

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, February 17, 2015

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:01 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, Ken Willis, Glenn Bozar, Sue Sundell, Bob Cable, and John Gerardi. Also in attendance were SAWCo's General Manager Charles Moorrees and Office Assistant Kelly Mitchell. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions and Presentations: None.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees pulled Item 4A for correction and separate vote.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes January 20, 2015.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approve November 25, 2014 meeting minutes.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
No meeting to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for October 31, 2014 and November 30, 2014 and year-to-date.
 - E. Investment Activity Report
Monthly Report of Investments Activity
 - F. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
 - G. Prominent Issues Update
Status summaries on certain on-going active issues.
 - H. Projects and Operations Update
Status summaries on projects and operations matters.
 - I. Groundwater Level patterns [Quarterly in April, July, October & January]
Tracking patterns of groundwater elevations relative to ground surface.
 - J. Correspondence of Interest
 - Letter to Rep. Pete Aguilar in Support of California Rural Water Association

Director Gerardi moved and Director Elliott seconded to approve the consent calendar items sans Item 4A. Motion carried.

Mr. Moorrees made a correction to Item 4A; on page 3, paragraph 3 the last sentence should read "...however, the City of Upland will not take transfer out of Six Basins."

Director Sundell moved and Director Gerardi seconded to approve Item 4A with the correction. Motion carried.

- 5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported the PVPA met on the 11th of February and discussed weed abatement in the PVPA spreading grounds which is carried out by the City of Pomona.

There was also discussion about the Santa Ana Sucker habitat restoration. There is also a bill being proposed that would eliminate the president's ability to designate land as Presidential National Monuments.

Also discussed was repair work that had been completed in the PVPA spreading grounds. Three Valleys Municipal Water District (TVMWD) may have left over grant funds that may be utilized by PVPA. This would help lower the cost of Six Basins in keeping the assessment amounts low.

- B. Six Basins Representative Report** –Mr. Moorrees reported on the January 28th Six Basins Board meeting. The annual election of officers was held. Ben Lewis was re-elected as President; Darron Paulson was elected as Vice-President and John Giboney was re-elected as Secretary.

Watermaster staff reported a total of 11.2 inches of precipitation recorded at the San Antonio Dam in CY2014. A total of 1,014 acre feet (AF) of water was spread in Six Basins by SAWCo, City of Pomona and TVMWD. A total of 15,571 AF of groundwater was pumped from the basin which is 3% lower from the previous year. Groundwater levels across Six Basins are declining in response to the dry period.

The new monitoring program consisting of the installation of new pressure transducers in the five monitoring wells was discussed. They took the telemetry system off and are monitoring the wells physically.

The watermaster budget summary showed a total of \$513,430 was spent out of the approved \$789,642. The expenditures are less because of the delay in the Strategic Plan schedule which is now set for May 2015.

As of December 31, 2014 the Department of Water Resources (DWR) released \$31,254 to TVMWD for Grant Share contributions for their Progress Report 2.

A Strategic Plan workshop was held after the Board meeting. Staff is developing and evaluating baseline scenarios. Draft report was distributed to the parties to provide comments by February 11, 2015. SAWCo has already provided its comments.

- C. Chino Basin Representative Report** – Mr. Moorrees reported on a special Board meeting that was held on January 29, 2015 to consider the agreement regarding procedures and protections with those involved in the Safe Yield recalculation facilitated process. This agreement provided confidentiality for discussion to cover Watermaster's legal counsel to act as the facilitator. The agreement does not allow Board members to participate in the discussion, but they are allowed to be briefed by their respective Pool representative. Anything produced by the process is confidential. Others that do not sign can sign later. The Board approved the agreement and gave the Chair approval to sign it. The Agriculture Pool supports the agreement but will not participate or sign.

A Facilitation Meeting with the Appropriate Pool was held on January 30, 2015 prior to the facilitation meeting to discuss the three options for the Safe Yield reset. At 10:19 a.m. the meeting convened with Scott Slater, watermaster's legal counsel, as the facilitator signing on the facilitation agreement. In signing the agreement, Mr. Scott has been relieved from the role with watermaster in sharing information and will act as the truthful broker with the obligation to be confidential. The same protocol applies to the watermaster General Manager and his staff as they participate.

