

Minutes of the Regular Meeting of
The Board of Directors of the
Aromas Water District
July 22, 2014

I. CALL TO ORDER:

The regular meeting of the Board of Directors of the Aromas Water District was called to order by President Norton on Tuesday, July 22, 2014 at 7:00 p.m. at the Aromas Community Grange, Aromas, California.

II. ROLL CALL:

President Norton, Vice President Leap, Directors Dutra, Holman and Mahler were in attendance. General Manager Vicki Morris, staff: Maureen Cain, and Counsel Terry Rein were also present.

III. PLEDGE OF ALLEGIANCE: President Norton led the pledge of allegiance.

IV. STATEMENTS OF DISQUALIFICATION: There were no disqualification statements.

V. ADDITIONS AND DELETIONS: There were no additions or deletions.

VI. MINUTES: The minutes of the June 24, 2014 Regular Meeting were presented for acceptance and approval.

Director Holman moved to approve the minutes. Director Mahler seconded the motion. The minutes were unanimously approved.

VII. ORAL COMMUNICATION:

- Rich Persoff, Director at Pajaro Valley Water Management Agency introduced himself as attending on behalf of PVWMA.

VIII. PRESENTATIONS

A. Director's Reports:

- Pres. Norton reviewed financials in the office last week and attended the quarterly CSDA legislative update meeting with GM Morris.

B. Attorney's Report:

- Ms. Rein shared that there on preliminary bills regarding groundwater being considered at the State legislature.

C. Manager's Report: Detailed report in agenda packet. Highlights include:

Operations:

- June 2014 one of the lowest months of summer production in 11 years. Our customers are conserving.
- There are new connections coming near Logan Knolls, on Payne Road, Seely Avenue, and Carr Avenue.
- Maintenance at Pine Tree Tank is on-going. It needs a flex joint for seismic safety.

Projects:

- AWD is being awarded a \$1,500 grant from APWA for an engineering intern to work approximately 100 hours this summer. GM Morris introduced intern Jose Jimenez.
- AWD has contracted with another engineering intern, Patrick Mojica, to oversee installing a rain catchment system at the AWD office, produce outreach materials for the upcoming Harvest Fair and rain catchment workshop to be held on October 18, 2014 in partnership with Transition Aromas.
- The Oak Ridge/Via Del Sol Project is out to bid. The bid opening is July 29, 2014 at 2pm at the AWD office.

IX. ACTION ITEMS

OPEN PUBLIC HEARING:

A. Resolution 2014-12 Approval of Rate Changes for Aromas Water District: As recommended by Municipal Financial Services (MFS) and discussed at previous Board meetings, the Exhibits to Ordinance #72 have been amended to set new rates and fees for water service according to proposition 218. The Proposition 218 notification was mailed to customers and property owners on June 2, 2014 inviting comment at this hearing. Consultants from MFS will make a presentation.

- GM Morris shared that the last rate study was conducted in 2007 that resulted in an increase of 6.5% increase per year which ended in 2010. The rates have not increased since then.
- During the Board's strategic planning in 2013, it was determined that revenue was not adequate to meet capital reserve requirements and needed capital improvements. The rate study was deemed necessary.
- Rate Consultants Municipal Financial Services (MFS) were contracted to develop the rate study.
- Tom Pavletic of MFS presented the components of the study.
- The proposed rates remain tiered, increasing the lower tier from 400 to 800 cf and lowering the highest tier from 3630 cf to 3000 cf.
- Water use rates for Commercial, landscape and bulk are changed from tiered rates to a uniform rate that reflects the average unit cost.
- The recommended capacity charge increase is from \$10,843 to \$12,790. This is the cost for a new customer to connect to the District's water system. It is based on the current replacement value of the 50 year old system, estimated at over \$28,000,000.
- The proposed rates have incremental increases for five (5) years, effective 11/1/14, 7/1/15, 7/1/16, 7/1/17 & 7/1/18.
- The District will continue to promote conservation.
- There was no public comment.

CLOSE PUBLIC HEARING:

Board to tabulate protest votes, discuss, approve, adjust or deny proposed rate increase and give direction to staff.

- President Norton closed the public hearing.
- President Norton expressed that he thought the study was forward thinking and that it is time for the District to build its reserves. The current reserves are not enough.
- The District Secretary tabulated the protest ballots. There were six (6) ballots received.

- District Counsel Terry Rein confirmed that a 50% + 1 majority of customers, out of 905 (454 customers) were required to overturn the proposed increase. Therefore, the Board may move forward in approving the rate increase as they see fit.

Director Holman moved to pass Resolution 2014-12: Rate Changes for Aromas Water District. It was seconded by V.P. Leap and passed by the following vote:

Ayes: Norton, Leap, Holman, Mahler, Dutra
 Noes: None
 Abstain: None

B. Presentation of the Financial Reports for the Month of June 2014: Revenue for June is \$85,879.99. Expenditures between June 19th and July 15th 2014 are \$75,533.52. These financials and monthly expenditures will be presented for discussion and approval.

- GM Morris presented the financials noting that they indicate the full fiscal year and that the district is in good financial shape though the district needs to build up its reserve.
- The fiscal year audit will be in the Fall.

Director Dutra moved to accept the financials as presented and V.P. Leap seconded. The financials were accepted unanimously.

C. Resolution 2014-13 for Assessment of 2014-2015 tax roll for Oak Ridge/Via Del Sol Project Assessment District 2013-1: Board to review and approve the annual assessment for the Oak Ridge/Via Del Sol Project - Monterey County property taxes in the amount of \$121,340.

- GM Morris shared that the updated total amount for the assessment is now \$122,679.90.
- AWD needs to submit to Monterey County by 8/1/14.

V.P. Leap moved to pass Resolution 2014-13 with the amount of \$122,679.90. It was seconded by Director Holman and passed by the following vote:

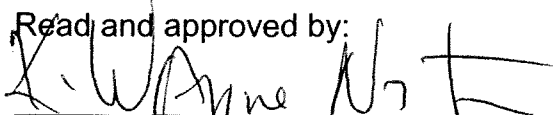
Ayes: Norton, Leap, Holman, Mahler, Dutra
 Noes: None
 Abstain: None


X. FUTURE MEETINGS & AGENDA ITEMS - August 26, 2014

XI. ADJOURNMENT - V.P. Leap moved to adjourn the meeting and Director Mahler seconded. Pres. Norton adjourned the meeting at 8:20 pm.

Date: August 26, 2014

Read and approved by:


 Board President, Wayne Norton

Attest: 
 Lisa Dobbins, District Secretary