

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

March 11, 2026

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 4:33 p.m. Vice President Brien Vierra; Directors Leroy Davis, Robert Jones, and Jackie Lerno; General Manager John Neil; and Assistant Secretary Susan Jordan were present, with Director Lerno attending via Microsoft Teams. Secretary Cheryl Powers and President Frank Platz were absent.

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the meeting minutes of February 17, 2026; the motion carried 4 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Chief Operator reported well levels are still rising due to the rain we have experienced this year. Well 1B and 3A are still under the influence of surface water making them inoperable at this time. Quinn will be returning to repair an oil leak in the Well 19 engine. Subsurface Technology conducted a carbon dioxide injection process to restore Well 8A. Approximately 4,000 pounds of liquid and gaseous carbon dioxide were injected to break up particulates and contaminants in the aquifer and well casing, improving the pumping level from approximately 150 feet to about 120 feet. A 1-inch stainless steel line was also installed to allow for future maintenance without removing the pump.

FINANCIAL REPORT:

The financial reports for the period ending January 2026 were available for review. The General Manager (GM) reported that total revenue is \$1,000,000 higher than projected partly due to the PFAS settlement. The second installment of the PFAS claim was received in the amount of \$293,000.

The GM also reported that expenses are tracking as anticipated. Working capital totals \$10.5 million, which a significant portion of these funds will be used toward construction of the treatment facility.

CONSERVATION REPORT:

The Conservation report was available for review. The Conservation Manager (CM) reported on the ongoing partnership with other north county water purveyors for radio messaging. CM also reported strong community turnout at a recent event and thanked the Chamber of Commerce for allowing the use of their facility to accommodate the larger-than-expected turnout. Fourteen school presentations were completed, with a similar number of deep well field trips anticipated. No turf conversions are currently in process, but several toilet rebate applications were submitted.

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

RAINFALL:

Total rainfall received for the period July 1 through February 28 was 18.37 inches, recorded at the weather station at 6575 Sycamore Rd. The long-term average cumulative rainfall for this period is 13.09”

WELL LEVELS:

The static water level (SWL) at the northerly end of the main well field was 14.7 feet below ground surface (BGS) at the end of February, up from 19.1 feet BGS at the end of January. Groundwater levels last year at this time were at 24.7 feet BGS.

NACIMIENTO WATER PROJECT:

AMWC is not currently taking delivery from the Nacimiento Water Project. The Lake was at 65.4% capacity with 247,300 acre-feet (af) of storage on February 28, up from 50.1% capacity on January 31. Current releases from the lake are 60 cubic feet per second (119 af per day).

PFAS TREATMENT:

Staff is soliciting proposals from earthwork and rapid impact compaction contractors. Bid packages for pre-purchasing long-lead equipment, including standby generators, motor control centers, and other switchgear, are complete.

NEXT MEETING DATES AND TIMES:

The next Regular meeting is scheduled for April 15, 2026, at 4:30 p.m.

NEW BUSINESS:

PRIVATE WELL, 9540 SANTA BARBARA RD:

On December 1, 2025, AMWC received an application from the property owner to drill a private well at 9540 Santa Barbara Road (APN 059-281-007). The property is currently vacant, and no water main fronts the site.

Staff denied the request, citing Policy 1.5.6, *Restrictions on Private Wells*, because serving the property with a private well would not promote the orderly development of the AMWC water distribution system.

There are five properties along Santa Barbara Road not currently served by AMWC (9450 Santa Barbara Road and Parcels 1–4). Policy requires that properties must front a water main to receive service.

Staff noted that a ±270-foot extension of the 6-inch water main along Carmel Road could serve 9540 Santa Barbara Road. This extension, in the Random Oaks Zone, would support future orderly development of other properties along Santa Barbara Road, connect to the existing main in Los Palos Road, eliminate a dead-end main, and improve system redundancy.

The Board unanimously agreed to table the matter and directed staff to return with additional cost data for extending the water main and constructing the well.

HIGH-USAGE BILLING ADJUSTMENT, 5765 CASCABEL RD:

On January 15, staff notified the property owner that the meter registered unusually high water use during the January 2026 billing period. The owner was unable to locate the source of the leak and contracted with American Leak Detection.

American Leak Detection identified a crack in the service line near a grove of oak trees. The leak caused the elevated water usage reflected in the January bill. The cracked service line has since been repaired. The shareholder requested consideration for a second high-use adjustment in a 24-month period.

A motion was made to grant the shareholder a high-use adjustment for the January 2026 billing period less the adjustment previously granted for the May 2024 billing period. The shareholder will not be eligible for another high-use adjustment until January 2028. Allow the shareholder to pay off the adjusted bill balance under a 12-month payment plan per Alternative 2. The motion carried 4 to 0.

STATE HOSPITAL, PERMIT TO ISSUE SHARES:

Originally scheduled for discussion, this item was removed from the agenda because Atascadero State Hospital is holding an interdepartmental discussion on how they would like to proceed.

BUDGET ASSUMPTIONS, FYE 04/30/2027:

The budget assumptions and capital improvement projects were reviewed and discussed. The GM advised the Board that the 5-year capital investment budget is aggressive and includes construction of a water treatment plant, replacement of the Pine Mountain Tank, and installation of an automatic meter reading system. The draft budget indicates that a 15% rate increase in revenue will be needed in the 2027 fiscal year to fund the operations and capital investment programs. GM noted that President Platz suggested increasing the PFAS surcharge to offset the rate increase. The Board agreed to have the GM present several options to offset the rate increase. The treatment plant cost was discussed, as well as projected costs for wages, health insurance, energy, and capital improvements.

CROSS-CONNECTION CONTROL POLICY REVISIONS:

AMWC is required to implement and enforce a Cross-Connection Control Plan to protect the public water supply, in accordance with State regulations that became effective July 1, 2024. The Board adopted a compliant plan in May 2025 to prevent backflow and protect the distribution system from contamination. To encourage timely compliance, and in addition to existing remedies for shareholder non-compliance with the Cross-Connection Control Policy, the GM recommends establishing a Backflow Prevention Assembly (BPA) compliance fee.

The discussion was tabled on February's Board Meeting when Vice President Vierra expressed concern regarding potential State-imposed financial liability resulting from shareholder non-compliance and recommended that any such costs be passed on to the responsible shareholder.

The GM recommended revising the policy that upon the county mailing the second notice to the property owner AMWC will mail notices to shareholders and will apply a \$50 compliance fee to their water bill.

A motion was made by Director Jones to accept the language as proposed, and seconded by Director Davis. The motion carried 4 to 0.

ONLINE PAYMENTS FEE:

At the request of the GM, the Board unanimously agreed to table the item pending further details.

The meeting was adjourned at 5:25 p.m.


Assistant Secretary, Susan Jordan

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.


D. Frank Platz, President


Leroy R. Davis, Director


Brian C. Vierra, Vice President


Robert M. Jones, Director


Jackie M. Lerno, Director