with recommended target figures for the District through Fiscal Year 2026. Several Directors have expressed interest regarding the District's current Reserve state. The District is above the recommended target balances in all Reserve accounts.
- Director Chesterman expressed his interest in the Reserve figures and its relation to the Water Rate Study discussion within the coming months. He also commended Bookkeeper Saldate on the great report.

2. Delany WC Feasibility Study

- Ryan Jensen with Provost and Prichard Consulting Group, he reported that their Consulting Firm is approved as a Technical Assistance Provider by State Water Resource Control Board (SWRCB) under the SAFER Program. Provost and Prichard were selected to produce a Feasibility Study focused on the consolidation of the Delany Water System to the Vega Road Water System.
- Mr. Jensen presented a peak of the Draft Feasibility Study to be released on March 7, project is still in the early stages. Delany is facing a couple funding challenges; first is they are not a disadvantaged community and are currently not considered a failing system due to more data being necessary pertaining to the exceedance of Hexavalent Chromium. The assistance request also required the Consulting Group to look at 9 local water systems in a nearby vicinity that could bring down the cost for a more cost-effective project. The goal in exploring the surrounding water system is to bring the per connection cost down as, the SWRCB per connection cap is set at \$80,000. The Vega Water System proved to have sufficient source capacity to meet the needs of all the alternatives and no additional sources are needed. First alternative is a connection of just Delany WS to the Vega Road WS which replaces most of Delany existing system, adding 17 connections for a connection cost of approximately \$300,000, exceeding the SWRCB cap by almost four times. The second alternative is a partial regional consolidation of the seven easiest WS, adding 84

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connections for approximately \$140,000. The third option is a full regional consolidation of 146 connections bringing cost back up to approximately \$178,000 per connection.

- Mr. Jensen reported that the District's \$32,000 connection fee was taken into account in the per connection costs and opened the dialogue for creative solutions. Director Coplin stated that system must be fully refurbished in order to consolidate with any system within the District, as it is stated in the District's Acquisition Policy Resolution. Also, two public meetings must be held. Director Anderson added that the Vega Road Water System's creative way of paying for consolidation was to work with a Bond Counsel to purchase a bond and place it on the 124 customers property taxes. He reported that thus far he has paid \$39,000 and is due to pay another \$32,000.
- Salem Alyafeai with the State Water Board, Department of Financial Assistance, confirmed that the connection cost would be utilized to pay down the Vega Road bond.
- General Manager Vazquez-Varela requested that as a fourth alternative the Consulting Group explore consolidation of just the interested water systems.
- Director Coplin mentioned that the District's water capacity is not unlimited. Ryan will provide the Draft Feasibility Study at the next Board Meeting.

3. PLP Committee Report

- Director Anderson reported that he received the documents the District Counsel provided the committee and noted that it did not request a Can and Will, the District currently does not have the necessary information to take action but will remain open to conversation with Parks Legacy Team.

4. Springfield Water System Improvements Project

- The District Counsel Opinion Letter and draft agreement have been submitted.
- The agreement has been signed by District Staff and is awaiting State signatures.
- The Contract was awarded on February 4, 2025, to Anderson Pacific Engineering Construction (APEC).
- On March 28, 2025, Community Water Service will host a groundbreaking ceremony at the well site. An invitation to come.

5. Vierra Estates Water System Arsenic exceedance

- Proposal from Century Environmental Services, General Manager Vazquez-Varela recommended consideration of sole sourcing the Arsenic Treatment to Century Environmental due to his experience with the Langley/Valle Pacifico Water System Arsenic Removal Facility and the Iron and Manganese treatment at Vierra Estates Water System. Vierra Estates will not qualify for State Grant funding because it is not a disadvantage community.
- Director Coplin Langley/Valle Pacifico Water System cost for 1 change out is \$7000
- Julie Grant, a customer of Vierra Estates Water System runs a daycare out of her residence and is concerned with the water quality. She has installed two filters in her home and it has been a financial burden.
- Director Coplin would like to know what the construction time frame will be. General Manager will report back next month.

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6. District Operations Report

Pajaro Park

- Received proposal for fence replacement and it is in order.

Hazard Mitigation Plan

- Close-out has been approved, and the retention payment has been received. Plan will require an update in 2027.

Multi Community Bottled Water Project

- Staff submitted reimbursement requests for December and January services.

Pajaro Long-Term Recovery

- Beautification reimbursement is on its way.
- General Manager will be meeting with Brian and Laura to discuss the turf replacement.

Current Water System Repairs

Blackie Road #18 WS:

Langley/Valle Pacifico WS:

- On February 7, 2025, well motor failed. Maggiora replaced the motor on February 8, 2025. 7 loads of water were hauled from Normco WS.

Moss Landing WS:

- Monterey County collected water samples from both wells post Vistra fire and will provide results as soon as they are available.

Normco WS:

- RNS repaired an electrical loop at Falcon Drive that was damaged during the 12-inch main break last year.

Pajaro WS:

- Gabilan tree services removed a leaning and a dead pine tree. Also, cleared out branches leaning on to the neighbor's property.

Springfield Road WS:

- The Groundbreaking ceremony will be held on March 28, 2025.

Sunny Mesa WS:

- GHD replaced 6-inch well meter on February 18, 2025.

Vega Road #01 WS:

- Kari Lane booster station pump and motor are to be installed on February 25, 2025.

Vierra Estates WS:

Parks:

7. Usage Comparison Report 2024/2025-January

- All systems were up in usage. Districtwide we had a 16% increase in usage compared to this month last year.

CLOSED SESSION:

None

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NEXT BOARD MEETING:

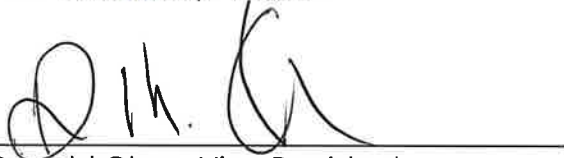
The next Regular Board Meeting is to be held on Thursday March 27, 2025, at 5:30 pm at the District Office.

There being no further business, the Regular Board Meeting of the Pajaro/Sunny Mesa Community Services District was adjourned at 6:46 pm with motion made by Director Chesterman, seconded by Director Olsen. Motion carried.

Respectfully submitted by:



Paul Anderson, President



Donald Olsen, Vice President



Rocio Fernandez, Recorder