

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, March 15, 2016

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:02 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, Sue Sundell, Glenn Bozar, and John Gerardi. Also in attendance were 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: Director Thomas recognized the new addition to Director Willis' family, granddaughter Samantha.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: Local resident Ms. Denise Vasquez spoke in regards to the Cucamonga Crosswalls project. She is most concerned with the haul route the trucks will use during the project. Ms. Vasquez was excited to learn that Holliday Rock will allow the trucks to enter and exit through their property. She understands that smaller vehicles as well as trucks will still utilize 22nd Street but as an alternate route.

Mr. Moorrees stated Holliday Rock has agreed to allow SAWCo use of their property as a haul route. Mr. Moorrees reiterated that 22nd Street will be used as an alternate haul route should an event take place to prevent use of Holliday Rock's property.

Director Thomas also commented that Holliday Rock periodically receives broken up asphalt when streets are torn up that they have to process. It doesn't happen often but does happen and may cause the need to use 22nd Street.

Ms. Vasquez mentioned a list of questions she had with regard to the project. Mr. Moorrees advised he does have her list of concerns and will be responding to it shortly.

- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes February 16, 2016.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting to report.
 - C. Administrative and Finance Committee (AFC) Meeting Minutes
Approval of AFC Meeting Minutes of October 27, 2015.
 - D. Ad Hoc Committee Office/Yard Relocation Meeting Minutes
Approval of Ad Hoc Meeting Minutes of February 3, 2016.
 - E. Financial Statement
Comparative Income Statement and Balance Sheet for January 31, 2016 and year-to-date.
 - F. Investment Activity Report
Monthly Report of Investments Activity
 - G. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
 - H. Prominent Issues Update
Status summaries on certain on-going active issues.
 - I. Projects and Operations Update
Status summaries on projects and operations matters.
 - J. Groundwater Level patterns [Quarterly in April, July, October & January]
Tracking patterns of groundwater elevations relative to ground surface.

- K. Correspondence of Interest
 - ISO letter of thanks for cooperation in Public Protection Classification survey

Director Bozar moved and Director Elliott 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 the PVPA Board meeting included the annual audit report presented by Craig Miller from Bowen and McBeth. Mr. Miller did correct a classification error involving some income. This is the first year PVPA has utilized Bowen and McBeth’s auditing services.

PVPA is continuing to monitor the conveyor belt that needs to be enclosed and made earthquake safe on property located at the 210 freeway and Baseline. There is also 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.

PVPA will be hiring a tractor service to clean out some areas of the San Antonio Spreading Grounds in Los Angeles County.

B. Six Basins Representative Report – Ms. Layton reported that facilitation meetings are beginning to be held for the strategic plan 2016 implementation. On February 24th a review of scheduled facilitation meetings were discussed. Not all were in agreement to the schedule and it was agreed the next meeting would be held on March 23rd. Other possible dates were presented. Completing these meetings by May of this year is desired. The definition of Watermaster’s role was altered to include the implementation of the Strategic Plan (SP) and the update to Watermaster’s governing documents to enable and encourage the implementation of projects consistent with the SP. This change was made to show agreement that updating the rules and regulations and the Operating Plan are the Watermaster’s responsibilities. Input was requested on the projects and there will be a call for more projects.

C. Chino Basin Representative Report – Ms. Layton reported on the Chino Basin Watermaster 2015 Safe Yield Reset Agreement (SYRA). The City of Chino brought a case against Cucamonga Valley Water District (CVWD) on the grounds that the public agency parties to the Judgment cannot approve the SYRA because they have not complied with the California Environmental Quality Act (CEQA). On February 26th the court granted the request of CVWD to combine the case with the court hearing for the SYRA scheduled for April 8th at 1:30 p.m. The court is concerned that another judge becoming involved would create a problem with respect to inconsistent rulings in one case that would affect the rulings in the other case. The court also found that for economy of judicial resources, the cases should be related.

Bob Cable entered the meeting at 5:10 p.m.

Ms. Layton also stated that at the Appropriative Pool meeting the previous week, the East Declez Basin was discussed. This project was not included as one of the Recharge Master Plan Update projects. It is strictly a stormwater project with no Inland Empire Utilities Agency (IEUA) cost sharing. The project calculates to be at a cost of \$1,728 per acre-foot of water. Not everyone was comfortable moving forward with a project that would cost so much yet produce such little yield. A deposit has been made to purchase the land and a decision will need to be made before May 19th in order for there to be no loss of that money.

Mr. Moorrees added disagreement with the improvement of the East Declez Basin. The committee has already established a threshold of \$600/AF and this project goes well above that threshold.

Ms. Layton also spoke about the Sustainable Groundwater Management Act (SGMA). Wildermuth Environmental, Inc. is compiling data and will be going before the Board this month. Chino Basin will be proceeding with boundary modifications that will be in line with the adjudicated boundaries. They are asking for support letters by March 25th. The Department of Water Resources from bulletin 118 rearranged basin boundaries and the watermaster is asking that they return to the adjudicated basin boundaries.

Mr. Moorrees spoke about a SAWCo facilitated tour of the Chino Basin Pipeline Recharge Project for Chino Basin Watermaster and IEUA that took place earlier in the month. SAWCo recently utilized this pipeline to begin spreading into Chino Basin. The water spread using this pipeline will go towards the Company's supplemental account.

D. Administration and Finance Committee (AFC) Chairman's Report – Director Sundell advised that what was discussed in the meeting is on the current agenda.

