

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, January 19, 2016

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:00 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Ken Willis, Bob Cable, Glenn Bozar and John Gerardi. Also in attendance were Upland resident Jane Willis, City of Upland Mayor Ray Musser, and SAWCo's General Manager Charles Moorrees and Assistant Manager of Administration and Finance Teri Layton. Director Thomas presided.

- Salute to the Flag

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes December 15, 2015.
- B. Approval of Board Budget Workshop Meeting Minutes
Meeting Minutes of December 8, 2015.
- C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approval of PROC Meeting Minutes of September 22, 2015.
- D. Administrative and Finance Committee (AFC) Meeting Minutes
No meeting to report.
- E. Ad Hoc Committee Office/Yard Relocation Meeting Minutes
Approval of Ad Hoc Meeting Minutes of December 2, 2015
- F. Financial Statement
Comparative Income Statement and Balance Sheet for October 31, 2015 and year-to-date.
- G. Investment Activity Report
Monthly Report of Investments Activity
- H. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- I. Prominent Issues Update
Status summaries on certain on-going active issues.
- J. Projects and Operations Update
Status summaries on projects and operations matters.
- K. Groundwater Level patterns [Quarterly in April, July, October & January]
Tracking patterns of groundwater elevations relative to ground surface.
- L. Correspondence of Interest
 - Water Education Foundation – Schedule of 2016 Water Tours
 - Graffiti at 17th Street and Benson Avenue
 - Letter for CY2015 financial audit service

Director Gerardi moved and Director Cable seconded to approve the consent calendar as presented. Motion carried.

5. Board Committee – Delegate Report:

- A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that updated on Operations and Maintenance Plan for the San Antonio Spreading Grounds and Thompsons Creek was given by Rosemary Hoerning. A piece of sold property located at the

210 freeway and Baseline where Baldy Rock has a conveyor belt crossing it with an easement needs to be enclosed and made earthquake safe. Also, there is a piece of land adjacent to Thompson Creek where the property is landlocked. The owner wants to build on the property and has requested an easement from PVPA. PVPA advised the owner to resolve the land lock issues before making a formal request.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the December 16th special Advisory Committee meeting. The item to discuss Wildermuth Environmental, Inc. (WEI) contract renewal was deferred. Andy Malone provided a presentation of the Strategic Plan for Six Basins with a focus on Sections 5, development and evaluation of the strategic plan project, and Section 6, the implementation of the strategic plan. A copy of the draft plan was circulated and the watermaster requested the parties provide comments to the draft plan.
- C. Chino Basin Representative Report** – Ms. Layton reported there is a Chino Basin Watermaster 2015 Safe Yield Reset Agreement hearing set for February 26, 2016 at the San Bernardino County Court located in Rancho Cucamonga. The motion in regards to the City of Chino wanting to conduct discovery has been opposed by the majority of the Parties involved.

There has been a motion to reappoint the nine-member Watermaster Board for a three-year term. In addition the Parties have directed watermaster staff to initiate an assessment of watermaster business operations including stakeholder input, Pool interaction, the role of the Board and other areas determined appropriate by the Parties. The intent is to look for opportunities to maximize effective implementation of the Judgment, Operating Best Management Practices and related court orders. The court hearing for Board reappointment is scheduled for Friday, January 22nd. A motion by the City of Chino against Monte Vista Water District (MVWD) regarding violation of the Brown Act will be heard at the same time.

The Appropriative Pool meeting held the week previous determined representatives for the year. Darren Poulsen with the City of Pomona was elected as chair, Todd with Jurupa Community Services District was elected vice-chair, and Rosemary Hoerning with the City of Upland was elected Pool chair of the Advisory Committee. Monte Vista Irrigation Company and SAWCo were elected as minor representatives for the Advisory Committee. Elected Appropriative Pool representatives for the watermaster Board were Tom Thomas for the City of Upland as primary and Jeannette Ragnozzi as the alternate. Jim Curatalo was elected as primary for Cucamonga Valley Water District and Kathy Tiegs as the alternate.

Non-Agriculture water is now available for purchase. Interested parties need to advise the watermaster by March 1, 2016. SAWCo share available is 112.666 acre feet (AF) for \$57,234.55 (\$508/AF).

Closed meetings will now take place for the Pool for strategic planning starting the following week and continuing 1 hour prior to the Advisory Committee meeting each month.

