

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

July 15, 2009

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 6:00 p.m., President Robert Jones presiding. Others present were Vice-President Jackie Lerno, Directors Leroy Davis, Frank Platz, and Brien Vierra, General Manager John Neil, and Secretary Cheryl Powers.

PUBLIC COMMENT:

Dan Chacon commented that he did not see the minutes from the last Board meeting on AMWC's web site. He also commented that he would like to see the number of votes each Board member received at the last election. Staff advised the President that minutes are not posted on the web site until they have been approved by the Board.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the minutes of the regular meeting of May 13, 2009. The motion carried 5 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Operations reports were available for review. The General Manager reported that Well 6a has been out of service due to a hole in the column pipe but should be back online next week, and that Well 9a will be out of service to repair a hole in the column pipe. He also reported that due to mild weather and conservation efforts, use is down approximately 15%, as is reflected in the Production report, which shows peak daily demand is down to 7 million gallons per day versus the typical 9 million gallons per day for June.

FINANCIAL REPORT:

The Financial reports for May were available for review. The General Manager reported that operating revenue and expenses are on track for this time of the year.

CONSERVATION REPORT:

The Conservation Manager presented an award to Dana Weatherby, the winner of the AMWC Art Contest. Her picture was entitled "Wells need water and we need water too." Dana was presented with a gift certificate to Michael's.

The Conservation Manager reported on numerous projects the Conservation Division is currently involved in, as follows: drought signs, table tents in restaurants, door hangers being hung and letters being sent for water use violations, letters being sent to all customers regarding prohibitions and conservation programs, WaterWise workshops, participation in WaterFest, Atascadero Mom's Club workshop, and the rebate programs.

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

WATER DEMAND:

Water demand for June was 21% below what AMWC would have typically produced and 22% below June 2008.

WORKERS COMPENSATION INSURANCE:

Staff researched and purchased a workers compensation insurance policy that is approximately \$30,000 less per year than the quote provided by Morris & Garritano, partly due to AMWC's mod rate dropping from 1.29 to 0.85.

NACIMIENTO WATER PROJECT (NWP):

The project is still on time and under budget.

NWP RECHARGE & RECOVERY BASINS:

Construction is underway. The material being excavated is being hauled to AMWC's Corporate Yard for use in the facility expansion project. Staff is waiting for a proposal from Filipponi and Thompson for test borings to determine the optimum placement of the recovery wells.

FACILITY EXPANSION:

Over-excavation of the building pads for the new shop buildings is underway.

TECHNOLOGY IMPROVEMENT PROGRAM:

New servers and software will soon be installed. A temporary employee has been hired to assist with "cleaning" data prior to it being exported to the new system.

MASTER PLAN UPDATE:

The update is still being reviewed by staff.

RESOURCE CAPACITY STUDY:

San Luis Obispo County prepared a draft Resource Capacity Study (RCS) that recommended the Board of Supervisors declare the Atascadero Sub-basin receive a Level of Security (LOS) 3 designation, indicating the Sub-basin is in overdraft. County staff did not seek input from AMWC during the preparation of the draft RCS. The "Todd" report only looked at pumping and did not account for return flows for the Paso Robles Groundwater Basin (PRGWB) and Atascadero Sub-basin, and it did not account for pumping from the Salinas River underflow; pumping which does not necessarily have an effect basin storage. The General Manager pointed out the deficiencies of using the Todd report for preparation of the RCS at a County planning commission meeting. The planning commission continued the item and directed County staff to obtain additional information on water balance in the PRGWB.

There was discussion regarding the impact of the report with regard to future development and general plan amendments. Staff is working closely with the San Luis Obispo County planning department and the Water Resource Advisory Committee (WRAC) and will keep the Board apprised of future developments.

NEXT MEETING DATE AND TIME:

The next meeting is scheduled for August 12, 2009, at 6:30 p.m.

The following old business was discussed:

ELECTION OF OFFICERS:

A motion was made and seconded to appoint officers as follows: President, Jackie Lerno; Vice President and Treasurer, Frank Platz; Assistant Treasurer and Secretary, Cheryl Powers; and Assistant Secretary, Lorraine Halderman. The motion carried 5 to 0.

