

**COMBINED MEETING OF THE BOARD OF DIRECTORS  
MONTEREY DUNES COLONY ASSOCIATION  
AND  
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

**May 20, 2017**

**Present**

George Maciag, President  
Bill McGowan, Vice President  
John Steinhart, Treasurer  
Biff Jelavich, Director, via telephone  
Todd Davis, Director  
Tom Bugary, Secretary and General Manager

**Absent**

None

**WELCOME**

George Maciag called the meeting to order at 10:00 a.m. on May 20, 2017 at the Monterey Dunes Colony Clubhouse.

**MINUTES**

The Board reviewed the draft minutes of the 3-18-17 Board meeting. It was M/S/C to approve the minutes as presented.

**TREASURER REPORT**

John Steinhart gave a verbal report for March and April 2017. John noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, John stated that all our account balances could be seen in the written report, which has been attached to and made part of these minutes.

**FINANCE COMMITTEE REPORT**

Ted Adams, committee chair, gave a verbal report. He stated that the Finance Committee had met the previous day to review the Colony's finances for the first ten months of the fiscal year (July-April). The committee recommended to the Board that they engage John Bellitto, CPA, of Allen & Cook, to perform our FY 2016-2017 audit. The Board unanimously M/S/C the recommendation. Ted introduced the newest member of the finance committee, Jason Nolet, the owner of unit 212.

**ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

In the absence of Jeff Schwartz, ECC committee chair, George Maciag gave the committee report. The ECC had a meeting via teleconference on April 10, 2017. Two actions were made at that time:

- 1) Unit 106 requested to install a Hot Tub in their courtyard - the request was approved with stipulations.
- 2) Unit 310 requested to landscape their inner courtyard area - the request was approved with stipulations.

## **CC&R COMMITTEE REPORT**

John Steinhart presented a draft version of the rental amendment to the CC&Rs. After much discussion, he made the following motion: "Based on the recommendation of the CC&R Amendment Committee and after an extensive period of comments by homeowners, the Board of Directors agree to put the proposed amendment regarding a 25% cap on rentals at MDC to a vote of the full membership of the Association and that ballots and explanatory materials shall be sent out as soon as the Association's legal counsel provides the Board with the final documents for distribution to the homeowners. The voting period shall be for 30 days but may be extended if needed." This motion was M/S/C.

## **GENERAL MANAGER'S REPORT**

### **MONTEREY DUNES COLONY ASSOCIATION**

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2016-2017, (July 1, 2016 through June 30, 2017). It also includes management topics associated with the May 20, 2017 director's meeting.

### **Windows, Doors, Fences, Roofs, Decks and Skylights**

Association staff replaced 19 windows/SGDs at unit 114 and 14 windows/SGDs at unit 242. Unit 294 is pending window replacement in 2017. The association is ordering/replacing a Sliding Glass Door (out-of-cycle) at unit 226 and another at unit 278 due to broken or warped frames.

Courtyard fences were replaced at units 166, 294 and 300. The courtyard fence at unit 258 was repaired after a portion of it was destroyed by a fallen tree and the gate and partial courtyard fence at unit 132 was replaced also due to storm damage. Unit 326 received a partial courtyard fence replacement due to age and wear.

One parking lot light pole was blown down by winter storms and replaced. An additional pole was installed near the entry concierge station for an added security camera.

Large skylights were replaced at unit 106 and also at the clubhouse meeting room.

The sloped reroofing of units 156-158-160 is complete. The work was signed off by our consultant and his final report submitted. The county permits were finalized on 1-13-17 by the building department. The association received the 25 year written warranty for the completed building on 1-20-17 from CertainTeed, the manufacturer of the roofing materials. The cost for reroofing the building was \$46,544.00.

I have identified units 114-116-118, 138-140-142 and 224-226-228 as next to be reroofed due to leaks in the copper roof flashing and severe termite damage. These three buildings and their associated garage complexes are in the early bidding process scheduled for replacement in the July-August timeframe.

