

Minutes of the Regular Meeting of
The Board of Directors of the
Aromas Water District
November 22, 2011

I. CALL TO ORDER:

The regular meeting of the Board of Directors of the Aromas Water District was called to order by President Holman on Tuesday, November 22, 2011 at 7:00 p.m. at the District Office located at 387 Blohm Ave, Aromas, CA.

II. ROLL CALL:

Pres. Holman, Vice President Mahler, Directors Dutra, Huggins and Borchard were present. General Manager Vicki Morris, Counsel Bob Bosso and staff Maureen Cain were also present.

III. PLEDGE OF ALLEGIANCE: Pres. Holman 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 October 25, 2011 Regular Meeting were presented for acceptance and approval.

Director Huggins moved and Director Borchard seconded that the minutes be approved. Approval was unanimous.

VII. ORAL COMMUNICATION: None

VIII. PRESENTATIONS

A. Director's Reports:

Director Mahler visited the office during the past month. She reviewed timecard procedures and crosschecked random cards for accuracy. She found them to be precise. She also reported that she and Director Borchard met with Robert Smiley of Berger-Lewis Accountancy Corporation to go over the audited financials for 2010-11. It was pointed out in a letter from Mr. Smiley that he was very supportive of office visits by the directors at least on a quarterly basis. Director Dutra will visit the office during the coming month.

B. Attorney's Report: None

C. Manager's Report:

Operations: Production continues to be down overall for AWD, as well as most water agencies. GM Morris passed around a graph showing the trend in our revenue. All lab results have shown non-detect for coliform, iron and manganese. Staff Development: GM Morris has completed certification for Distribution Operator 1 (D-1). Projects: Results for site work for the *New Office Building* will be discussed in the action items. No response has been received from MPE regarding liquidated damages for the *Carr Tank and Booster Station* project. The Initial Study for the *Oakridge and Via del Sol Subdivisions Project* has been released for public review and will come before the Board in December or January. A public forum will be held in January. GM Morris stressed that she is neutral on the outcome of this project. A claims letter was submitted for 100% of the costs for relocation and engineering for the *Caltrans Pipe and Hydrant Relocation* project. Coverage is not certain, but there will be a utility agreement with Caltrans. Don Chapin Company was given a Notice of Award for the *Carpenteria Well New Well Equipping* on 10/27/11 and Notice to Proceed was issued 11/16/11 after Performance and Payment Bonds were received. They are ready to begin work at the beginning of December.

IX. ACTION ITEMS

A. Presentation of Bid Proposals for the New Office Site Work: Six bidders submitted bids for the site work of the proposed office building. Low bidder was Kurt Nicholson, Inc. in the amount of \$141,900. The company is a third generation family-owned business operating since 1952. GM Morris presented information she has compiled on the only available options for consideration for the new office building. The three alternatives include building on the site as planned, putting a permanent modular building on the site, or purchasing an existing commercial building in Aromas. Her comparisons of the three options with pros and cons plus estimated costs were discussed in detail. The cost of a new building is estimated to be more than our budget could comfortably handle because construction costs have not gone down with the real estate market crash. The second option is to build a permanent modular building on site. The county building department has assured us that they could approve new plans fairly quickly and would not charge additional fees. The third option would be to purchase a commercial building, currently on the market, in downtown Aromas. There was a detailed discussion considering all three options taking costs, timing, practicality, customers, parking, the Aromas community, and long-term suitability into consideration. Customer Wayne Norton expressed concern over the level of comfort in a modular building in addition to heating and cooling costs. Customer Alan Kemp would like to see the Aromas Water District stay in the downtown area to help revitalize it. He also feels a downtown location is good for customer relations. Counsel Bosso recommended that staff ask the low bidder on the office building site work to extend the bid for at least two months. He also recommended a closed session and special meeting to discuss the matter further.

Director Dutra moved and Director Huggins seconded that staff request low bidder, Kurt Nicholson, to extend his bid at least 60 days until our meeting in January. The motion passed unanimously.

B. Presentation of 2010-11 Audited Financial Statements: The audit for the fiscal year ending June 30, 2011 has been completed and the auditor has met with the ad hoc audit committee, Vice-President Mahler and Director Borchard. The Aromas Water District is solid and accounting practices are sound. GM Morris went over the balance sheet. Total operating revenue for the year was \$789,000. The biggest difference from the previous year was the total legal expenses which included litigation costs, and amounted to \$86,000 for the year. With depreciation cost of \$279,000, there was an operating net loss of \$267,000. We need to continue to be frugal, but there is no need to change rates at this time. Vice President Mahler noted that Mr. Smiley suggested that we work on a 20 or 30-year District plan.

Vice Pres. Mahler made a motion and Dir. Huggins seconded that 2010-11 Audited Financials Statements be accepted. They were accepted unanimously.

C. Financial Report: GM Morris presented the financials for the month of October 2011. Total current assets are \$1.1 million. Total assets are \$6.8 million. Income for October was \$62,148.93. Power was slightly higher than budget due to use of the Carpenteria Well during the replacement project. President Holman reviewed the payments from October 18th

to November 16th 2011 which totaled \$147,753.54 and included payment to Hydrogeologist Martin Feeney for the Carpenteria Well.

President Holman moved to accept the financials. Director Huggins seconded and they were approved unanimously as presented.

XI. FUTURE MEETINGS & AGENDA

A special meeting with closed session will be held on November 29th at 6:30 pm at the District Office to discuss possible property acquisition.

The next Regular Meeting will be Tuesday, December 20th, 2011 at 7:00 pm. The location will be at the District Office at 387 Blohm Avenue.

XIII. ADJOURNMENT

President Holman adjourned the meeting at 8:44 pm.
Report submitted by Laurie Goodman, Board Secretary

Date: December 20, 2011

Read and approved by:

Director

Attest: _____
Laurie Goodman, Board Secretary