

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

**March 16, 2019**

**Present**

Bill McGowan, President  
Todd Davis, Vice President  
Rick Crowley, Treasurer, via telephone  
Allen Rudolph, Director  
Tom Bugary, Secretary and General Manager

**Absent**

Biff Jelavich, Director.

**WELCOME**

Bill McGowan called the meeting to order at 10:00 a.m. on March 16, 2019 at the Monterey Dunes Colony Clubhouse and established that there was a quorum of board directors present. Additionally, Bill announced that we were developing a website that would be much more user friendly and would have more information on it, such as ECC actions. Bill also announced that the Clubhouse Upgrade Committee have developed a proposal to refresh/update the clubhouse; however, since the chair is not here to answer questions, her proposal will not be presented today. Next, Bill announced that management will be making a concerted effort to get a draft copy of the minutes sent out to all homeowners within 2-3 weeks. Finally, Bill announced that the staff would be serving Rueben sandwiches and green beer following the meeting.

**MINUTES**

The board reviewed the draft minutes of the January 19, 2019 board meeting. Rick Crowley made motion to amend the minutes as follows: Allen Rudolph was listed as Treasurer and should have been listed as Director, Rick Crowley should have been added as Treasurer, George Maciag has stepped down from the board and his name should have been removed from the director's list and, under the finance committee report it was added that the Board M/S/C to approve the revised investment policy. It was M/S/C to approve the minutes as amended. The amended minutes can be seen on our website at [www.montereydunescolony.com](http://www.montereydunescolony.com).

**TREASURER REPORT**

Rick Crowley, Treasurer, gave the Treasurer's Report for Jan and Feb 2019. Rick noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, he stated that all our account balances could be seen in the written report, which has been attached to and made part of these minutes. Bill requested that CD interest rates be put on the treasurer's report. Rick responded that we would make that change on the next report.

**FINANCE COMMITTEE REPORT**

Rick Crowley, Committee Chair, reported that the committee had met the previous day and reviewed the finances for the first eight months of the fiscal year (July - Feb). Rick stated that the overall expenses thus far are slightly less than budgeted – operating expenses are less than budgeted, but reserve expenses exceeded the budgeted amount, mainly due to the asphalt resurfacing/drainage project.

For the past 4-6 weeks, the committee has been reviewing the proposed operating budgets for the Colony and for the Water Co. as well as the reserve analyses. The finance committee recommended approval of the FY 2019-20 reserve studies with a few minor modifications. The committee also recommended approval of the FY 2019-20 operating budgets as presented. The board M/S/C approval of both the FY 2019-20 reserve studies (with amendments) and the operating budgets as presented. The following are the highlights of the FY 2019-20 budgets:

- ◆ The homeowner dues will remain at \$890 for the third year in a row.
- ◆ Rental fees will not increase and remain at \$29 per night.
- ◆ The annual assessment will not increase and remain at \$5000 due July 1, 2019 (invoices will be sent out in June). We have approximately \$17 million dollars of components that the reserve fund has to pay for. The reserve account balance at the end of the current fiscal year (June 30) will be approximately \$3.3 million, flat from the previous year. The reserve balance is projected to increase slightly at the end of FY 2019-20 (less than \$100K) and will be at approximately 34% funded compared to the target level. The following 4-5 years will remain flat, and then the balance will begin to decline; the committee will continue to monitor the expenses that are due and see if we can manage the expenses, (i.e. through deferment or repairs instead of replacement, etc.) so as not to deplete our reserve fund balance.

### **ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

Fran Gentry, Committee Chair, reported that the committee had three teleconferences since the last board meeting – one on January 28, one on February 4, and one on March 13. On January 28, the committee discussed the following two ECC applications:

- ◆ Unit #244 had requested to install an electric vehicle charging station in her assigned garage similar to the charging station in the 214 garage. This request was approved with stipulations. Fran noted that any person installing a charging station is liable to pay for all the electricity used by the station.
- ◆ Unit #154 requested to install a handrail at his unit entryway and to install a corrugated polycarbonate sheet over his trellis. The handrail was approved with stipulations and the trellis request was continued.

On February 4, the committee had another teleconference to discuss the request from unit #154 to cover his trellis with corrugated polycarbonate sheets. The committee disapproved this request as it was felt that this type of material would not be in harmony with the design of the neighboring structures.