Berkleo Roofing is in the process of completing the remaining 5 hot mopped small flat roofs on the property scheduled for completion this fiscal year. This list includes flat roofs at units 102, 112, 118, 126, 166, 200, 218, 228, 236, and 264. Carl Black Construction is contracted to tear off and replace the trellis and the

horizontal cantilevered support beams on unit 200 during the reroofing process of that unit. Unit 200's roof will be completed last as it will require structure repairs and a different permit.

Trellises have been replaced and painted at units 108, 124 and 168.

Unit 188 Oceanside deck is pending replacement and scheduled to start on 5-31-17.

### **Meter Enclosures**

Meter Enclosures were replaced at units 254 and 260. Six additional enclosures are scheduled for replacement this fiscal year.

### **Concierge Position**

We have hired our second full time concierge and she has finished training and is working her own schedule. The concierge is physically located at the gate from 2:00PM to 10:30PM 7-days a week to assist homeowners and their guests who enter the property. I have written the initial version of standard operating procedures for the concierge to follow and he/she will work in concert with the guard who will be mobile on the property during most of the concierge's shift.

### **Painting and Weatherproofing**

Association staff has completed painting the exterior trim on units 110, 112, 138, 140, 152, 154, 182, 186, 236, 238, 240, 242, 244, 246, 254 and 294. Unit windows and doors were sealed and caulked at units 160, 174, 176, 188, 212, 214, 216, 296 and 298.

### **Chip Seal and Asphalt Repair**

In June, I will be soliciting bids for repairing the asphalt surfaces of the roads and parking areas prior to a complete oil and chip seal of the colony's roads. This will be scheduled for late fall this year, prior to the winter season.

### **Storm Damage**

The colony sustained considerable damage during this year's winter storms. Several trees were blown down causing damage to homes, courtyard fences and landside decks. Four courtyard fences were blown over and the colony lost power several times, once for an extended period due to a snapped power pole on Molera Road and downed power lines. The King Tides and large swells in early January caused breaks in the sandbar resulting in a deep scouring of the beach and loss of foredunes, especially in front of units 322, 276 and 222. This continued through February with record rains, strong winds and widespread flooding. We have temporarily closed the beach access way in front of units 322 and 324 due to a large drop-off to the beach caused by this erosion. There was a little run-up this year but not enough to deploy the barriers. We lost several trees and had to significantly reduce the size of many more throughout the colony.

### **Coastal Projects**

*From Last Report:*

*During the heavy rains in February and early March, the Monterey County Water Resources Agency monitored the water flowing through Spreckels, (a flow data collection point along the Salinas River), out to the ocean. At last count the river dumped over 100 billion gallons of fresh water out to the ocean. This accounts for the brown colored water off the beaches at MDCA as the silt*

*and sand from the river is settling to the ocean floor. The river is still open and the river mouth is very pronounced at this point with strong flows. MCWRA also reports that Lake San Antonio Reservoir remains only half full because of the rain patterns which normally favors lake Nacimiento causing it to be at capacity, over-flowing it's spillway into the Salinas River and out to the sea. MCWRA states that an interlake tunnel system, connecting the two reservoirs, was finally put on the schedule and project planning started in 2014. Environmental Impact Statements, (EIRs) are complete and the permit process should be completed by the summer of this year. The Interlake Tunnel engineering process and the Lake San Antonio spillway design process are almost completed and next year (2018) the voters will have a chance to fund the project by voting for or against the Proposition, (Prop218). If passed, the construction of the Interlake Tunnel will begin in late 2018. "The proposed Interlake Tunnel is a gravity flow water conveyance tunnel approximately 10 feet in diameter and 11,000 feet long connecting Nacimiento and San Antonio reservoirs. The Spillway Modification project proposes modifying the existing spillway at San Antonio with a crest control device to provide an effective 10-foot increase in the maximum lake elevation increasing the storage capacity of the reservoir by approximately 60,000 acre feet" or 19.5 billion gallons of additional water storage in Lake San Antonio.*