The following new business was discussed:

METER CLASSIFICATION CHANGE REQUEST:

Julie Jarvis, who operates a licensed daycare facility from her home, requested AMWC change her meter classification from single-family residential to commercial, which would exempt her from the drought water rates established by the Board. There was discussion regarding water use by commercial establishments and their lack of flexibility in water use patterns, which is why they were exempted from the drought water rates previously adopted by the Board.

A motion was made and seconded to approve the request of Julie Jarvis to change the meter classification for the property at 7410 Sonora Avenue from single-family residential to commercial and to allow staff to make similar meter classification changes to licensed home businesses upon request, subject to business-related water needs. The motion carried 5 to 0.

PAYMENT OF CONNECTION FEES AT PRE-05/15/09 RATE:

Dick Goldstein requested that he be allowed to pay the connection fees for the property at 5955 Entrada at the pre-05/15/09 rate. Mr. Goldstein stated that he acquired the property at 5955 Entrada Avenue through a foreclosure in February 2009 and did not receive notification of the increase in connection fees because the deferred connection fee agreement for the property was not recorded, and he was not listed as owner of the property at the time the letters regarding the connection fee increase were mailed.

There was discussion regarding the connection fee increase and the notification process to shareholders. Staff informed the Board that notification included press releases, a notice on AMWC's web site, and direct mailings to anyone with a current building permit or deferred connection fee agreement. The Board expressed concern about how many other deferred connection fee agreements are not recorded and may present a similar issue, and directed staff to provide that information at the next meeting. The Board tabled the item and will wait to make a decision once they have the information regarding the deferred connection fee agreements.

DELINQUENT STANDBY ACCOUNTS:

The General Manager explained that AMWC's current "Standby" policy requires a standby account that is 7 months delinquent to revert from the monthly standby rate of \$5.00 to the regular monthly minimum rate of \$15.00. Staff is recommending that these accounts continue to be billed at the \$5.00 per month rate even if they are delinquent, since AMWC's costs for the meter are being captured by the standby rate. The General Manager reported that the deferred connection fee agreements allow AMWC to collect all charges on the account prior to the water service being turned on. Staff is also recommending that the Board allow accounts to be placed on standby status if they have been shut off for non-payment and are in foreclosure.

A motion was made and seconded to allow staff to continue billing standby accounts at the standby rate, even if the accounts are over 7 months delinquent, and allow accounts to be placed on standby status if they have been shut off for non-payment and the properties are in foreclosure. The motion carried 5 to 0.

WAIVER OF METER KILL FEE:


Casa Rio Homeowners Association requested that the Board waive the fee to remove or "kill" an existing water service and refund the \$450 it had already paid. Staff informed that Board that Casa Rio had wanted to relocate a water service within its complex to another location in the complex that had an existing pre-set meter box. Staff explained that the relocation required a meter kill and meter set and that staff had already waived the \$215 "meter set" fee, since the AMWC field crew was already at the site and the cost of the meter had already been captured with its initial installation.

A motion was made and seconded to deny the request by the Casa Rio Homeowners Association to waive the meter kill fee. The motion carried 5 to 0.

FINANCIAL STATEMENTS, FYE 04/30/09

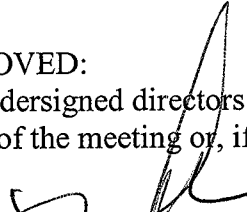
A motion was made and seconded to approve the audited financial statements for the fiscal year ending April 30, 2009. The motion carried 5 to 0.

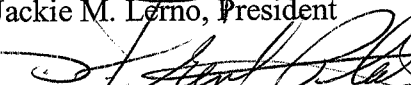
The meeting was adjourned at approximately 7:45 p.m.


Cheryl J. Powers, Secretary

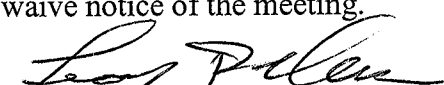
APPROVED:

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. Lemo, President


D. Frank Platz, Vice-President


Brien C. Vierra, Director


Leroy R. Davis, Director


Robert M. Jones, Director