On March 13, unit #154, submitted another ECC application to cover his trellis with plexiglass and to remove the old wood and pour concrete by the gate inside the courtyard (due to drainage issues). Both requests were approved with stipulations.

## **ADHOC HIGH SPEED INTERNET COMMITTEE REPORT**

Stuart Wentworth, committee chair, reported that Redshift found that internet pirates were hijacking our signal every 30 seconds for about a second causing disruption to streaming video service. Redshift has installed a new transmitter in Castroville and will be installing a new receiving antenna in the maintenance yard near our water tower. With this new equipment, Redshift can beam a signal (at 70 MB/s) to our new antenna. In turn our new antenna can beam a signal to units #102-#208 and back feed the existing equipment at #210 (some of the antennas at #210 will come down). Unit #210 will still beam a signal to #212-#340. This new equipment should solve a lot of the streaming and speed issues with Redshift. Any new equipment that homeowner's may need to receive the new signals will be provided by Redshift.

Regarding fiber optics, Cruzio has been non-responsive. We are researching whether AT&T would bring services to the Colony – they are marginally interested.

## **ADHOC CLUBHOUSE UPGRADE COMMITTEE**

This report was tabled due to the chair not being at the meeting to answer questions.

## **GENERAL MANAGER'S REPORT**

### **MONTEREY DUNES COLONY ASSOCIATION**

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2018-2019, (July 1, 2018 through June 30, 2019). It also includes management topics associated with the March 16, 2019 director's meeting.

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

The reroofing of residential units (330, 332, 334), (282, 284, 286), (276, 278, 280) were completed. Garage units (330, 332, 334), (276, 278, 280) and (282, 284 and 286) were also completed, permits finalized and warranties issues.

I have asked Coastal Roofing to bid on the next set of residential buildings and garages to be reroofed in the new fiscal year, (July 1, 2019 - June 30, 2020). If their cost per square foot is close to the previous year, I plan on giving them the project based on low cost and past performance. Coastal Roofing will also inspect all the sloped roof skylights and based on that report, we will replace those as necessary prior to June 30, 2019.

Buildings on the schedule for reroofing in the 2019-2020 budget year are residential units; (336, 338, 340), (318, 320, 322), (168 and 170) and associated garage buildings.

Due to severe leaks and structural damage at unit 124, we had to replace the flat, built-up roof for that unit out-of-cycle.

Four domed flat roof skylights were replaced at unit 304 and 1 at unit 124.

Association staff has replaced 17 windows/sliding glass doors at unit 122 and 15 windows/sliding glass doors at unit 294. Association staff installed 4 oceanside windows at unit 320 and all 4 of these new windows leaked during heavy rains this winter. Milgard has come out and made various attempts to seal the

windows with limited success. I have asked the Milgard regional representative to visit the jobsite site and inspect the windows. At that time, I will require that the windows be remade and reinstalled.

Light poles were replaced, (out-of-cycle) near units 270 and 294.

Burned ocean side deck stairs and boardwalk were replaced at unit 204.

The upper and lower oceanside decks at unit 206 were resurfaced with Trex material.

Association staff resurfaced the entry deck at unit 118 using Trex material.

During the course of recent building inspections, units 202 and 204 were identified as having failing trellises in their courtyards. The main trellis beams are cantilevered into the flat roof system. The roof is sound and is not scheduled for replacement until fiscal year 2030, however, it will have to be “peeled” back to expose the cantilevered beams for replacement and then “mopped” back into place. This roof repair will be an out-of-cycle expense to be completed as weather permits.

Garage doors were replaced at units 104 and 222.

Association staff replaced chimney chase covers at units 298 and 194.

### **Landscaping / Storm Cleanup**

Central Coast Tree and Timber removed a Monterey Cypress near unit 182.

Several windblown and damaged cypress trees were cleared and hauled away due to high winds and heavy rains. As a safety precaution, trees were trimmed back from the houses and garages.

Association staff installed drainage and cover near the mailbox structure serving units 162-176,  
And near unit 330

### **Trex Boardwalk Replacement**

Certain sections of the 1<sup>st</sup> and 3rd generation Trex boardwalk are starting to warp and separate from the runners. In these cases where the Trex is close to 20 years in service, we replace those sections with a new generation Trex material.

### **Drainage Field, Chip Seal and Asphalt Repair**

We have completed the installation of a drainage field and new curb system near the guardhouse. The asphalt repair is complete, and the chip seal is complete and swept 4 times. The centerline buttons have been installed and parking spaces remarked.

