

**Minutes of the Regular Meeting of  
the Board of Directors of the Aromas Water District  
April 23, 2019**

- I. CALL TO ORDER.** The regular meeting of the Board of Directors of the Aromas Water District was called to order by President Smith on Tuesday, April 23, 2019 at 7.01 p.m. at the District office located at 388 Blohm Ave, Aromas, California.
- II. ROLL CALL.** President Smith, Vice President Holman and Directors Norton, Leap and Dutra were present. Also in attendance were General Manager Robert Johnson, Counsel Bob Bosso, Management Consultant Morris, Board Secretary Louise Coombes as well as Staff Ester Girón and Naomi Bowman.
- III. PLEDGE OF ALLEGIANCE.** Vice President 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 to the Agenda.
- VI. MINUTES.** The minutes of the March 26, 2019 Board Meeting were presented for review and approval; there were no corrections or comments. Director Norton moved for approval of the minutes and Director Leap seconded. Minutes were unanimously approved with all Directors present.
- VII. ORAL COMMUNICATION.** There were no public comments.

**VIII. REPORTS/PRESENTATIONS**

- A. Director's Reports.** Director Leap mentioned that the Ad-Hoc Budget Committee recently met and spent considerable time discussing the rate study upon which next year's revenue and expenses hinge. The Committee determined that the full Board should have the opportunity to discuss the full Capital Budget after Tom Pavletic from MFS presented the preliminary findings of the Rate Study.
- B. Attorney's Report.** Counsel Bosso reported that many of the current cases, he is following, have stalled. The Glendale case, dealing with tiered rates, has been rejected by the Supreme Court, therefore the lack of consistent ruling among the Courts leaves the issue in limbo for the time being.
- C. Manager's Report**

***OPERATIONS***

No additional meters were installed in March so the total number of meters remains at 957 on 902 parcels. All water testing continues to be both, filed on time and represent satisfactory results.

***Production & Well Levels***

GM Johnson reported total production, in March 2019 is just over 4.6 million gallons; the daily average at 149,679 gallons. Pleasant Acres Well was not run during March, and San Juan Well was not used for three days of March, whereas Carpenteria was run the entire month. This calendar year to date, total production is 13,622,060 gallons.

Reporting well levels; Carpenteria Well is down three feet, San Juan Well is down seven feet, Marshall Well is down five feet and Aimee Meadows Well is down six feet.

***Incidents***

There were no incidents to report this month.

***ADMINISTRATIVE***

***Staff & Board Recognition***

GM Johnson continues to remind the Board that AC Giron and ASO Coombes are keeping everything running smoothly whilst CSR Bowman is undergoing training.

GM Johnson gave credit to CO DeAlba who continues to work very hard to keep the system running smoothly. Temporary Operator Shaun Smith is now working at the District full-time and has been doing a

very good job. He has progressed to being on call for some weekend coverage to give CO DeAlba some relief.

The search for a new Operator has begun and the closing date for applications is Friday, April 26, 2019. More about this will be discussed at closed session at the end of the meeting.

GM Johnson recently met with a managed information technology consultant to explore some options to improve the District's technology.

GM Johnson was due to meet with Jeff Cataneo the GM for San Benito County Water and several members of the San Benito County (SBCo) Planning Department earlier in the month, however, the meeting was rescheduled to April 24th, so the report on this will be at next month's meeting.

GM Johnson reported that the tank cleaning was performed as scheduled on April 15/16, 2019, and there was no urgent repair work recommended. A full detailed report, including video footage of all tanks is forthcoming.

### ***Conservation & Rainfall***

According to the rain gauge at Chittenden, since the beginning of the rain year, October 1, 2018, a total of 23.16" has been recorded, including the reading for today, with almost .5" falling in April.

### ***Projects***

#### **60th Anniversary Celebration**

GM Johnson reported that he has written a number of letters to local Legislators and Supervisors to obtain Resolutions to recognize the 60th year of the District's operation. The Monterey County Board of Supervisors will be providing a Resolution on July 9, 2019 at their meeting. GM Johnson will invite San Benito County Supervisor Anthony Bothelo to attend the District Board meeting in July to present their Resolution in person.

At the upcoming Association of California Water Agencies (ACWA) Conference in Monterey, GM Johnson reported that the District has sponsored a fruit-infused water station to recognize the District's 60th year.

- D. Correspondence.** Director Dutra inquired about the email from ACWA JPIA regarding full replacement cost for District vehicles; GM Johnson clarified that ACWA JPIA are the District's insurance provider and the vehicle insurance was recently upgraded for a small additional premium per year to provide for full replacement of a vehicle.

