

Minutes of the Regular Meeting of
The Board of Directors of the
Aromas Water District
April 23, 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 Wednesday, April 23, 2014 at 7:00 p.m. at the District Office located at 388 Blohm Ave, Aromas, California.

II. ROLL CALL:

President Norton, Vice President Leap, Directors Dutra, Holman and Mahler were in attendance. General Manager Vicki Morris, staff: Laurie Goodman, Gina Patten and Counsel Bob Bosso 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 March 25, 2014 Regular Meeting were presented for acceptance and approval.

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

VII. ORAL COMMUNICATION: None

VIII. PRESENTATIONS

A. Director's Reports:

- V.P. Leap shared that he and Pres. Norton attended the PVWMA Ad Hoc Funding Committee meeting. The group is grappling with what rate structure(s) to use to fund the basin plan.
- Director Dutra, Pres. Norton and GM Morris attended the California Special Districts meeting where they were presented information by a firm that assists small businesses with locating government contracts.

B. Attorney's Report:

- San Juan Capistrano case is in appellate court. If the appellate court overturns, tiered rates are upheld. If the appellate court concurs, then two courts will be split and the issue will have to go to the California Supreme Court.
- Deeds for easements at Oakridge are in process.

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

Operations:

- Total production for the month of February 2014 was 6.43 million gallons and was more typical than in recent months.

Projects:

- Arc-GIS CAD mapping program is installed.
- Intern Micah Kimura has contributed numerous hours to AWD, his internship is ending in May 2014.
- AWD Transparency Certificate Award placed in local press.
- Possible grant available for an engineering student intern in the near future.
- Will be attending the ACWA Conference in early May with Pres. Norton.
- Received USDA loan approval with conditions for Oakridge/Via Del Sol project at the rate of 4.125% for 40 years. The rate could lower at time of funding the loan.
- Staff successfully tested the new generator with load bank testing. Met with Monterey County Pollution Control District engineer for final permit approval.

- Staff is preparing the annual Consumer Confidence Report (CCR). This year the District could provide it electronically only but it is best to mail it out to customers and provide it electronically. The CCR is a good way to get communication out to our customers not only about water quality but also about conservation, and the upcoming rate proposal.

IX. ACTION ITEMS

- A. Resolution 2014-05 to Proclaim May as Water Awareness Month:** Presentation by Shawn Novak, Water Conservation Program Manager of the Water Resources Association of San Benito County. Mr. Novak shared that though AWD is not an official partner in the association, he will work with AWD where he can. He provided AWD groundwater savings devices and literature.

Director Holman moved to pass the resolution. It was seconded by V.P. Leap and passed by the following vote:

Ayes: Norton, Leap, Holman, Mahler, Dutra

Noes: None

Abstain: None

- B. Conservation Update and Resolution 2014-06 :** Update on District Conservation activities and review resolution "Urging Heightened Water Conservation." Current activities include:

- ◆ Letter "Call for Voluntary Water Conservation" produced and distributed at local venues, on NextDoor Aromas, on AWD website and on Rancho Larios Homeowner Association web site.
- ◆ AWD coordinating "Laundry to Landscape Workshop" with Transition Aromas on May 3, 2014. There are 45 people signed up.
- ◆ AWD partnering with PVWMA on Laundry to Landscape rebate program.
- ◆ AWD website updates on conservation activities and events.
- ◆ AWD bill card conservation messages.
- ◆ Aromas Garden Tour on May 10, 2014. AWD office garden is one of the stops.
- ◆ AWD posting weekly messages on NextDoor Aromas.
- ◆ AWD providing free mulch at Carpenteria site.

Director Holman moved to pass the resolution. It was seconded by V.P. Leap and passed by the following vote:

Ayes: Norton, Leap, Holman, Mahler, Dutra

Noes: None

Abstain: None

- C. Review of Preliminary Draft of Water Rate and Capacity Charge Study:** The Board received a presentation from Rate Study consultants, Tom Pavletic and Marv Winer of Municipal Financial Services. Mr. Pavletic shared the overview of the findings. The study evaluated the District's projected capital and operating expenditures, water sales and growth in accounts for the next seven years; and the basis for the current rate structure.