This winter, there are places throughout the colony where cracks have resurfaced through the new chip seal. I am scheduling a site visit with the lead foreman at the Don Chapin Company to address these areas as warranty issues.

### **Tennis Court Repair and Resurfacing**

Vintage Contractors will be resurfacing the tennis courts and the multi-sport court area in April-May time frame . In addition to the existing striping, I added striping for two “pickle ball” courts and will purchase paddles, ball and nets for this sport.

### **Website Upgrade**

We have been soliciting bids for upgrading our website. As of this date we have received one bid with two more pending. Not only are we seeking to update the site, but to find a new host as AtHomeNet has been sold to another company called “Front Door” and without any upgrades or changes, they more than tripled our annual rates.

### **Swimming Pool Opens on April 1, 2019**

### **Increased Septic Maintenance**

At the recommendation of our septic maintenance company, I will be increasing the septic maintenance, (pumping and inspection) from once a year to twice a year for systems #1 and #2, (June and February). These two systems have increased matting to the point that crews are having difficulty breaking the mat and removing the solids. This will be an added cost to the septic budget line.

### **Review of Waste Water Operating Permit**

I received a notice from the California Central Coast Regional Water Quality Control Board that they were reviewing our current Waste Discharge Requirement Order (No. 87-175) for possible inclusion in the 2014 General Waste Water Discharge Requirements Order for small domestic water systems, (Order WQ2014-0153-DWQ). As best I can tell there is little upside for the association in this review. If included in this general order, the association will incur additional costs and fees with little change to inspection criteria and reporting. I am wary anytime the state wants to review existing policy, especially on a protective easement. I will report on the results of this review in the management summary in the May report.

### **Coastal Projects**

#### **From last report:**

*In December and January the colony witnessed heavy surf and high tides. As each event materialized, management consulted with Haro-Kasunich and Associates who analyzed the weather conditions and advised us as to levels of urgency and possible actions for each event.*

*I received a phone call from Mark Foxx, coastal engineer on Wednesday January 16<sup>th</sup> stating that after reviewing all the data from the current storm, he didn't believe we needed to deploy the k-rails yet as this was not, in his opinion, a storm which will produce damaging run-up and debris to the homes. We discussed the possibility of an issue with both the high tide above 5' and 20' swells from the west and he conceded that there was always a possibility of rogue wave run-up. I discussed this with the board president, Bill McGowan, where after reviewing the criteria, he directed to deploy a limited amount of barriers where the colony was prone to heavy run-up in past storm seasons. MDCA staff deployed 68 barriers in low-lying common run-up areas between units 312 and 326. The 68 barriers weighed 1,200 pounds each and are interconnected with steel connector bars for added stability.*

*Engineers from Haro Kasunich were on site on Friday January 18<sup>th</sup> for the 7:00 AM High Tide and spent several hours on the property, analyzing the topography, sandbar, surf and swell data. Haro Kasunich written report will not be completed by Saturday, January 19<sup>th</sup> so I will give a verbal report as to their findings at the directors meeting on Saturday.*

Association staff will be removing the barriers from the southern end of the property the week of March 18-22.

On 3-14-19 I received the following update from Mark Foxx, coastal engineer with Haro-Kasunich and Associates:

“We are still working on the coastal erosion analysis. We have struggled with imprecision and inaccuracy in the historical Rogers E. Johnson and Associates data; some of which was caused by the lower level technology employed in their field mapping, some resulting from the scale distortion inherent in reproduction of the paper records of their work, and some due to mismatched data when their maps and cross sections are compared (each indicating different erosion scarp positions) perhaps from historical drafting errors. We have now finished rectifying these variances in the data to the best of our ability.

The good news is that using all the data from more than ten different data sets from 1970 to 2017 we are finding that there is extreme seasonal beach scour and there is substantial recovery between each historical erosive event. Thus, we are not finding high rates of long term beach recession toward the buildings. Rather, we are finding periodic events that cause large (in some cases very large and deep) amounts of recession. The short-term rates of recession are very high; then accretion of windblown sand (recovery) occurs that compensates for large parts of the recession event that just previously occurred. We are now working on preparing the graphics that document the time sequential changes in cross sectional views.

