

**Minutes of the Regular Meeting of
the Board of Directors of the
Aromas Water District
June 27, 2017**

I. CALL TO ORDER:

The regular meeting of the Board of Directors of the Aromas Water District was called to order by President Leap on Tuesday, June 27, 2017 at 7:00 p.m. at the District office located at 388 Blohm Ave, Aromas, California.

II. ROLL CALL:

President Leap, Vice-President Smith, and Directors Holman, Dutra and Norton were all present. Also in attendance were General Counsel Bob Bosso; General Manager Vicki Morris and Acting Board Secretary Louise Coombes.

III. PLEDGE OF ALLEGIANCE: President Leap 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 May 23, 2017 Board Meetings were presented for review and approval. There were no comments or corrections. Director Holman moved for approval of the minutes and Director Norton seconded. Minutes were approved unanimously with all directors present.

VII. ORAL COMMUNICATION: There were no public comments.

VIII. REPORTS/PRESENTATIONS

~~A. Director's Reports-~~ Director Norton reported that the San Benito County Board Supervisor Botelho, will be recognizing the career of GM Morris via a Resolution before the SBC Board on the morning of July 18th, 2017, 9-10am. All AWD Staff and Board are encouraged to attend.

B. Attorney's Report

Counsel Bosso reported on a new 218 case in Orange County; A member of the public vs Ramona Valley Water District. Court case sets a potential precedent whereby a rate change can be challenged in terms of the way the rates were calculated. Potential for that case to go to Supreme Court as the Trial Court ruled in favor of the District, but the Appellate court overturned the ruling. The other two 218 cases already at Supreme Court, Great Oaks and Ventura, may result in a decision later this year.

Director Norton raised the question regarding the Brown Act and Board Members using their personal cell phones to discuss water district business and how this could be an issue. Counsel Bosso indicated that the Supreme Court has ruled that this is the case, phone records and private emails could be subpoenaed as public record should a case demand.

C. Manager's Report

See detailed report in agenda packet. Items highlighted include:

Production

GM Morris noted production for May was considerably higher than April and 1 million gals higher than 2016. Customers are irrigating their gardens in the drier weather, however still within conservation goals using 2013 figures as a benchmark.

Operations

Pleasant Acres Well is back online since June 20th and pumping perfectly with no issues after the swage repair.

Carpenteria Well was taken offline due to air in the water as a first indicator of an issue where the screens were being uncovered during pumping. Although water levels recovered quickly, the pump rate was reduced; unusual in a well drilled as recently as 2012. In consultation, Martin Feeney suggested the screens may be clogged with iron bacteria which are a natural phenomenon and somewhat typical of this area, possibly exacerbated by contaminated equipment used on other well sites. Chlorine dosage alone is insufficient in this case. Martin Feeney suggested prophylactic brushing every 3 years to avoid similar future issues. On 6/28/17 the well will be videoed to confirm, and Martin Feeney will view the video and make recommendations. There is adequate water and this event is not a well failure, however, it will require treatment (scrubbing, zone pumping and acid treatment) which will require being offline, potentially through the end of August. This is unfortunate as this is the site with the solar power, so an increase in overall power cost is inevitable. The overall cost of this repair is potentially \$30-40,000.

Operations Workshop

AGM Dias has been working on options for the road to the existing shop. Another idea is to add on to the existing shop on Marshall with a stick building as opposed to a steel building. The septic is one of the biggest issues, especially with the potential of a future well site and existing PGE easement. A secure fence with a carport may be safe enough for the equipment.

The Blohm site is not ideal, as it is small and does not allow for future expansion, plus adding the sprinkler system regulations may make it far over budget.

Seely Pump Station Repair

Bill Linneman is due to begin work on the repair of the Seely Pump Station on July 3rd.

Our insurance company has paid the first part of the submitted claim (over \$17,000) and we await the invoices for the repairs to be submitted as a second claim, along with the replacement of one of the 12HP pumps damaged by the water.

GSA

Nothing new on the GSA; GM Morris spoke with Brian Lockwood; Pajaro Valley is the only high priority basin that has filed an alternative request, but no decision has been made by DWR yet.

Financial Audit

The new Auditor, Fedak & Brown, is due to begin work on 12th July for 3 days and later in September for a further 3 days. Audit preparation in underway.

D. Correspondence

The monthly correspondence list was reviewed without comments or questions.

IX. ACTION ITEMS

A. Resolution 2017-02 for Assessment of 2017-2018 Tax Rolls

Every year the Board approves, by resolution, the amount of money that be levied on the property taxes for the three bonds; CFD (Ballantree), Orchard Acres and Oakridge/VDS.

The Ballantree bond will pay off this coming year, meaning there will be no further assessments.

The money that has been applied to the property taxes will pay off the penultimate payment, and the required reserve is available and will be used to pay off the final payment in September 2018.

The Oakridge/VDS assessment is not yet complete; we contract with NBS to do the calculations. This levy will be on the July Board Agenda.

