

**San Miguelito Mutual Water Company  
Minutes of the Board of Director's Meeting**

9:00 A.M. Wednesday, December 17, 2014  
Company Office, Avila Beach, California

I. CALL TO ORDER AND ROLL CALL

Meeting called to order by Board President John Delehant at 9:04 a.m.

Board Members Present: John Delehant, Gerri Hall, Rick Koon, Tom Athey, Vic Montgomery  
(left at 10:00 a.m.) and Rob Rossi  
Staff Members Present: Operations and Maintenance Supervisor Dan Migliazzo, Customer  
Service and Operations Support Dawn Barlow  
Consultants Present: Legal Counsel Tim Carmel  
Absent: Ben Banks  
Guests: Heron Crest Residents Bob Pusanik and Bill Bolthouse

II. PUBLIC/SHAREHOLDER COMMENT – Mr. Pusanik expressed his concern that the Board was lacking in transparency when the conservation rates were established. He feels there was a failure to disclose the fact that, in his opinion, the conservation rates increased the non-conservation rates approximately 17 to 20%. Mr. Pusanik feels there should have been more explanation on the increases in the newsletter as well as having the information posted on SMMWC's website. President Delehant thanked Mr. Pusanik for his comments.

Mr. Bolthouse spoke regarding his letter to the board requesting his properties be considered a custom lot in Heron Crest. He said based on his past water usage and the fact that his is one of the largest lots in the non-custom lot conservation rate area, his home and property should be moved to the Heron Crest custom lot conservation rate schedule. President Delehant thanked Mr. Bolthouse for his comments and told him the Board would consider his request for changing his conservation rate from Heron Crest to Heron Crest custom.

III. CLOSED SESSION

a. Third Party Contracts

IV. RECONVENE TO OPEN SESSION – No closed session; no items discussed

V. REVIEW and APPROVAL OF MINUTES

- Minutes of the November 19, 2014 regular meeting were approved on motion by Tom Athey, seconded by Vic Montgomery. Motion passed 6 – 0.

VI. UNFINISHED BUSINESS - None

VII. NEW BUSINESS

a. Stage 2 Water Conservation/Customer Correspondence

General Manager Koon reviewed letters from several San Luis Bay Estate homeowners:

Saro Rizzo, Kingfisher resident, wrote requesting the Board consider adopting a variance procedure. He also requested an email copy of future BOD meeting agendas. General Manager Koon said that staff would be sure to email Mr. Rizzo the agenda for future board meetings; as far as his request for a variance

procedure, more data will need to be collected using the current conservation rates/schedules. The Board concurred with this and will revisit this request at a later date.

Ken Thom, Heron Crest resident, requested a billing adjustment for excessive water use due to an irrigation issue. Mr. Thom's request for a billing adjustment would require action by the Board; motion made by John Delehant, seconded by Tom Athey to deny Mr. Thom's request for adjustment. Motion passed 5 – 0. General Manager Koon will send a letter to Mr. Thom regarding the Board's decision.

Bruce Brandenburg, Kingfisher resident, sent via e-mail some recommendations to consider regarding the new conservation usage tiers and their corresponding charges. General Manager Koon reported that he has spoken with Mr. Brandenburg regarding his recommendations.

b. Approve 2015 Budget

General Manager reviewed the proposed 2015 budget. Financial Officer Athey explained the rationale regarding the 2% rate increase to the base water and sewer rates as well as the water and sewer usage rates and the capital fees. An additional recommendation was made by General Manager Koon to add a line item in capital projects for a new server (\$10,000.00) with no change to the overall proposed capital improvement expenditures. Motion made by Rob Rossi, seconded by John Delehant to approve the 2015 Budget with recommended changes. Motion passed 5 – 0.

VIII. GENERAL MANAGER'S REPORT

- Administration

- The second month of stage II conservation bills were mailed the first of December. Calls regarding rates and neighborhood target usage have continued.
- The Reduction or Cessation of Groundwater Extraction report has been completed and filed. For the first time, this report showed that we have more groundwater extraction than State Water deliveries.
- An additional \$45,000.00 was transferred from Operational checking into Capital reserves; total transfers for the year are \$105,000.00

- Operations

Water

- System production in November was lower than November 2013 by 1.8 MG; this is the lowest amount of production in the last 5 years.
- Heron Crest booster station has another new VFD replacement. We are replacing the older VFD's with updated versions that readily adapt to the SCADA system. These replacements, when incorporated into the SCADA system will give us monitoring capabilities that we do not have at this time.
- We have installed a stand-alone solar system to power chlorine pumps at tanks 100 & 200 which we are using to maintain better chlorine residual on the far side of the service area. There is a definite improvement in the tanks and distribution system in that area.

Wastewater

- The WWTP is operating very well; our last BOD result was 8mg/l on our effluent, with 198mg/l influent being treated. This is a 90%+ reduction in our process flows.

- Capital Projects

- Lift Station #1 bypass is still online and will remain in place until the week of 12/22/14. The mechanical phase of the project should be operational on 12/15/14; the instrumentation phase should be online by 12/19/14.
- We will notify the Master Association and Mallard Green HOA via email to let them know when the lift station project has been completed and the walking path is open and free of restricted access.

IX. FINANCIAL STATEMENT

The Board Management Report for November 2014 was presented by General Manager Rick Koon with the following highlights:

Cash and Reserve Funds as of November 30, 2014 are:

Operating Cash	Operational Contingency Reserves	State Water Reserves	Capital Reserves
\$83,345	\$354,844	\$248,095	\$1,719,683

X. BOARD MEMBER COMMENT - None

XI. ITEMS FOR NEXT AGENDA

- a. January 2015 Company Newsletter
- b. Review and Approve 2015 Rate Schedule

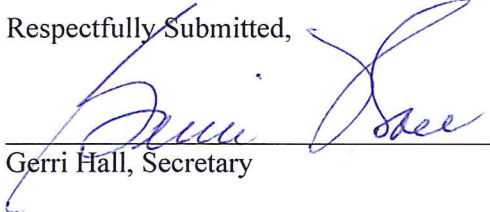
VIII. ADJOURNMENT

Meeting was adjourned at 10:32 a.m.

Proceeding reported by:

Dawn Barlow, Customer Service and Operations Support

Respectfully Submitted,

  
Gerri Hall, Secretary

Approved:

  
John Delehant, Board President