

**MINUTES OF REGULAR MEETING**  
**BOARD OF DIRECTORS**  
**ATASCADERO MUTUAL WATER COMPANY**

**February 10, 2010**

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 6:30 p.m., President Jackie Lerno presiding. Others present were Directors Robert Jones, Brien Vierra, and Leroy Davis, General Manager John Neil, and Secretary Cheryl Powers. Vice-President Frank Platz was absent.

**PUBLIC COMMENT:**

There was no public comment.

**APPROVAL OF MINUTES:**

A motion was made and seconded to approve the minutes of the regular meeting of January 12, 2010. The motion carried 4 to 0.

***The following reports were reviewed:***

**OPERATIONS REPORT:**

The Operations reports were available for review. The General Manager reported that wells are operational and that water levels are coming up rapidly. He noted that the Year Usage chart shows an overall 15% reduction in use, and that current use levels are similar to those in 1991.

**FINANCIAL REPORT:**

The Financial reports for December were available for review. The General Manager noted that the revenues are ahead of what was budgeted and expenses are lower than what was budgeted, which is also the case for capital projects. Staff is currently working on next year's budget using the new financial information system.

**CONSERVATION REPORT:**

The Conservation report was available for review. The Conservation Manager reported that last night the City of Atascadero enthusiastically adopted its Water Efficient Landscape Ordinance, which was mandated by the State, and that AMWC received many accolades for its management of Atascadero's water from the City Council. She also noted that the City did an excellent job of reducing water use last summer.

***The Manager's Report was available for review as follows:***

**RAINFALL:**

Total rainfall for the current rain year through January 31 is 19 inches, which is 110% of average. The signage regarding conserving water was recently changed from "Wait for it" to a "Don't forget about droughts" message.

**CARPENTERS' LOCAL UNION 150:**

The Carpenters' Union is alleging unfair labor practices of Drywall Dynamics, a sub-contractor used by JW Design for construction of the new shop buildings. The Union has had picketers at the AMWC business office since January 25<sup>th</sup>, weather permitting. Staff sent a letter to the Union explaining that AMWC is not a government agency, and therefore not required to pay prevailing wages, and the Union did not respond, other than picketing.

**NACIMIENTO WATER PROJECT (NWP):**

The project is estimated to be 95% complete. There has been a delay in obtaining acceptable submittals for the pumps at the intake structure. Water deliveries are now expected by September 2010 instead of July 2010.

Southern California Pipeline Construction, the contractor for the section of the pipeline starting at the turn-out to San Luis Obispo, has been fined by the Department of Industrial Relations for not paying its employees prevailing wages; the owner of the company committed suicide on January 7 for unknown reasons.

The Monterey County Water Resources Agency and County Parks and Recreation Department are working with SLO County staff to address the invasive mussel issue. They are considering three options, and it appears that self-boat inspection, with enforcement, will be implemented to try to prevent any invasion issues.

**CHALK MOUNTAIN TANK:**

The roof is complete, and the tank is scheduled to be painted in March. Staff is working on a solution to the issue of swallows at the tank.

**NWP RECHARGE & RECOVERY BASINS:**

Bid packages for the drilling of the recovery wells have been sent out and are due March 11.

**FACILITY EXPANSION:**

Work on the shop buildings is nearly complete, and design of the administrative building is continuing. The General Manager met with representatives of Rabobank to discuss possible financing options.

**TECHNOLOGY IMPROVEMENT PROGRAM:**

The consultants for the customer information system are currently holding design sessions on site with AMWC staff. Staff will likely be coming to the Board with some recommended policy changes.

**LEAD & COPPER RULE COMPLIANCE:**

The results of the last round of testing showed that copper levels at the 90<sup>th</sup> percentile are at the action level, indicating the use of orthophosphate has been successful at reducing copper levels. The consultant AMWC staff has been working with is confident this trend will continue.

