

Minutes of the Regular Meeting of the Board of Directors of the Aromas Water District July 24, 2018

- 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, July 24, 2018 at 7:03 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 and Board Secretary Louise Coombes.
- III. PLEDGE OF ALLEGIANCE.** Director 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 to the Agenda.
- VI. MINUTES.** The minutes of the June 28, 2018 Board Meeting were presented for review and approval; there was one correction requested in the Attorney's Report by Counsel Bosso; there were no other comments. Director Holman moved for approval of the minutes with the correction and Director Norton seconded. Minutes were unanimously approved with all Directors present.
- VII. ORAL COMMUNICATION.** There were no public comments. GM Johnson consulted with Counsel Bosso's regarding whether the purchase of a new Operations truck should be agendized, considering it was included the recently approved Capital Budget. Counsel Bosso confirmed that it was not necessary to be agendized. Comparative pricing at different dealerships has been obtained by both Chief Operator DeAlba and Director Dutra who commented on the various features of each type of truck. Director Holman commented that GM Johnson should decide on whichever truck is best for the District, and all Directors agreed.

VIII. REPORTS/PRESENTATIONS

- A. Director's Reports.** There were no reports from the Directors.
- B. Attorney's Report.** Counsel Bosso reported that the SB831 ADU case has stalled in Legislature, therefore is unlikely to have an impact on the District in 2018. There is still no further progress on the Goleta case. Director Norton inquired if there was any progress on SB998 regarding termination of service for non-payment, and Counsel Bosso reported no further developments. President Smith commented that during a recent visit to the office he had witnessed how staff currently handled such a situation and was rueful that should this Senate Bill pass, the process has the potential to become even more complicated for staff; Director Norton outlined some of the additional criteria to which the District will have to adhere should the bill pass. Counsel Bosso commented that the bill has been re-referred to the Appropriations Committee after one round of amendments.
- C. Manager's Report.** GM Johnson commented on the Production Report; throughout June 2018, the production from all three wells was similar. GM Johnson mentioned that the Operations Team is very conscious of the cost of power used for pumping, so they are introducing a new software tool to track pumping during peak/partial peak and off peak hours. Once data for all three wells has been obtained for summer, a report will be provided to the Board.

President Smith inquired about whether the solar field at Carpenteria is aiding in the reduction in power cost and GM Johnson confirmed that during peak times Carpenteria Well is being utilized extensively. Director Leap enquired about the recent capacity limitations of Carpenteria Well and GM Johnson explained that the flow meter was recently calibrated and cleaned so accuracy on knowing the flow rate has dramatically improved.

Director Dutra inquired about the variable frequency drive (VFD) installed at Carpenteria Well; GM Johnson explained that although the VFD is working, there has been some challenges with the programming and, despite repeated attempts to contact them, TESCO have not addressed these issues since before GM Johnson joined the District. Part of the programming issue is that San Juan and Carpenteria Wells cannot be run simultaneously so the Operations Team have to reset the set points twice daily to overcome this problem. Another issue is the lack of a manual speed control; currently the only control is via programming. Due to his computer skills, there is potential to train and certify Operator Zelmar in this type of programming to bring the solution in-house.

The other option, previously presented to the Board, is to utilize the XiO system solution, which usurps the TESCO unit and have XiO program everything remotely. The cost may be prohibitive at approximately \$110,000 of hardware and then a monthly cellular phone charge of around \$800 per month. Another issue is that XiO currently is a single source vendor, so committing to this technology could place the District in a challenging position in the future.

OPERATIONS AND MAINTENANCE

Production & Well Levels

GM Johnson described June's production as higher than the previous few years. All wells were in full production except for the one day that Carpenteria Well was inactive whilst the flow meter was cleaned. Additional grounding rings were also installed in order to mitigate previous signal interference issues.

Well water levels show that Carpenteria and Marshall Well's level has not altered from the previous month; San Juan Well's level reduced by three feet and Aimee Meadows Well measurement is up by one foot and is a current reading, rather than retrospective.

OPERATIONS

There have been no new connections during June other than the previously reported connection on June 12, 2018.

ADMINISTRATION

Staff & Board Recognition

GM Johnson expressed praise for the Administrative Staff as they prepare for financial year end/beginning.

In addition, shortlisting and interviews took place for the Customer Services Representative. Out of twenty eight applicants, four were interviewed and, after glowing references, the job was offered and accepted by one of the four and the new employee begins work on August 6th, 2018.

GM Johnson and Chief Operator DeAlba visited a customer who was requesting a 4" service line, and after some discussion, a solution was presented that involved the installation of a large tank which could be filled at night and a 4" outlet from the tank to supply the customer's needs.

President Smith and Director Leap accompanied GM Johnson in attending the Special Districts Association of Monterey County meeting. The topic was Salinas Valley GSA/SGMA; President Smith found it very informative and both Directors noted how often GM Johnson's name came up as an expert to the project in his former role with the Monterey County Water Resources Agency.

