MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

May 13, 2026

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

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the meeting minutes of April 15, 2026; the motion carried 5 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Chief Operator provided updates on Well 5A, where mechanical repairs and well rehabilitation, including brushing and jetting, have been completed. However, subsequent water quality testing has continued to return positive results, which is not uncommon following this type of work due to disturbance within the well. The well has undergone multiple disinfection treatments using sodium hypochlorite, and staff are planning an additional treatment using hydrogen peroxide as an alternative method in hopes of returning a negative sample result

Continued sampling will be required before the well can be returned to service. It was also noted that the associated discharge line may be taken out of service for several months due to upcoming construction related to the new treatment plant, which will increase reliance on the deep well field.

Well 6A is undergoing further rehabilitation following identification of a column pipe defect and internal scaling. A specialized contractor has been scheduled to perform high-pressure jetting, and staff are evaluating additional treatment options, including enhanced disinfection techniques, to improve efficiency and potentially reduce the need for repeated treatment and sampling, subject to cost considerations.

Wells 1B, 3A, and 5A remain out of service or restricted, including certain shallow wells due to the influence of surface water. Well 7 has been temporarily operated to complete general mineral, general physical, and radiology sampling. It was noted that sampling a well shortly after startup can result in higher readings compared to samples taken after the well has been running for several days or weeks.

While sampling Well 7, staff identified a pinhole leak in a desander, which was temporarily addressed with an on-site repair. The desander was removed from Well 9 to be refurbished and rebuilt as a replacement unit for Well 7. The one removed from Well 7 will also be refurbished and rebuilt, ensuring a properly functioning backup is available.

Overall, despite ongoing maintenance and operational constraints, the system remains stable heading into the summer season, with surface water flows and alluvium wells maintaining expected levels and overall groundwater conditions consistent with seasonal norms. The system is well positioned to meet anticipated summer demand.

FINANCIAL REPORT:

The financial reports for the period ending March 2026 were available for review. The General Manager (GM) reported that the total operating revenue is higher than budgeted due to the PFAS settlement, while planned expenses are coming in 4% lower than budgeted, non-planned expenses are 1% higher, non-operating expenses are 18% lower than budget, primarily due to anticipated interest on the PFAS loan that has not yet been taken out.

The GM also reported that working capital is estimated to be approximately $10.5 million by year end. He projects that by the end of April, income will be 4% higher than last year and anticipates meeting the forecasted budget set at the beginning of fiscal year 2027.

CONSERVATION REPORT:

The Conservation Manager (CM) reported on the radio outreach program and provided updates on the Water Education School Program, landscape programs, rebate tracking, and upcoming events.

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

RAINFALL:

Total rainfall received for the period July 1 through April 30 was 20.30 inches, recorded at the weather station at 6575 Sycamore Rd. The long-term average cumulative rainfall for this period is 17.21 inches.

WELL LEVELS:

The static water level (SWL) at the northerly end of the main well field was 19.9 feet below ground surface (BGS) at the end of April, up from 23.1 feet BGS at the end of March. Groundwater levels last year at this time were at 17.1 feet BGS.

NACIMIENTO WATER PROJECT:

The lake was at 63.0% capacity with 237,960 acre-feet (af) of storage on April 30, down from 66.1% capacity on March 31. Current releases from the lake are 208 af/per day.

AMWC is not currently taking delivery from the Nacimiento Water Project.

PFAS TREATMENT:

The site preparation work is underway for over-excavation, including relocation of existing facilities such as fencing, conduits, lighting, and pipelines. Required environmental mitigation measures under the project's Negative Declaration are also in progress, including engagement of a Native American monitor and completion of a nesting bird survey.

The GM reported that AMWC is close to obtaining its Waste Discharge Identification Number from the State Water Resources Control Board for the Storm Water Pollution Prevention Plan. Once issued, the City will release the permit, allowing construction to begin once the nesting bird survey is complete.

PERMIT TO ISSUE SHARES, PASEO PALOMA II:

The Board previously indicated willingness to pursue a permit to issue shares for water service to the proposed People's Self-Help Housing project on portions of Lots 7 and 8, Eaglet No. 2, subject to: (1) advance payment by the State of all AMWC costs through a cost payment agreement, and (2) creation of a separate legal parcel for the project or inclusion of all of Lots 7 and 8 in the application. Staff will prepare the cost payment agreement for Board consideration upon receipt of the recorded grant deed creating the parcel.

The agreement will be with the State, and Self Help Housing will pay AMWC for the fees.

NEXT MEETING DATES AND TIMES:

The next Regular meeting is scheduled for June 10, 2026, at 4:30 p.m.

OLD BUSINESS:

PRIVATE WELL, 9540 SANTA BARBARA ROAD:

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.

At the April 15 board meeting, the Board unanimously agreed to table the matter and directed the owner to return with additional cost data, including estimates for extending the water main and constructing the well. After reviewing the estimates, the Board again unanimously agreed to table the matter, requesting estimates of the complete well system to make a final determination.

NEW BUSINESS:

CROSS-CONNECTION CONTROL PLAN HAZARD ASSESSMENTS:

AMWC is required to implement a cross-connection control program to protect the public water supply and prevent backflow contamination, in accordance with State regulations effective July 1, 2024. The program includes conducting hazard assessments for approximately 11,270 service accounts, with high-hazard non-residential accounts due by July 1, 2030, and all others by July 1, 2035. Due to the technical expertise and significant workload required, along with the need for public outreach, staff recommends contracting these services to a specialized firm beginning in FY 2027, which will increase the FY 2027 budget.

A motion was made and seconded to approve contracting the services to a specialized firm.

The meeting was adjourned at 5:09 p.m.

Susan Jordan

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

Brien C. Vierra, Vice President

Robert M. Jones, Director

Jackie M. Lerno, Director