The proposed rate increase is based on:

- Revenue/Expense - Projected water demand, operating budget, capital expenditures and debt service
- Policies - District Reserve Policy requirements

Water rates developed in 2007 were based on water revenue projection of approximately 160,000 CCF per year (one CCF equals approximately 748 gallons). The current study is basing the water revenue projection at a more reduced rate of 130,000 CCF per year. The reduced projection is based on a more realistic historic use.

The District has three main types of expenditures – operating, capital and debt service. The District has two, primary sources of revenues – charges for services, which yield approximately 92 percent of revenues, and tax receipts, which yield approximately 6 percent of revenues. The District recently adopted a Financial Reserves Policy. The policy states that the reserve funds will be funded with surplus unrestricted operating funds.

The projected rate structure should enable the District to accomplish the following:

- Meet or exceed the minimum operating reserve target of 60 days of operating expenses.
- Expend \$1,050,000 for capital projects between FY15 and FY21 or pay off or pay down San Benito Bank loan.

The Board discussed that it would be best if the information sent to the public was simplified as to show how the rate increase would affect the customers.

The schedule is:

April 23, 2014 Board Workshop	Authorization to proceed, review any changes, additional Ad Hoc committee meetings/conference calls if necessary
May 27, 2014 Public Hearing of Proposed New Ordinance	If recommended by Board, authorization of customer mailing of Proposition 218 notification, requiring 45 days before,
July 22, 2014 Public Hearing	Conduct Public Hearing to consider adoption of new rate structure to be effective on November 1, 2014. At conclusion of hearing, calculate protest votes and announce results.

Director Dutra moved to accept the study as presented and authorize to proceed with the beginning start date of the first rate increase as November 1, 2014. V.P. Leap seconded. The Water Rate and Capacity Charge Study was accepted unanimously for customer distribution.

D. Resolution 2014-07 for Assessment of 2014-2015 tax roll for Orchard Acres Assessment District: The Board reviewed the annual assessment for the Orchard Acres San Benito County property taxes in the amount of \$37,584.

Director Dutra (in a combined motion with Item IX E) moved to pass the resolution. It was seconded by Director Holman and passed by the following vote:

Ayes: Norton, Leap, Holman, Mahler, Dutra

Noes: None

Abstain: None

- E. Resolution 2014-08 for Assessment of 2014-2015 tax roll for CFD 98-1:** Board to review and approve the annual assessment for the Ballantree and Marilyn Lane Monterey County property taxes in the amount of \$45,694.83.

Director Dutra (in a combined motion with item IX D) moved to pass the resolution. It was seconded by Director Holman and passed by the following vote:

Ayes: Norton, Leap, Holman, Mahler, Dutra

Noes: None

Abstain: None

- F. Presentation of the Financial Reports for the Month of March 2014:** Revenue for March is \$51,670.44 . Expenditures between March 19, 2014 and April 18, 2014 are \$62,673.58. Payments were reviewed by Pres. Norton.

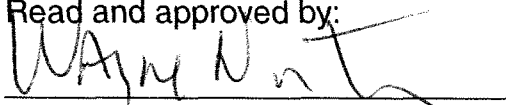
Director Dutra moved to accept the financials as presented and Director Mahler seconded. The financials were accepted unanimously.

- X. CLOSED SESSION** - The Board reviewed the evaluations of GM Morris.
- XI. RETURN TO OPEN SESSION** - An annual performance evaluation of General Manager was completed and an ad hoc committee of Pres. Norton and Director Holman was formed to prepare a process for future GM evaluations.
- XII. FUTURE MEETINGS & AGENDA ITEMS**
- XIII. ADJOURNMENT** - Pres. Norton adjourned the meeting at 9:40pm.

The next regularly scheduled meeting will be held on Tuesday, May 27, 2014

Date: May 27, 2014

Read and approved by:



Board President, Wayne Norton

Attest:



Lisa Dobbins, District Secretary