*David Shonman, our coastal biologist, assisted me in monitoring the storm season this year and after much discussion, we decided to seek the cooperation of State Parks environmentalist Amy Palkovic hoping to set up sections of snow fencing to help rebuild the dunes this spring. Ms. Palkovic allowed us to put out a sample section of snow fence last year to see if it had any effect on the plovers so we thought she might be receptive to several sections of fencing this year. David Shonman highly suggested we go one step further and start the process to repair the foredunes by importing sand purchased from the Marina Sand Plant and conducting a project such as we did a few years ago at the southern end of the property. Due to the expense of the sand, the size of the proposed project and expected opposition from the Department of Fish and wildlife, I elected to push for putting up 10' sections of snow fencing on the ocean side of the foredunes in the damaged areas. David Shonman drafted a detailed report to Ms. Palkovic and we forwarded it to State Parks Services on February 16, 2017. We received a return email the same day stating, "Do you know if the entire project (drift fence) area is within Dunes Colony property at all 3 sites? Or would portions of the drift fences potentially be on State Parks property? Either way, it would be helpful to get some guidance from Jacob Martin at the US Fish and Wildlife Service to be sure that all actions are consistent with the Endangered Species Act." With Fish and Wildlife, (DFWS), involved in the proposal, history tells us that DFWS will not allow this project due to the presence of snowy plovers on the beach and the possibility that the snow fencing might in some way hinder the birds. I will be recommending that MDCA property be surveyed in the near future so that we have marker pins as reference points when discussing property use with the regulatory agencies.*

The colony has engaged the services of David Edson, (Central Coast Surveyors) to map out the property line between the colony and the State Parks. With the loss of much of the colony's foredunes due to last year's storms, we will have to repair some of the most severely damaged areas, hopefully during the coming fall or winter season. One of the sticky points in the repair process is the lack of a clear property line from which to show State Parks and the Department of Fish and Wildlife Service, (DFWS), that we are operating on colony property. After the initial visit of the surveyors, and setting up the profiles, there are indicators that State Parks has very little beach left, especially on the north end of the property. The surveyors will be setting posts offset from the actual property line because the actual property line is, for the most part down in the beach area where the birds are nesting. I am scheduled to have a meeting on site at the colony on June 1, 2017 with State Parks, DFWS and members of the Point Blue Conservation Science group to discuss foredune repair and property lines. I am hopeful to have a map showing the current property line with overlays from Rogers Johnson (Engineering Geologists) showing the limits of beach erosion in 1983, 1985, 1995 and 2002 and how this erosion has affected the property lines, (not so much our property line as it is based on "hard" geographic coordinates but the State Parks property line which moves with the mean high tide). It will also show that any repairs we propose to make to the damaged foredunes will be conducted on MDCA property and (outside of snowy plover nesting season), should have restriction only to the California Coastal Commission for permits or permit waivers.

Brent Buche, Assistant GM for the Monterey County Water Resources Agency, (MCWRA), and I have been discussing his requirement to clear the built-up sand from around the Old Salinas River, (OSR), slide-gate. I have offered to take the sand for future projects here at the colony as it is a direct match with sand out on our beach. I am coordinating with Mike and Doug Scattini to have the predator fence taken down to allow the trucks to dump the sand near the south well site before the project takes place. An actual project date to remove the sand is being worked out with the Point Blue, (snowy plover) representatives; State Parks and the Water Resources Agency.

## **Terminix Maintenance Program Update**

### **Local Treatments Completed**

Jul 20, 2016: 318 garage, 236 garage, 124 garage, 296 garage, 328 garage, 160 deck, 334 deck, 118 fences, 296 fences, 118 unit and 296 unit.

November 14, 2016: 196 unit, 246 unit, 216 unit, 140 roof, 106 unit, 148 garage, 222 unit, 282 unit, MDCA clubhouse, 146 garage, 148 garage.

December 9, 2016: 312-314-316 garages, 296 unit and garage, 310 garage, 196 unit, 188 garage and 298 unit.

### **Fumigation**

Sept 13-15 2016: 156-158-160 and 300-302-304

### **Pending Fumigation**

No Date Set: 156-158-160 garages and 324-326-328 garages

Terminix and the colony are in a major dispute concerning substandard service and their non-performance of our contract. They have used several manipulative ways of taking advantage of the colony and we have requested ADR as is written in the contract to get them to live up to their responsibilities. In the interim, we have asked Wheeler Termite Company to give us a bid on the outstanding termite work so that we can treat the houses until this dispute can be resolved.