Mr. Slater proposed setting up a group for legal aspects of Safe Yield to determine practical considerations from a legal perspective and a technical group that would gather information needed on establishing the Safe Yield. Tom Harder was chosen to head the technical group, Rosemary Hoerning was chosen to head the adhoc committee, and John Schatz working with lawyers on the legal committee. The groups will meet on Fridays at 10 a.m. where information from each group will be presented. The purpose is to obtain consensus on the technical output and determine if there is

enough data to move to the next step of producing a product that is defensible and justifiable. It is the Appropriative Pool's job to write out the outcome and be confident on its decisions.

A Facilitation Meeting was held on February 13, 2015. Prior to the meeting, Mr. Moorrees spoke with SAWCo's legal counsel to draft SAWCo's stance on the facilitative process. The City of Ontario sent an email advising of a similar stance, however, they did not present their information at the Facilitation Meeting.

Mr. Slater advised at the meeting that watermaster has no stake and wants consensual administration of the decree. Watermaster wanted to try and set a foundation for the following week's meeting where watermaster staff will make their presentation. Mr. Slater will then prepare a "straw man" proposal to move forward to see how things are framed, establish a matrix and determine how to engage the Agriculture Pool so there is a shared understanding on what the applicable rules are. Mr. Moorrees feels that meeting will be the time for SAWCo to present their stance on the issues.

Director Sundell questioned who was responsible for the fees associated with the lawyers putting together the legal aspect of the Safe Yield. Mr. Moorrees answered the Appropriative Pool is responsible.

D. Administration and Finance Committee (AFC) Chairman's Report – No meeting to report on.

E. Planning, Resources, & Operations Committee (PROC) Chairman's Report – All items discussed at the PROC meeting are included in the General Manager's Report.

6. General Manager's Report on Activities:

A. Chino Basin – Notice of Available Overlying (Non-Ag) Water – Mr. Moorrees reported that every year there is the ability to purchase stranded water in Chino Basin made available by the Overlying Non-Agriculture Pool. Based on the calculation of 50% Operating Safe Yield (OSY) and 50% production, SAWCo's available water to purchase is 44.912 per acre foot (AF). The water is available based on a reduced import water price of \$500.52/AF. SAWCo's current tiered rate is \$505.30/AF.

When originally presented at the PROC Mr. Moorrees recommended not purchasing the water due to lack of pricing incentives. However, due to the water supply shortage SAWCo will have to purchase additional water to meet demands.

Mr. Moorrees recommended the Board agree with the PROC to purchase 44.912AF of water available to SAWCo in Chino Basin at a rate of \$500.52/AF and authorize staff to offer a negotiated purchase of other water made available by other parties in the basin that choose not to purchase water at this time.

Director Elliott moved and Director Willis seconded to approve the General Manager's recommendation on the purchase of water in Chino Basin. Motion carried.

B. Disposition of Hydro Facility at 2351 Paloma Curve – Mr. Moorrees advised the Board that the homeowner at 2351 Paloma Curve, Jason Goodman, has complained about a low frequency hum attributed to the hydro facility located on his property and requests that it be removed. Staff has had several meetings with the homeowner in regards to the hydro facility to discuss his concerns. Staff has also met with the City of Upland and asked if Monte Vista Water District (MVWD) has any interest in the hydro equipment. Neither had any interest in the facility or equipment.

Staff obtained a proposal for removing the building and equipment which totaled \$89,000. Removal of the building does not include replacing the existing waterlines that course through the building. It

would take approximately \$70,000 to replace the waterlines. There is no guarantee that relocating the waterline will eliminate the noise.

Mr. Moorrees recommends the Board concur with the recommendation by the PROC to reject the request to demolish the hydro facility structure and relocate the respective pipelines at SAWCo's expense.

Director Cable moved and Director Bozar seconded to approve the General Managers recommendation to reject the request for demolition of the hydro facility and relocation of the waterlines. Motion carried.

- C. Water Supply Reduction** – Mr. Moorrees informed the Board that in reviewing water supply at the close of 2014 it was determined that SAWCo had a 15% reduction in water supply for the year. Though domestic customers reduced their base rate usage by 4.5% there are still shareholders that are using well above their entitlement. Information on the current water supply and shareholder usage was brought to the PROC with the request to reduce entitlement by 15% effective March 1, 2015 and implement the High Shortage Stage Water Alert.

Mr. Moorrees reviewed the differences in the Moderate Shortage Stage and High Shortage Stage with the Board. He advised that this item was taken before the PROC for their recommendation.

Mr. Moorrees recommended the Board approve the PROC recommendation to reduce entitlements 15% and implement the High Shortage Stage per Resolution No. 2006-06-03 beginning March 1, 2015.