- D. Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.
- E. Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No meeting to report.
- F. Office Feasibility Study Ad Hoc Committee** – Ms. Layton reported the committee toured some local water facilities to gather information on what has worked and hasn't worked with regards to the facilities layout, location in proximity to yard facilities, etc. MVWD provided SAWCo a copy of the Request For Proposal (RFP) they used to locate the architect they are using for their current remodel.

Ms. Layton put together a pros and cons list for each facility visited and will present it at the February Ad Hoc Committee meeting. She is also considering customizing the RFP received from MVWD and putting together a list of potential architects.

Ryan Shaw with the City of Ontario entered the meeting at 5:10 p.m.

6. General Manager's Report on Activities:

A. Service Agreements – End of the year 2015 water transfers – Mr. Moorrees stated service agreements were established with the City of Upland, the City of Ontario and MVWD to deliver their respective entitlements either by “wet” water delivery or via transfer from one of SAWCo’s water storage accounts in shared groundwater basins.

The City of Upland’s and MVWD’s Service Agreements expired at the end of CY2015. The City of Ontario’s Service Agreement expires in CY2018. Revised agreements will allow water delivery when available via wet water delivery, wheeling arrangements or transfers from available storage accounts as deemed appropriate by SAWCo. The City of Ontario’s current agreement will be superseded by the forth coming new agreement.

MVWD utilized their full entitlement for the year therefore no transfer of water is needed. The City of Ontario took nearly all of their entitlement. Staff is working with the City of Pomona to possibly transfer 112.22 AF from Six Basins to the City of Pomona with Pomona transferring the same amount to the City of Ontario out of their Chino Basin account.

The City of Upland did not take all of its entitlement in 2015, therefore they are owed 3,225.89 AF of water. SAWCo has 1,464 AF store water available in Chino Basin and 1,273.90 AF in Six Basins. SAWCo is currently able to transfer 1,000 AF from Six Basins and 1,000 AF from Chino Basin Unfortunately, the City of Upland is unable to pump from Six Basins at this time. This leaves SAWCo owing the City of Upland 2,225.89 AF which equates to \$494,494. According to the Service Agreement SAWCo decides whether or not to issue credit or refund money.

Various ways of SAWCo meeting their obligation to the City of Upland were discussed. There are the possibilities of refunding over several years, giving credit on their account over several billing cycles or establishing an assessment on shares. An assessment on shares would not be levied to cover just the amount due the City of Upland but also to cover the budget deficit of \$486,521.

Mr. Moorrees recommended the Board receive and file the report.

Director Thomas expressed concern that the issue regarding the refund or credit with the City of Upland was not resolved. Mr. Moorrees was just looking to file the report showing the amount SAWCo owes to the service agreement holders. How any balances owed will be determined based on what the agreement holders can take.

Director Gerardi moved and Director Cable seconded to approve receiving and filing the report on Service Agreements as presented. Motion carried.

B. Annual Shareholder’s Meeting – Mr. Moorrees advised this item is the routine appointment of inspectors of election. The Annual Shareholder’s Meeting will take place on April 5th at 6:00 p.m. in the City of Upland council chambers. In 2013, 2014 and 2015 Pete Cherbak, Betty Garrison, and Donna Hawthorne were asked to perform these duties.

Mr. Moorrees recommended the Board re-appoint the same Inspectors from previous Annual Meetings/elections.

Director Cable moved and Director Gerardi seconded to approve re-appointment of Pete Cherbak, Betty Garrison, and Donna Hawthorne as inspectors of election for the upcoming Annual Shareholder's Meeting. Motion carried.

- C. Conservation Programs Update** – Mr. Moorrees presented the Conservation Programs Update as a manager's item rather than a consent item. He inquired whether or not the Board wished to receive the information in this format on a quarterly basis or more frequently as a consent basis.

Mr. Moorrees explained how some of the funds were used for conservation. The additional \$5,000 SAWCo added on to the turf rebate has amounted to a savings of 24,700 gallons of water over a year's time. It would take 29 years before there would be a return on that investment.

Director Thomas asked that Mr. Moorrees relay the highlights of the update. Mr. Moorrees explained that SAWCo is a member of California Urban Water Conservation Council (CUWCC) as a wholesaler. Changing designation from a retailer to wholesaler has nearly doubled SAWCo's membership costs. Mr. Moorrees questioned if it is beneficial to continue membership in this organization. SAWCo does their Best Management Practices (BMP's) through CUWCC but those are reports SAWCo can do on their own.