E. Planning, Resources, & Operations Committee (PROC) Chairman's Report – No meeting to report.

F. Office Feasibility Study Ad Hoc Committee – Ms. Layton reported that at the February Board meeting, the Request for Proposal (RFP) and Architect listing was approved. Shortly after, RFP's were sent to 8 architect firms. An optional pre-proposal meeting was held on March 9th where 6 of the 8 firms attended. Questions were answered and a field trip of the existing office and yard was given along with a review of the proposed new location. An AdHoc Committee meeting was held later that day. Director Thomas previously contacted a commercial realtor who was able to give the committee a preliminary value for both the office and yard facilities. The committee okayed the release of the wants and needs list to the architects so they can get an idea of the cost for their proposals. A formal needs assessment will be done by the selected architect. Lastly, a communication plan was discussed. It will be discussed further once proposals, which are due on March 25th, are received. The next AdHoc Committee meeting is scheduled for April 13th 2 p.m.

6. General Manager's Report on Activities:

A. Amend Employee Recognition Rewards Program – Ms. Layton advised the Board of the current employee rewards program policy which allows for a plaque, certificate, or glass engraved sculpture throughout various 5 year intervals.

In the past, employees have opted not to receive these gifts. Management would like to provide an option to those who wish not to receive these types of recognitions. Staff contacted a company titled Gifts to Give that offers different catalogs with various types of employee recognition gifts. Management has reviewed the catalog rewards system with the employees. Some employees wanted no change to the current recognition program and others liked the new system. Management suggested giving the employee the choice between the two. Staff was in favor of this approach.

Ms. Layton recommended the Board approve the AFC recommendation to amend the employee recognition rewards program to include a choice between the designated plaque, certificate, or glass engraved sculpture and the designated reward catalog for anniversary years 5 through 20. For anniversary year 25 the reward would include both a plaque and a choice from the Emerald catalog and for anniversary year 30 the reward would include both a glass engraved sculpture and a choice from the Emerald catalog.

Director Elliott moved and Director Cable seconded to approve the change to the employee recognition rewards program as presented. Motion carried.

- B. Employee Scott Weiland's 40th Year Anniversary** – Ms. Layton informed the Board that employee Scott Weiland will reach 40 years of employment with SAWCo this year. Company policy states that any rewards recognition beyond 30 years of service is to be determined by the Board.

Management wishes to recognize Mr. Weiland in a way that he would appreciate. Staff plans to put a few of his favorite things in a gift basket and present it to him at an employee luncheon in his honor.

Ms. Layton recommended the Board approve the AFC's recommendation to acknowledge employee Scott Weiland's 40th Anniversary by providing \$400 extra in his paycheck, a day off coupon, luncheon, and a personalized gift basket filled with his favorite things with a suggested amount not to exceed \$600 in gifts.

Director Elliott moved and Director Sundell seconded to approve the recommended employee recognition of Scott Weiland's 40 years of employment with SAWCo .Motion carried.

- C. FY2015 Audit Report and Management Letter** – Mr. Moorrees advised the 2015 fiscal year audit report and management letter was included in the Board packet for review, comment, and to receive and file.

Director Willis moved and Director Sundell seconded to receive and file the fiscal year 2015 audit report and management letter. Motion carried.

- D. Request for Proposals (RFP's) to Prepare a Water Rate and Fee Analysis** – Mr. Moorrees reminded the Board that the need for a rate study and fee analysis due to a deficit was brought up in the Board Budget Workshop held in December 2015. SAWCo's fixed revenues do not cover its fixed expenses. Along with utilizing a rate consultant SAWCo can also receive some assistance from California Rural Water Association.

Mr. Moorrees asked the Board agree with the AFC's recommendation to approve staff to solicit Request for Proposals (RFP's) from rate consultants to evaluate the Water Company's fees and charges relative to its expenses per the proposed RFP.

Director Gerardi moved and Director Bozar seconded to approve the general manager's recommendation. Motion carried.

Director Elliott acknowledged the RFP being very well outlined as to what SAWCo is looking for from the consultant.

- E. Project Status Report -**

- **Water Master Plan** – Management will be meeting with Genysys with regard to workforce planning.
- **Urban Water Management Plan** – Currently responding to a request for information from Civiltec Engineering. Completion date is expected in June 2016. Notification letters were mailed to entity shareholders.
- **Basin 6 Desilting** – Waiting for the environmental documentation to be completed. Working with Inland Empire Utilities Agency on pricing who has a history of dealing with desilting projects.
- **Cucamonga Crosswalls** – Director Thomas and Mr. Moorrees met with John Holliday in regards to utilizing Holliday's property for a haul route. The addendum is going to the City of Upland for approval. Letter from Army Corps and of Engineers and the Regional Water Quality Control Board to waive the 404 and 401 permit is still needed. An additional preconstruction meeting will be held on-site with the inspector from SBCFCD.
- **Edison Pond Expansion Study** – The draft study will be submitted to the PROC for the March meeting. The City of Pomona will be given a copy of the draft study as well for comment.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Thomas announced that two Board members will not be present at the Annual Shareholder's Meeting. He stressed that the remaining Board members attend the meeting to meet the requirements for a quorum. The Annual Shareholders Meeting will be held on Tuesday, April 5th at 6:00 p.m. immediately followed by the Organizational Meeting.

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, April 19, 2016 at 5:00 p.m.

Assistant Secretary
Charles Moorrees