The Board reviewed the resolution for Orchard Acres assessment in the amount of \$36,016.00 for the tax year 2017-18.

Motion to adopt Resolution 2017-02 made by Director Norton, seconded by Vice President Smith. With a roll call vote, Resolution 2017-02 was unanimously approved with all directors present

B. Resolution 2017-03 for Election of Directors to the Special District Risk Management Authority

Review candidate qualifications; select up to four candidates; adoption of Resolution and authorize submittal of resolution.

Director Norton made a motion to vote for the four candidates; Unruh, Scheafer, Aranda and Bracy. Three of whom (except Unruh) are incumbents, and the motion was seconded by Director Holman. With a roll call vote, Resolution 2017-03 was unanimously approved with all directors present.

C. Expense Budget for Fiscal Year 2017-18: Review and consider adoption of Annual Expense Budget of \$1,048,290 as prepared by staff and reviewed by ad hoc Budget Committee, and submitted to the Board on the May 23, 2017 Agenda. There were no changes on the proposed budget.

Several of the Directors expressed an interest in a payroll rate study comparison of local Water Districts which is also included. In conclusion; across the board, AWD has the lowest paid positions in the local area. Recognition was made that AWD is a small district however, because it is small, staff have more complex tasks and wider responsibilities as opposed to larger organizations that have more staff whose tasks are more specific. Each of the Operators are willing to be on call 50% of the time, this is of huge benefit to AWD; many districts require on-call duties only several days per month.

General Manager Morris noted that AWD is extremely fortunate to have dedicated and loyal staff, willing to take on these responsibilities and commitments. There is a need to bring salaries up to parity with other local districts to avoid losing staff. AWD does offer good benefits, especially health insurance and CalPERS. Paramount importance is placed on giving parity to all staff salaries.

Director Holman moved to accept the salary budget ranges and 2017-2018 Expense Budget of \$1,048,290 as presented, and seconded by Vice President Smith. The Expense Budget was approved unanimously with all directors present.

D. Capital Budget for Fiscal Year 2017-18: Review and consider adoption of Capital Budget in the amount of Phase I, \$398,000.

The proposed/estimated figures are divided into two Phases; Phase II indicates that there were either insufficient funds or time to complete these projects in Phase I.

Phase I includes a limit of \$200,000 for the Shop; repair to Ballantree road for safer access; an emergency backup generator for the office to allow continued access to computers, lighting and heating. More accurate bids from electricians are forthcoming for the portable generator. Director Dutra recommended renting this equipment as opposed to purchasing, maintenance and storage and only installing the appropriate transfer switches at the two booster sites.

Only half of the 953 meters are currently radio reads so long term labor savings are to be gained from continuing to replace the meters with radio reads.

In response to questions, General Manager Morris explained the relationship to Phase I Capital Items and the three Reserve funds and Reserve Policy. Currently there are insufficient funds to do anything in Phase II. Of the \$398,000 budgeted, \$240,000 comes from Depreciation into our Expense Budget Reserve. The remainder will come directly out of our reserves, thereby reducing the reserves to around \$625K which is the lowest the General Manager recommends so that there is enough to cope with a potential catastrophe. The long term reserves will be depleted by \$158,000 by adopting the Capital Budget as presented. The potential of a GSA formation for the unmanaged areas has not been factored into this budget.

Director Dutra moved to adopt the Capital Budget as presented. Motion seconded by Vice President Smith. The Capital Budget was approved unanimously with all directors present.

E. Financial Reports for the Month of May 2017: Revenue for May was \$105,510.84. Expenditures between May 18 to June 21, 2017 total \$120,011.68. The fiscal year (2016/17) is approaching its close and the P&L shows how close the budget was, with almost every Expense category coming

in just under budget and the Income just over budget; a good ratio. These financials and monthly expenditures were presented for discussion and approval.

Director Holman moved to adopt the May Financials as presented, and seconded by Director Norton. The May 2017 Financials were approved unanimously with all directors present.

F. Adjourn to Closed Session- As permitted by Govt. Code Sec. 54956.9, the Board held a closed session to discuss personnel matters.

G. Return to Open Session- Upon returning to open session Counsel Bosso stated, the Board gave direction concerning Personnel matters.

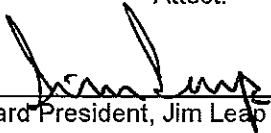
X. FUTURE MEETINGS & AGENDA ITEMS:

The next meeting would be the regularly scheduled meeting of ~~June 27~~^{July 25}, 2017.

XI. ADJOURNMENT - Pres. Leap adjourned the meeting at 9:09 PM until ~~June 27~~^{July 25}, 2017.

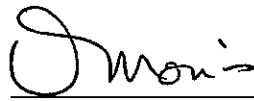
Read and approved by:

Attest:



Board President, Jim Leap

Date: 7-27-17



General Manager, Vicki Morris

Date: 7-25-2017