There was discussion on how SAWCo would enforce the High Shortage Stage Water Alert. Staff partners with the Citizen's Patrol who provides quarterly reports to SAWCo on any inefficient water use. SAWCo will also be sending a flyer to all shareholders advising of the new watering restrictions.

Director Gerardi moved and Director Bozar seconded to approve the general manager's recommendation to reduce entitlements 15% and implement the High Shortage Stage per Resolution No. 2006-06-03 beginning March 1, 2015. Motion carried.

- D. Water Service Agreements** – Mr. Moorrees reported on two Water Service Agreements SAWCo has that will expire at the end of the calendar year. Both entities, MVWD and the City of Ontario, have had recent changes to the amount of shares they hold in SAWCo. These service agreements require updating to accurately represent the amount of shareholdings each entity holds in SAWCo. At the same time staff would like to extend both service agreements for an additional 5 years.

Mr. Moorrees recommended the Board amend the Water Service Agreements with MVWD and the City of Ontario to include the additional shareholdings and to extend the agreements for another 5 year term beginning December 31, 2015 to December 31, 2020 subject to legal review.

Director Cable moved and Director Elliott seconded to approve the general managers recommendation. Motion carried.

- E. Alternative Energy Generation Feasibility Study** – Mr. Moorrees presented three proposals for the Alternative Energy Generation Feasibility Study to the PROC for consideration. Pacific Advanced Civil Engineering (PACE), Cannon Engineering and Valued Engineering all submitted proposals to evaluate alternative energy options at SAWCo's 17th Street and Benson Avenue site.

PACE submitted a proposal for \$10,900, Cannon Engineering's proposal came in at \$6,660 and Valued Engineering's proposal was for \$11,500. Director Gerardi had inquired about what services were being provided by each company and whether or not they were necessary for just a feasibility

study. It was determined that for a feasibility study the proposals from both PACE and Valued Engineering were too extensive and the proposal that Cannon Engineering submitted would give the Board what they needed to determine feasibility of alternative energy generation at the site.

Mr. Moorrees recommended the Board award the preparation of the feasibility study to Cannon Engineering in the amount of \$6,660 and appropriate funds from the Depreciation and Obsolescence Reserve fund.

Director Elliott moved and Director Willis seconded to approve the general manager's recommendation. Motion carried.

F. Water Master Plan and Urban Water Management Plan – Mr. Moorrees advised that the last update to the Water Master Plan (WMP) and to the Urban Water Management Plan (UWMP) was in 2010. Both require updating every five years and are budgeted for this year.

Previously, SAWCo utilized the services of Civiltec Engineering to develop its WMP in 2010. Civiltec developed a good understanding of the operations of SAWCo. The UWMP would follow closely with the development and completion of the WMP as it is used to help develop the UWMP.

Mr. Moorrees recommended the Board agree with the PROC and award the updating of the WMP in the amount of \$248,800 and the UWMP in the amount of \$30,000 not to exceed \$35,000 to Civiltec Engineering and appropriate funds from the Depreciation and Obsolescence Reserve Funds.

Director Gerardi clarified that Civiltec Engineering will be completing the plans within the budgeted amount. The WMP is budgeted for \$250,000 and the UWMP is budgeted for \$35,000. Mr. Moorrees agreed. Civiltech was advised of these constraints.

Director Cable moved and Director Sundell seconded to approve awarding the updating of the WMP in the amount of \$248,800 and the UWMP in the amount of \$30,000 not to exceed \$35,000 to Civiltec Engineering and appropriate funds from the Depreciation and Obsolescence Reserve Funds. Motion carried.

G. Project Status Report –

- **Emergency Tunnel Water Quality Issues** – SAWCo is having National Plant Services clean and video the portion of the Tunnel pipeline between Shaft 2 and the Forebay. BESST has given SAWCo a quote to take continuous samples via each access shafts to help determine and isolate where bacteria is coming from.
- **Well 25A-Site Improvements per City CUP – Carry Over CY 2014** – The City of Upland has approved the plans. Awaiting a change order from the contractor with revisions.
- **Basin 6 Desilting** – SAWCo's met with the consultant and project manager for an update. The final documents have been submitted to the City of Upland. Possible start time of July.
- **Cucamonga Basin** – Desilting project at crosswalls – SAWCo's met with the consultant and project manager for an update. The final documents have been submitted to the City of Upland. Possible start time of July.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Adjournment: There being no further business the meeting adjourned at 6:02 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, March 17, 2014 at 5:00 p.m.

Assistant Secretary
Charles Moorrees