GM Johnson continues to work on gathering information to install solar energy at the District Office. After much correspondence with Solar Technologies AWD has now received a proposal for both the installation of the solar panels and a power wall, which GM Johnson will be discussing with their representative on July 25, 2018.

Drought & Conservation

GM Johnson reported no change in the rain gauge measurement since the last meeting; still at 13".

Projects

This month's projects are Action Items A & B below.

- D. Correspondence.** GM Johnson drew the Board's attention to the Annual DRINC Report being reviewed and accepted by District 05 Monterey, the deadline for which is normally October.

Vice President Holman enquired about the planning application for Cole 1880 Road. GM Johnson outlined the customer's plan to install yurts and facilities on the property for accommodation of educational classes.

IX. ACTION ITEMS

A. Report on San Benito County Water District Basin Boundary Modification Request

GM Johnson had previously written a letter of support of this modification, mentioned in June's correspondence, at which time the Board requested further information. GM Johnson provided a slide presentation to give greater detail on the modification so that the Board could give direction to staff.

Directors Norton and Holman posed the question of how this will affect the District, including what are our options should we decide to build a well within the boundaries. As we are a stakeholder, SGMA requires that the District be consulted on all decisions about water management.

Granite Rock are currently exempt from reporting to PVWMA and SGMA despite being within the boundaries of the basin; this could be a future concern, depending on how much they are actually pumping, and how that pumping could affect the basin.

Director Leap made a motion to receive the Report and for GM Johnson to continue to monitor the situation and provide updates to the Board when available. The motion was seconded by Director Norton and unanimously accepted with all Directors present.

B. Development of Board of Directors Training Plan

GM Johnson outlined the development of options for training to keep all Board Members current in order to raise the level of leadership at the District. Ultimately the goal is to achieve the District of Excellence Platinum Level award. As well as recognition for the District, there is a financial advantage in a reduction to the cost of Risk Management through SDRMA.

Requirements which are already obtained include; District Transparency Certificate of Excellence, three years of clean Financial Audits and Recognition in Special District Governance for the GM.

Requirements that will need some additional work include; update of the District's Policies and Procedures manual; Recognition in Special District Governance for the full Board; GM Special District Administrator Certification.

Although Platinum Level is the ultimate goal, many elements are so close to completion that silver or even gold level are within reach.

There were many positive comments from Directors Leap and Norton regarding how pursuing this would make the District Board and Staff more professional and showing leadership commitment.

President Smith appointed an Ad-Hoc Committee of himself, Director Norton and GM Johnson to identify and organize a schedule of upcoming training opportunities and dates for either individual or collective training.

Director Norton made a motion to receive this report and form the aforementioned Ad-Hoc Committee. The motion was seconded by Director Leap and was unanimously accepted with all Directors present.

- C. **Financial Reports for the month of June 2018.** Total revenue for June was \$324,760.75; Total expenditures were \$85,977.13 between June 19, 2018 and July 17, 2018. GM Johnson informed the Board that the figures look considerably different than last month as the District's Accountant has been working on the Assessment Districts to break out all the figures from the previously single static figure throughout last year, but this process is not yet complete.

The *Accounts Receivable - Other* account shows two new connection deposits. Total assets are \$11,927,573.86 which now includes the two Assessment Districts. There are currently a lot of bulk water sales, largely due to local gas line testing, hence the large amount under Hydrant Meter Deposit. CFD 98-1 will soon be completed as customers cash the last couple of final checks. In Long Term Liabilities, a large part of the \$4,682,290.00 is the City National Bank loan for the solar field (completes in 2021) and the fixed asset loan for Rea tank, Carr tank and others (completes in 2029).

In the P&L Report GM Johnson mentioned that the Annual and YTD figures are now identical because we are at the end of the Fiscal Year and these are the revised budget numbers. The Gross Profit line shows that the District is ahead of the budget by \$276,934.28.

When comparing Expenses against the budgeted figures, we are under budget in everything except for power. Payroll was less due to no Customer Service Representative for a few months of the year, plus Chief Operator DeAlba was on medical leave for a short time. The Audit figure shows higher than budgeted only because the Auditors have already begun work on the Audit for FY2017-18. The Depreciation Reserve shows the amount that was earmarked for repair or replacement but was not spent on repairs and so it goes to the Depreciation Reserve.

In the monthly expenditures GM Johnson pointed out that we will be seeking reimbursement for the cost of the Aromas Day booth which was paid in error.


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

- X. **FUTURE MEETINGS & AGENDA ITEMS.** The next meeting will be on Tuesday, August 28, 2018.

- XI. **ADJOURNMENT.** Vice President Smith adjourned the meeting at 8.52 pm until Tuesday, August 28, 2018.

Read and approved by: 
President, Richard Smith

Date: 8/28/18

Attest: 
Board Secretary, Louise Coombes

Date: 8/28/2018