

**Minutes of the Regular Meeting of
the Board of Directors of the Aromas Water District
April 28, 2020**

- I. **CALL TO ORDER.** The regular meeting of the Board of Directors of the Aromas Water District was called to order by President Holman on Tuesday, April 28, 2020 at 7:00 p.m. via Zoom online.
- II. **ROLL CALL.** President Holman, Vice President Leap and Directors Dutra, Norton and Smith were present. Also in attendance were General Manager Robert Johnson, Counsel Bob Bosso, Board Secretary Louise Coombes and Management Consultant Vicki Morris.
- III. **PLEDGE OF ALLEGIANCE.** President Holman led the pledge of allegiance.
- IV. **STATEMENTS OF DISQUALIFICATION.** There were no disqualification statements.
- V. **ADDITIONS AND DELETIONS.** There were no additions to, or deletions from, the Agenda.
- VI. **MINUTES.** The minutes of the February 25, 2020 Board Meeting were presented for review and approval; Director Smith moved for approval of the minutes and Director Norton seconded. Minutes were unanimously approved by roll-call vote with all Directors present. The regular March meeting of the Board of Directors was cancelled.
- VII. **ORAL COMMUNICATION.** There were no public comments.

VIII. REPORTS/PRESENTATIONS

A. **Director's Reports.** There were no reports from the Directors.

B. **Attorney's Report.** Counsel Bosso reported on SB 998 which stipulates that customers' water supply cannot be turned off for sixty days due to delinquent payment. Instead a payment plan needs to be offered to the customer first. Since April 2nd, 2020, the Governor issued an order against any utility turning off service for lack of payment; this will be in effect until a new order rescinds the first. A good alternative implemented in Scotts Valley is to use a notice that explains that failure to pay may ultimately result in the utility being turned off – around 90% of delinquent customers pay as a result of this notice.

In addition, Counsel Bosso mentioned AB5 which establishes whether or not a private consultant contractor is deemed to be an employee; there are three basic tests and several criteria to determine the status. Counsel Bosso will summarize this statute and send a copy to GM Johnson.

C. **Manager's Report**

OPERATIONS

No new connections were established in February or March, so the total number of connections remains at 964.

All water testing continues to be both, filed on time and represent satisfactory results. In February and March, the finished water from the treatment plant showed no trace of iron and manganese.

Production & Well Levels

GM Johnson reported total production in March 2020 was 6,090,311 gallons, with a daily average of 196,462 gallons per day. The San Juan and Carpenteria Wells were both used for the entire month and Pleasant Acres Well was utilized for five days.

Reporting operational well levels for both March and April; Carpenteria's level did not change from February but was up two feet in March; San Juan Well was down two feet in March and up three feet in April. Observational well levels; Marshall Well was down three feet in March but up five feet in April; just the opposite at Aimee Meadows which was up six feet in March and down three feet in April.

MAINTENANCE

Incidents

On April 8th, CO DeAlba noticed a sink hole on the side of San Juan Road and informed the proper authorities; GraniteRock made the repairs for Monterey County. This incident was of concern to the District as a water main line runs close by this area; CO DeAlba continued to monitor the situation and made sure the workers knew the location of the water main.

ADMINISTRATIVE

Staff & Board Recognition

All office staff are working well during the continued shelter in place with staff coverage five days a week and everything is running smoothly and on-time.

CO DeAlba and Op Smith have been replacing underreporting meters when possible, however, the supply of meters is dwindling since new meter production has slowed from the manufacturer.

Conservation & Rainfall

Since October 1, 2019, a total of 16.08" of rainfall has been recorded up to April 17, with 2.04" of rain falling in April.

Projects

Carpenteria Well Rehabilitation

This project had to be pushed back due to a scheduling issue with a subcontractor. The new start date is June 8. GM Johnson expressed his concern that this well is being taken offline during a potential peak demand period.

Ad-Hoc Budget Committee Meeting

GM Johnson reported that the Budget meeting went well; the result is discussed later in this meeting.

Technology Upgrade for SCADA – XiO Phase 3

The schedule to implement Phase 3 is delayed due to COVID-19.

- D. Correspondence:** Two months-worth of correspondence was reviewed. GM Johnson drew the Board's attention to the encroachment permit for the Capron installation.

IX. CONSENT CALENDAR

A-D Resolutions 2020-01 through 2020-04

Four Resolutions were presented for Board adoption. Director Norton requested clarification for Resolution 2020-04 which was written to conform to the State Governor's legislation during the COVID-19 situation.

Director Norton moved to accept the Consent Calendar Items as presented; seconded by Vice President Leap. There was no discussion and the Consent Calendar Items were unanimously adopted by roll-call vote with all Directors present.