We have observed significant historic dune building along portions of the property, and will be doing calculations and preparing graphics and tables regarding the volumetric growth of these dunes. As we have discussed before, this process is very beneficial (thus the benefits of the historical dune fencing that is now prohibited in order to preserve the birds) in helping protect the buildings. Although sand is highly erodible, having for example a 50% greater volume of it requires the ocean energy to erode 50% more of it to achieve the same amount of beach recession toward the buildings.

Thank you for your patience. We hope to have all of our analysis completed and a draft report with graphics completed in 4 to 6 weeks.”

### **Drywood Termite Maintenance Program Update**

#### **Residential Unit Local Treatments: (Wheeler Termite Company)**

8-7-18	Units 148, 184, 318
10-16-18	Units 222, 162, 118, 334
10-24-18	Unit 118
11-14-18	Unit 152, (Decks)
11-14-18	Unit 176
12-19-18	Unit 210
1-9-19	Unit 296
2-27-19	Unit 242

#### **Garage Local Treatments: (Wheeler Termite Company)**

8-7-18	Units 126, 148, 308
12-6-18	Unit 212

#### **Garage Fumigations: (Wheeler Termite Company)**

9-13-18	Units 126, 128, 130
9-13-18	Units 132, 134, 136

9-13-18 Units 138, 140, 142  
9-15-18 Units 184, 186, 188  
9-15-18 Units 190, 192, 194  
9-15-18 Units 318, 320, 322  
11-7-18 Units 114, 116, 118  
2-12-19 Units 202, 204, 206, 208.

Residential Fumigations: (Wheeler Termite Company)

5-7-19 Units 144, 146, 148 (Scheduled May 7-9, 2019)

**MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

**Water Conservation Billing**

During the January 2019 billing period, there were 3 units that exceeded the Tier 1 water conservation limit. Two units were under the \$5.00 billing limit. There was 1 unit in Tier 2 and 0 units in Tier 3.

During the February 2019 billing period, there were 3 units that exceeded the Tier 1 water conservation limit. Two units were under the \$5.00 billing limit. There were no units in Tier 2 and 1 unit 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.

**Water System Programable Logic Controller**

*From Last Report*

*As reported at the last meeting, the water system main control panel has become obsolete and after 16 years in service, TESCO, (the manufacturer), no longer produces the main mother board for our system. We had expected 20 years out of this panel, and may very well have gotten that, but the consequences of a main computer board failure, (with no replacement parts) would be very expensive. As with most control panels, these units are proprietary and there are no aftermarket remedies. I researched several competitor companies all over the country and found that the best and most cost effective contractor for us was TESCO, located in Sacramento. TESCO proposes to replace the control panel with a state-of-the-art L3000 PLC, provide user manuals and personalized training for \$25,510. The reserve study has budgeted \$42,334 in the fiscal year 2024-2025. Some of the casings and conduits can be reused from the old system reducing the replacement cost of the controller. At the last meeting, the board authorized that we move this component up four years on the reserve schedule and replace the system as soon possible.*

TESCO engineers have visited the site, took pictures and measurements and are currently building the PLC for our water system. They plan on starting to install the new controller in April or May. There will be some downtime to the system where association staff will manually run the controls, however, the engineers feel that this installation should go very quickly, 3-5 days at the most. The association office will insure homeowners are aware of any water outages as far in advance as possible.

**Water System Inaccuracies**

I am concerned that we may have water loss somewhere in the water system. Water into the residential homes is significantly lower than the overall water usage of the colony. That said, I have started the water audit process to determine where the missing water is going, if any loss has even occurred. I have installed a 2" water flow meter to measure the usage of the clubhouse, facilities, hot tub and swimming pool and started monitoring immediately for excess water use. Initial indicators tell me that these areas are not likely the problem. I intend to install two 1" flow meters at each end of the water distribution system where the "dead"

water is periodically bled off as irrigation and add those flow meters to the monthly data sheets. I have Castroville plumbing working with the manufacturers of the flowmeters on each wellhead to have them calibrated if possible, if not, then replaced to ensure our water acquisition is accurate. Given our location, I do not believe our water issue is due to unauthorized use as the line used to supply water to Scattini farms was sealed off 18 years ago and there are no other entities that could be using our water. (Scattini trucks in about 700 gallons of water a week for his maintenance buildings just east of the colony). After I work through the above and if I still have significant loss, I plan on contacting organizations who have the expertise and the detection equipment to inspect the supply and distribution systems.

## **OLD BUSINESS**

There was none.