Mr. Moorrees reviewed the main points of the report briefly with the Board members.

Director Thomas felt this report should continue to be given to the Board. There was consensus on the Board to continue receiving the Conservation Programs Update.

- D. Holly Hills HOA – El Nino Impacts** – Mr. Moorrees reported that in CY2004, a storm event eroded the unimproved properties along the access road to the Holly Hills reservoir and exposed a certain length of pipeline. SAWCo responded as an emergency action to make subsequent repairs and mitigation to prevent another occurrence. In its investigation of the cause staff discovered upstream factors contributing to the damage caused by the storm flows.

The original owner/developer of Holly Hills, Mr. George Hostetler, graded a roadway north of the reservoir for future development. In doing so, he prevented normal flows from entering into the canyon which collects flows into a ribbon gutter and channel to the San Bernardino County Flood Control District's retention basin. These collected flows then continued down the hillside portion of the graded roadway to a point where it was diverted into a drain pipe to the canyon just north of the reservoir. Over the years, routine maintenance of this system was performed by Mr. Hostetler as observed by SAWCo staff. Due to failing health, proper maintenance has been discontinued allowing the flows in CY2004 to breach the downstream diversion and contributed to the subsequent erosion damage.

In light of another approaching El Nino, Holly Hills HOA has reached out to the SAWCo for assistance in mitigating a possible future storm event. The request by the HOA is to dig a trench at the first diversion to allow water to normally flow down canyon and to dig a trench at the second diversion to divert remaining flows to the canyon below.

Staff understands the problem created by the unchecked diversion of flows upstream and are also concerned with an event that would jeopardize the Company's facility. Although, the problem created is clearly the responsibility of the HOA, staff proposes to do the work as requested as an act of Good Will with Board concurrence.

An Appropriate written response to the HOA shall include written approval by the HOA for SAWCo to do the work as requested along with indemnification of the Water Company and its employees and with no expectation of guaranty that this work will prevent downstream damage by significant storm flows and the deepening of the trenches from scouring effects of storm flows.

Director Gerardi moved and Director Willis seconded to participate in assisting the Holly Hills HOA by digging 2 trenches in the areas above SAWCo's water reservoir to prevent erosion with its employees indemnified of liability and guaranty from subsequent storm events as recommended by staff. Motion carried.

E. Project Status Report -

- **Water Master Plan** – Possible completion time in the third quarter of this year.
- **Urban Water Management Plan** - Possible completion time in the third quarter of this year.
- **Basin 6 Desilting** – Waiting to get the jurisdictional delineation completed. Expecting receipt of the completed environmental document by April. Looking into grant funding for this project as well as requesting Cucamonga Valley Water District participating in this project.
- **Cucamonga Crosswalls** – The San Bernardino County Flood Control District permit has just been executed. A letter is needed from the City of Upland for approval of the haul route. Emergency work has been requested for the north crosswalls to excavate 300 feet of trenches to capture any excess water that may come through due to snow melt or rain. Additional appropriation of funds will be needed for a noise consultant and archaeologist. Pre-construction meeting is scheduled for February 5, 2016 at the Chino Basin Water Conservation District.
- **Water Rights Investigation** – Activity – Mr. Moorrees contacted the water rights division via phone and email who stated they did not have an update at this time.
- **Edison Pond Expansion Study** – Canon Engineering will have a draft by February. The City of Pomona will respond to the draft along with SAWCo due to their agreement to participate in this project.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Gerardi gave credit to Mr. Moorrees for his work on the Cucamonga Crosswalls Project. His diplomacy and persistence is the reason SAWCo will soon begin the project.

Director Willis inquired about the graffiti at 17th Street and Benson Avenue whether or not there is a way to find the culprit(s) and possibly offer a reward. Mr. Moorrees stated he will ask the City of Upland if there is a hotline people can call with information. Director Thomas felt cameras on the property would be a good option. Mr. Moorrees advised that if SAWCo relocates its office and yard to this location they will install cameras for security purposes.

Mayor Ray Musser thanked the City of Upland Manager and his team; Ms. Rosemary Hoerning, and Glenn Bozar for doing a great job.

Adjournment: Seeing no further business the meeting was adjourned at 5:35 p.m.

Future Meetings:

- The next Board Meeting will be held on Tuesday, February 16, 2016 at 5:00 p.m.

Assistant Secretary
Charles Moorrees