X. ACTION ITEMS

A. Proposed Capital Budget of \$391,200 for FY 2020-21

GM Johnson presented the Capital Budget for the upcoming Fiscal Year. Directors Smith and Leap commented that the Capital Budget has been well thought through by GM Johnson, including the fiscal obligations from the 2019 Rate Study. Director Norton queried if the Budget Committee set priorities for the capital improvements that did not get onto the Capital Budget this year? Director Smith rejoined that there was a list discussed and GM Johnson pointed out that many of the items on the list from the Rate Study were included in this years' budget.

Director Norton went on to say that an update for the XiO system still has not been presented to the Board. Although Director Norton appreciated that the Operations staff are happy with the performance of the new system, have alternatives been considered? Initially it was in experimental phase and he feels it is a high cost to the District. During the Public Comment section of the discussion, Paul Sagues, the Chairman of XiO, whose background was in water operations, explained that XiO has been in business for the last ten years and now has almost 1000 systems installed throughout California. Their customers include CalTrans and Stanford who have installed XiO in over seventy sites. Their technology uses cloud-based supervisory data acquisition which is currently the most cost-effective to integrate control of wells and tanks.

GM Johnson reminded the Board that if the March meeting had not been cancelled, a presentation of the XiO current setup would have taken place. The Operations staff are finding that they are able to use XiO to monitor the system remotely 24/7, and the service received from XiO is outstanding.

Director Dutra enquired regarding the plans for Ballantree Tank and School Road Tank replacement. GM

Johnson explained that the tanks would not be replaced with new tanks, but to circumvent the need for those tanks utilizing, for example, a pressure reducing station to avoid the safety and accessibility issues associated with those tanks. This project has yet to be engineered, which will reveal more accurate costs involved.

Vice President Leap moved to accept the Capital Budget as presented; seconded by Director Smith. There was no further discussion and the Capital Budget were unanimously adopted by roll-call vote with all Directors present.

B. Proposed Expense Budget of \$1,611,470 for FY 2020-21

GM Johnson presented the Expense Budget, including Payroll, for the upcoming Fiscal Year. Proposed Revenue and Expenses were based on the current fiscal year pattern, plus adding the 6% increase from the adopted Rate Study in May 2019, plus an estimated three additional connections. Proposed expenses include building depreciation reserves and increased expenses for power and water treatment, as well as various increased membership fees and payroll changes. GM Johnson also discussed a proposed charge to customers for backflow device testing and another for the county requirement for hydrant flow testing for residential sprinkler installations.

Director Norton raised the suggestion of solarizing as much of the District as possible if power costs are set to continue to dramatically increase. GM Johnson clarified that the only project currently on the horizon is to have solar at the office, but other locations could be considered. Management Consultant Morris also mentioned the California Sustainable Energy Program (CSEP) which could be worth future consideration.

Management Consultant Morris expressed concern regarding the fees for backflow testing on a public relations basis. GM Johnson clarified that these fees are not included in the current budget and he suggested that further discussion at a later date should take place and President Holman agreed.

Director Norton moved to accept the Expense Budget as presented; seconded by Vice President Leap. There was no further discussion and the Expense Budget was unanimously adopted by roll-call vote with all Directors present.

C. Financial Reports for the Month of March 2020

On the **Balance Sheet**, *Total Assets / Liabilities & Equity* are \$11,067,824.69, of which *Total Current Assets* are \$4,386,806.85, and *Total Fixed Assets* are \$6,542,648.84. In *Liabilities*, the *Total Current Liabilities* are \$253,077.04 and *Long-Term Liabilities* are \$4,562,376.08.

In the **P&L Report**, *Water Revenue* for March was \$75,249.46. The total revenue for March was \$77,165.70. Total expenditures were \$80,264.49 between March 20 and April 21, 2020. GM Johnson drew the Board's attention to the over-budget cost of water treatment, however over all the Operations are under budget.

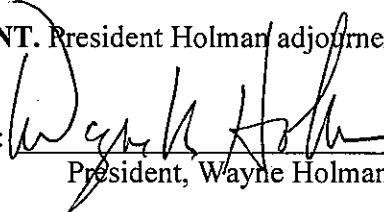
In the **Monthly Expenditures**, GM Johnson clarified several expense entries.

Director Smith moved to accept the Financial Reports as presented; seconded by Vice President Leap. The Financial Reports were unanimously approved by roll-call vote with all Directors present.

X. FUTURE MEETINGS & AGENDA ITEMS. The next meeting will be on Tuesday May 26, 2020.

Upcoming agenda items include a report on the status and functionality of the new XiO system so far. Also the GM Performance Evaluation and discussion of new backflow and hydrant testing fees.

XI. ADJOURNMENT. President Holman adjourned the meeting at 8:39pm until Tuesday, May 26, 2020.

Read and approved by: 
President, Wayne Holman

Attest: 
Board Secretary, Louise Coombes

Date: 26 MAY 2020

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