## **MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

### **Water Conservation – Oriented Billing**

During the March 2017 billing period, there were 8 units that exceeded the Tier 1 water conservation limit. Four units were under the \$5.00 billing limit. There were no units in Tier 2 and 4 units in Tier 3.

During the April 2017 billing period, there were 14 units that exceeded the Tier 1 water conservation limit. Six units were under the \$5.00 billing limit. There were 3 units in Tier 2 and 5 units in Tier 3.

Owners who are in the Tier 2 or 3 water use zones are billed for their usage in accordance with Association Policy.

### **Static Water Level**

According to site analysts for the Monterey County Water Resources Agency, the static water level at the colony has only dropped 6 inches this past month which shows less pumping and some recharge of the aquifer. There are some places in the Salinas River Groundwater basin where the static level has dropped as much as 7 feet over the past month indicating excessive pumping and inadequate recharge.

## **NEW BUSINESS**

### **Recommend replacing omitted notification in rules**

When the rules were revised, effective 1-1-17, a previous rule was inadvertently omitted – the rule that states rentals must be reported at least 24 hours prior to the rental. The Board made a motion to reinstate this omission of this rule. A revised copy of the rules reflecting this correction will be sent to all homeowners as soon as practical.

### **Appoint nominating committee for the 2017-2018 board of director term**

The Board appointed Bill Michaels and Don Tenenbaum to make up a nominating committee. Their job is to recommend to the Board a slate of 5 individuals that will run for the FY 2017-18 Board of Directors.

## **OWNER'S STATEMENTS**

There were no additional owner's statements.

## **WATER COMPANY BUSINESS**

### **Water Conservation reports for September and October 2015**

Addressed in Managers Report.

## **ADJOURNMENT**

The meeting was adjourned at 12:20 p.m. The next meeting is scheduled for January 21, 2017 at 10:00 a.m.

### **Respectfully Submitted**

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Thomas J. Bugary CMCA, CCAM  
General Manager and Secretary

## **EXECUTIVE SESSION**

There were two hearings for violations to association rules and one request to forgive excess water usage (each bullet point represents one unit):

- A continuation of a case from the last Board meeting where more information was requested of the homeowner. The violation section was "Renters & Guests of Owners" paragraph 1. The board imposed a \$500 fine.
- 1 violation under "Renters & Guests of Owners" paragraph 2. The board imposed a \$350 fine.
- 2 violations under "Renters and Guests of Owners" paragraph 3 and under "Vehicle and Parking Rules" paragraph 10. The board imposed a \$150 fine.
- After being noticed for excess water use, the unit owner found they had a leaky toilet, repaired it and requested that the fee be waived. Because this was the homeowners first citation and the owner was an absentee owner, the fee was waived.

## Treasurer's Report March and April 2017

This report covers our fiscal year budget status through April 30, 2017.

Account Balances as of March 31, 2017 and April 30, 2017 are:

	<u>March</u>	<u>April</u>
Total MDCA Reserve Funds	\$2,901,816.73	\$ 2,878,169.67
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$1,072,557.49	\$1,047,689.53
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 303,801.63	\$ 303,926.51
+ <i>CDARS (CD Due 3/29/18)</i>	\$ 306,305.20	\$ 306,567.14
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 605,950.18	\$ 606,323.83
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 310,996.44	\$ 311,456.87
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2,205.79	\$ 2,205.79
+ <i>WM CD (Due 7/7/21)</i>	\$ 150,000.00	\$ 150,000.00
+ <i>WM CD (Due 7/8/21)</i>	\$ 150,000.00	\$ 150,000.00
CAB Operating	\$ 67,557.12	\$ 76,400.52
RABOBANK Petty Cash	\$ 1,048.85	\$ 3,858.85
CAB Water Operating	\$ 11,623.36	\$ 13,268.73
Total Water Reserve Funds	\$ 148,079.32	\$ 149,417.50
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 148,079.32	\$ 149,417.50

Payments to the Capital Replacement Fund (\$16,320.00 per month) are current.

Payments to the Mutual Water Association (\$3,750.00 per month) are current.

Respectfully Submitted,

*John Steinhart*

John Steinhart