**NEXT MEETING DATE AND TIME:**

The next meeting is scheduled for March 10, 2010, at 6:30 p.m.

*The following old business was discussed:***WATER USE RATES, MULTI-FAMILY RESIDENTIAL CUSTOMERS:**

In response to a customer inquiry at the December Board meeting regarding landscape meters at multi-family residences (MFRs), last month the General Manager presented analysis regarding water use patterns for MFRs with landscape meters and those without. His analysis revealed that multi-family properties with landscape meters use less water per unit than those without landscape meters. His conclusion is that the reduced demand is due to property owners with landscape meters having more incentive to conserve in order to save money. Based on these findings, staff's recommendation at this time is to make no changes to the current rate structure for MFR properties since the current rate structure encourages conservation.

*The following new business was discussed:***METER KILL FEE WAIVER, LOT 3, 55-PM-30, LARSEN:**

The General Manager reported that a representative for Harry B. Larsen asked that the fee to disconnect the meter at this property be waived, and that the standby fees that have been paid on the account be refunded. He explained that the meter was installed as requested by Mr. Larsen in 2002, and the configuration of the lots has since changed so the meter is no longer in a location where it can serve the property. He stated that the \$450 fee to "kill" an existing water service and the monthly standby fees would be charged to any other shareholder in this situation. The General Manager reported that during a telephone conversation prior to the meeting, the representative for the property owner expressed her dissatisfaction with the General Manager's recommendation and felt that the fiscal impact of waiving the kill fee and refunding standby fees should have been made clearer in the staff report. A motion was made and seconded to deny the request to waive the disconnection/"kill" fee and to deny the request to refund all standby fees paid for this property. The motion carried 4 to 0.

**WATER SHORTAGE CONDITION:**

The General Manager explained that the prohibitions of the Stage 2 Water Shortage Condition achieved the goal of reducing water use by 15% and that, due to the significant rainfall that has been received, staff is recommending that the Board rescind the declaration of a Water Shortage Condition. A motion was made and seconded to rescind the declaration of a Water Shortage Condition. The motion carried 4 to 0.

**ANNUAL MEETING AND RECORD DATES:**

Staff recommends that the Board adopt the following resolution:

BE IT RESOLVED: That the Annual Meeting date be set for May 5, 2010, at 7:00 p.m., at the Atascadero Mutual Water Company office, 5005 El Camino Real, Atascadero, CA, and ;

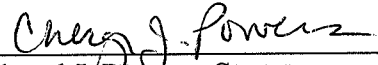
RESOLVED FURTHER, that the Record Date be set for March 10, 2010, and;

RESOLVED FURTHER, that the five people to be listed as the Board's nominees on the Notice of the 2010 Annual Shareholders Meeting be: Leroy R. Davis, Robert M. Jones, Jackie M. Lerno, D. Frank Platz, and Brien C. Vierra, and;

RESOLVED FURTHER, that D. Frank Platz and Leroy R. Davis be appointed as proxies to vote the shares represented by proxy at the 2010 Annual Shareholders Meeting in the proxy to be distributed to shareholders of record.

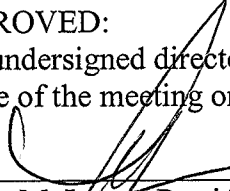
A motion was made and seconded to adopt the resolution as presented. The motion carried 4 to 0.

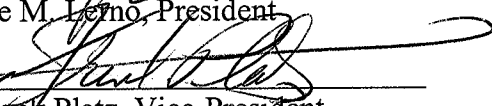
The meeting was adjourned at approximately 7:30 p.m.

  
Cheryl J. Powers, Secretary

APPROVED:

The undersigned directors of the Company approve the foregoing minutes of directors and acknowledge notice of the meeting or, if notice was not properly given, waive notice of the meeting.

  
Jackie M. Lerno, President

  
D. Frank Platz, Vice-President

  
Brien C. Vierra, Director

  
Leroy R. Davis, Director

  
Robert M. Jones, Director