Director Norton inquired about the recent calibration of a meter that a customer was claiming was inaccurate; the calibration bench test proved the accuracy of the meter.

## **IX. ACTION ITEMS**

### **A. Consider receiving an update on the Water Rates and Capacity Charges Study.**

Tom Pavletic from MFS performed the District's previous rate study in 2014 and returns to provide a new study in 2019. The previous rate study resulted in five years of rate increases, on average of roughly 5% per year, with the last being implemented in July 2018. The last two Financial Audits have revealed a negative net position for the District, indicating the necessity for further rate increases. Not only is there a need to improve the fiscal position of the District, there is also a need to build capital reserves for aging infrastructure, increase the emergency reserve and the potential of capital improvement projects.

Mr Pavletic reiterated the concept of a Cost to Service increase in rates, which is not simply an across-the-board increase, but for every rate and every year we establish a nexus of the cost of a service and the rate, resulting in different percentages for each rate.

Numerous factors and use characteristics are utilized in order to project water use over the coming years. With the potential for future conservation, rate increases are likely to result in a revenue neutral position. In parallel with the previous study, the threshold for the tiered rates are proposed to be shifted down to match the new usage patterns.

No motion was made, however after discussion, the Board were in agreement for a 6% ceiling on a raise in



rates and Mr Pavletic was directed to continue and produce a preliminary draft of the Rate Study for review and approval at the next Board Meeting.

**B. Consider receiving an update on the Cole Road Annexation in the Aromas Water Boundary; adopting Resolution 2019-03 and Resolution 2019-04 certifying a Categorical Exemption for the Cole Road Annexation and approving the agreement with PVWMA.**

GM Johnson outlined that these two Resolutions initiate the annexation process and then certify that a categorical exemption is appropriate. In addition, the Board should approve the agreement with PVWMA.

Vice President Holman moved to adopt Resolutions 2019-03 and 2019-04. The motion was seconded by Director Norton. Both Resolutions were unanimously adopted with a roll-call vote with all Directors present.

Director Norton moved to adopt the Agreement with PVWMA. The motion was seconded by Director Dutra. There was no discussion. The Agreement with PVWMA was unanimously approved with all Directors present.

**C. Consider adopting Resolution 2019-05, declaring May as Water Awareness Month**

GM Johnson outlined the annual opportunity to draw attention to Water Conservation.

Director Norton moved to adopt Resolution 2019-05 and was seconded by Director Leap. There was no discussion. Resolution 2019-05 was unanimously approved with a roll-call vote with all Directors present.

**D. Financial Reports for the Month of March 2019**

The total revenue for March was \$64,628.53; Total expenditures were \$77,697.52 between March 21 and April 17, 2019.

On the **Balance Sheet**, *Total Assets / Liabilities & Equity* are \$11,579,720.50, of which *Total Current Assets* are \$4,338,851.55, and *Total Fixed Assets* are \$7,051,588.15. In *Liabilities*, the *Total Current Liabilities* are \$243,552.25, *Long Term Liabilities* are \$4,882,231.26.

In the **P&L Report**, *Water Revenue* for February was \$64,628.53 as compared to the budgeted \$72,100.00, however, the year to date shows that revenue is approximately \$50,000 more than budget at this point.

In the **Monthly Expenditures**. Director Dutra enquired the purpose of the West Valley Construction expense. GM Johnson clarified that a meter box had been installed in the wrong location some time ago. Director Norton enquired about contracting out such work. GM Johnson explained that since the low staffing levels CO DeAlba's time is better spent on other tasks, especially since exposing the main line requires hiring and operating a backhoe as well as asphalt work. Vice President Holman expressed a wish to see more of this kind of work brought back in house.

Director Norton moved to adopt the Financial Reports as presented; seconded by Director Leap. The Financial Reports were unanimously accepted with all Directors present.

**X. FUTURE MEETINGS & AGENDA ITEMS.** The next special meeting will be on *Thursday*, May 30, 2019 at 7:00pm.

**XI. ADJOURN TO CLOSED SESSION.** At 8:48pm. GM Johnson reported on a personnel issue and another issue.

**XII. RETURN TO OPEN SESSION.** At 8:58pm President Smith announced that the General Manager was given direction.

**XIII. ADJOURNMENT.** President Smith adjourned the meeting at 8:59pm until *Thursday*, May 30, 2019.


Read and approved by:

  
President, Richard Smith

Date:

5/30/19

Attest:

  
Board Secretary, Louise Coombes

Date:

May 30, 2019