## **NEW BUSINESS**

### **Elkhorn Slough Membership**

Bill McGowan stated that we had received a mailer from the Elkhorn Slough Foundation asking us to renew our membership. Further, Bill stated that every year we renew our membership for \$100 as part of our contribution to the ecology and the recommendation this year is to do the same. The Board M/S/C the recommendation.

## **OWNER'S STATEMENTS**

### **#324 Beach Access**

The unit #324 homeowner asked Tom if the beach access from his unit was going to be opened in the near future. Tom responded that he needs to talk to the State Parks because, although the beach access was closed due to the access becoming eroded and a cliff-like situation being created, it is snowy plover season and they will look to see if any nests have been made in the area. If they give Tom permission to open the access, he will open it.

### **#276-#286 Roof Shingles**

Units #276 through #286 recently had their roofs replaced. The #286 homeowner was concerned because some of his roof shingles had flown off. Tom assured him that the underlying membrane was good, so the roof would not leak and that the roofing company had been informed and would be replacing the affected shingles (we have a 25-year warranty). Tom explained that the reason the shingles have not adhered to the roof the way they should have is that we have not had any real hot days since the roofs were done and so the shingles have not set.

### **Snowy Plover Fencing**

A homeowner in the audience asked Tom if he knew when the snowy plover fencing was going up. Tom responded that he did not know; it varies every year and he is not sure why. However, Point Blue has started coming to the property to monitor the snowy plover.



## **Occupancy Policy**

The #278 homeowner recommends that our current occupancy policy of two people per bedroom plus one additional person be amended so that up to two infants less than 24 months not be included in the occupancy count. The Board directed management to send out the recommended policy to all homeowners and will vote on it at the next board meeting.

## **Vacations for Veterans**

The homeowner of #304 encouraged homeowners that rent their homes to donate a few nights to [vacationsforveterans.com](http://vacationsforveterans.com). These vacation nights go to purple heart recipients and are tax deductible.

## **WATER COMPANY BUSINESS**

Addressed in Managers Report.

## **UPDATE ON SPRING LANDSCAPING**

Joey Dorrell Canepa is a botanist that has worked with the Colony for several years regarding the maintenance of our sand dunes and coastal plantings. Joey was at the meeting and gave a brief presentation regarding native plants, and talked about a new committee formed in partnership with the homeowners - Dunes Restoration Team, (DURT). More information will be provided in the upcoming Dunescape.

## **ADJOURNMENT**

The meeting was adjourned at 11:45 A.M. The next regular board meeting is scheduled for May 18, 2019 at 10:00 A.M.

## **Respectfully Submitted**

//s//

Thomas J. Bugary CCAM  
General Manager and Secretary

## **EXECUTIVE SESSION**

There were three hearings before the board – one for not notifying management of rental activity and the other two were for overcrowding their unit. The homeowner that did not notify management of rental activity was fined \$200 and the other two were waived because it was their first time.

## Treasurer's Report Jan and Feb 2019

This report covers our fiscal year budget status through February 28, 2019. Account Balances as of January 31, 2019 and February 28, 2019 are:

	<u>Jan</u>	<u>Feb</u>
Total MDCA Reserve Funds	\$3,122,099.26	\$3,116,722.72
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ 614,349.99	\$ --
+ <i>ICS Reserve (Bank Acct)</i>	\$ 560,375.67	\$ 443,608.77
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 306,607.03	\$ 306,724.65
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 321,459.30	\$ 321,903.48
+ <i>CDARS (CD Due 3/25/21)</i>	\$ 311,452.10	\$ 311,631.35
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2,855.17	\$ 7,855.17
+ <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
+ <i>WM CD (Due 4/4/19)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 10/7/19)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 4/3/20)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 2/28/22)</i>	\$ ---	\$ 240,000.00
+ <i>WM CD (Due 3/1/21)</i>	---	\$ 240,000.00
+ <i>WM CD (Due 3/30/20)</i>	---	\$ 240,000.00
CAB Operating	\$ 150,351.81	\$ 24,177.66
RABOBANK Petty Cash	\$ 138.69	\$ 942.07
CAB Water Operating	\$ 45,882.59	\$ 45,414.84
Total Water Reserve Funds	\$ 167,257.18	\$ 168,628.16
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 167,257.18	\$ 168,628.16

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,

***Rick Crowley***

Rick Crowley,  
Treasurer