

Minutes of the Regular Meeting of
The Board of Directors of the
Aromas Water District
January 28, 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, January 28, 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, Maureen Cain, Gina Patten, Laurie Goodman 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 December 18, 2013 Regular Meeting were presented for acceptance and approval.

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

VII. ORAL COMMUNICATION: None

VIII. PRESENTATIONS

A. Director's Reports:

- Directors Holman and Mahler attended Audit review meeting with GM Vicki Morris and Rob Smiley of Berger Lewis Accountancy.
- Director Dutra met with GM Morris regarding generator and well repair.
- Pres. Norton and VP Leap joined GM Morris at Special District Association meeting.
- VP Leap attended PVWMA Board meeting. The topic of drought and conservation was on their agenda. No decision or action was taken on conservation at this time. At the PVWMA meeting, it was announced that the Pendry/Griffith and anti-tax groups attempts to have their cases heard at the California Supreme Court were denied.
- Pres. Norton commented that AWD messages about conservation are helpful.
- Pres. Norton thanked operators and staff for repairing main break over the holidays.
- Pres. Norton attended the LAFCO San Benito hearing re: Seely Ave Annexation.

B. Attorney's Report: Counsel Bosso gave an update that the Pendry/Griffith case and the Jarvis/anti-tax group case against PVWMA is not going to the California Supreme Court. The decision to deny hearing both cases lends precedent to tiered rates being allowed for projects and planning via Proposition 218 and allows for the earlier decision to be published.

C. Manager's Report:

Operations:

- Total production for the 2013 calendar year was 378.7 AcFt or 123.42 million gallons.
- Production in December was 7.81 million gallons. Low rainfall amounts show slightly higher production/use.

Staff:

- Congratulations to Gina Patten for 12 years of service.
- Congratulations to Maureen Cain for 5 years of service.
- Congratulations to our Intern Micah Kimura for over 250 hours of volunteer service.

Projects:

- The current drought conditions may be felt next year. The Governor has called for 20% conservation throughout the state. Staff has been updating conservation messages on the AWD web site, on NextDoor Aromas social media site, and responding to customer concerns via email. GM Morris suggests that the Board discuss action steps at the February 2014 Board meeting.
- Staff has sent out the request for proposals (RFP) for the District Rate Study. Deadline for proposals is February 14, 2014. We expect that the Board will be considering which consultant at the March 2014 Board meeting.
- Staff is working on evaluating the options for a solar system at the Carpenteria well site.
- GM Morris is continuing the lengthy USDA Application for the *Oakridge/Via del Sol Assessment*.
- San Benito LAFCO unanimously approved the Seely Avenue Annexation at the meeting on January 23, 2014.
- Carpenteria Well pump is still down. It is still unclear exactly what element of the technology broke down. Mike Freitas, AWD Engineer was on hand to answer questions. The Board discussed seeking the responsible party or parties for recourse. Next steps are to replace the motor and pump. Freitas agreed to watch the replacement process closely.
- Generator at Carpenteria required \$1,200 in permit fees.

IX. ACTION ITEMS

A. Presentation of Audited Financial Statements for the fiscal year 2012-2013 -

Directors Holman and Mahler met with GM Morris and Rob Smiley, CPA of Berger-Lewis Accountancy Corporation to go over the financials from July 2012 - June 2013. Total assets are \$4.875 million. Mr. Smiley reported the financial statements present fairly the financial position of AWD. The District is highly capital intensive resulting in depreciation showing a loss annually. It is good that the District is looking at a rate study for what it could provide the District in the future. The District should plan to have an emergency contingency plan for potential big projects. Mr. Smiley acknowledged that he is pleased that the District will be discussing a Financial Reserve Policy during this meeting.

B. Aromas Water District Financial Reserves Policy Resolution 2014-1 -

GM Morris presented the Financial Reserves Policy as a follow up to recent strategic planning discussions and based on a recommendation by Robert Smiley of Berger-Lewis. The policy designates an operating, capital emergency and capital funding reserves. The policy includes information for funding and use of the reserves as well as reporting and monitoring.

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

Ayes: Norton, Leap, Holman, Dutra, Mahler

Noes: None

Abstain: None

C. Aromas Water District Public Records Act Policy Resolution 2014-2 - GM Morris presented the Public Records Act Policy as recommended by the California Special Districts Association. The District is in compliance with the Act and provides access to public to request information via the website. The policy will be incorporated into the District's Policy & Procedure Manual.

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

Ayes: Norton, Leap, Holman, Dutra, Mahler

Noes: None

Abstain: None

D. Resolution 2014-3 to Redeem Bonds of \$10,000 for CFD98-1 - GM Morris presented that there is more cash than is required to hold in reserve after all debt service payments and administrative expenses were met as of 9/1/2013. The Redemption account has an excess of \$10,000 which will be used to make the bond calls in March 2014.

Director Dutra moved to pass the resolution. It was seconded by VP Leap and passed with the following vote:

Ayes: Norton, Leap, Holman, Dutra, Mahler

Noes: None

Abstain: None

E. Approve Union Bank Public Entity Resolution - GM Morris presented that Union Bank is requiring the District to pass a "Public Entity Resolution" authorizing GM Morris to make changes to the accounts. Updates to the signature care were also made.

Director Holman moved to pass the Union Bank provided resolution. It was seconded by Director Dutra. The resolution passed unanimously.

F. Presentation of the Financial Reports for the Month of December 2013 - Revenue for December was \$87,944.29. Total assets are \$6.356 million. Total liabilities are \$1.4 million. Expenses from December 11, 2013 to January 21, 2014 were \$ 174,370.45. Payments were reviewed by Pres. Norton.

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

G. Revised 2013-14 Expense Budget - GM Morris presented the mid-year budget revision. The budget revision proposes an increase of income and expenses of \$44,500. The revision reflects an increase in water sales during the past six months. The most significant expenses were the increase in power, an increase to depreciation and an increase in system repairs.

VP Leap moved to revise the budget and it was seconded by Director Holman. It was revised by the following vote.

Ayes: Holman, Mahler, Dutra, Norton and Leap

Noes: None

Abstain: None

X. FUTURE MEETINGS & AGENDA ITEMS

Pres. Norton suggested that the topic of the Drought be on the next agenda. He suggested that we find ways to communicate with our users about ways they can conserve. GM Morris suggested that there will be an update on the Rate Study, the strategic plan and the progress on the potential solar project at Carpenteria.

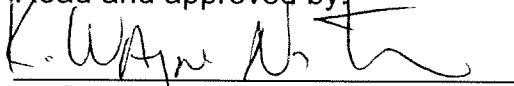
XI. ADJOURNMENT

Pres. Norton adjourned the meeting at 9:05 PM.
Report submitted by Lisa Dobbins, District Secretary

The next regularly scheduled meeting will be held on Tuesday, February 25, 2014.

Date: February 25, 2014

Read and approved by:



Director

Attest: 

Lisa Dobbins, Board Secretary