

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, March 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 Assistant Manager of Administration and Finance Teri Layton. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions and Presentations: Mr. Moorrees brought the Board's attention to the dais where he had placed the following documents:
 - Cucamonga Valley Water District 60 Years Celebration Invitation
 - Turner Basin Recharge Facilities Expansion Project Completion Celebration
 - Inland Empire Utilities Agency (IEUA) Water Association Leadership Breakfast
 - Chino Basin Water Conservation District Earth Day 2016
 - Manager's Letter and Auditor's Report
- 2. Additions-Deletions to the Agenda: Mr. Moorrees explained the need for a correction to an acronym used in the minutes for Item 4A. The corrected copy was placed on the dais.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes February 17, 2015.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
Meeting Minutes of November 13, 2014.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for December 31, 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
 - Follow up letter to John Bosler with Cucamonga Valley Water District (CVWD)

Director Willis moved and Director Gerardi seconded to approve the consent calendar items with the corrections in Item 4A. Motion carried.

- 5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that the PVPA met the previous week. PVPA is looking at updating their Operations Plan which coincides with Six Basins Watermaster. Wildermuth Environmental, Inc. (WEI) supplied a rough draft that PVPA feels may be too detailed. Ms. Rosemary Hoerning, the general manager for

West End Consolidated, was tasked with working with WEI to refine the rough draft and bring it back to the next meeting.

There was also more discussion about the Santa Ana Sucker habitat restoration. PVPA is sending a letter that it has concerns the fish may impact the ability to carry out its operations. There are a couple of agencies trying to work out a compromise but a majority of the agencies are concerned with the preservation of the Santa Ana Sucker. The fish is a species that was never established in the areas of Six Basins and further north.

- B. Six Basins Representative Report** –Mr. Moorrees reported on the February 25th Six Basins Advisory Committee meeting. At the meeting they discussed the Live Oak Debris Basin that Three Valleys Municipal Water District (TVMWD) is working with Los Angeles County to possibly extending its pipeline and installing a rubber dam to capture local flows and import water for recharge. The rubber dam will enable recharge of anywhere from 55 to 126 acre feet (AF) per year.

In July of last year, TVMWD began work to extend pipeline from their Miramar Plant north for recharge into the Spreading Grounds and also a joint project that connects with the City of Pomona to enable water exchange. This may allow for SAWCo to exchange water with TVMWD in the future.

Also, the Storage and Recovery Agreement allows SAWCo to recharge water at a rate of 1,000 AF per year up to 2,000 AF. SAWCo's balance is currently above this limit at 2,114.9 AF. There was hope of transferring a minimum of 1,000 AF to the City of Upland, however, they could not take the water from Six Basins. SAWCo made a request to the Six Basins Board to temporarily increase the Water Company's stored water account to allow the time to pump or make transfers by the end of CY2015.

Staff worked with the City of Pomona to utilize their 40% water at the 60/40 split. Currently, the City of Pomona is recharging water into the Spreading Grounds. SAWCo has offered to utilize THEIR 40% and in turn transfer to the City of Pomona the same amount of water plus 10% from SAWCo's Six Basins storage account. This proposal was approved by the City of Pomona counsel the previous day.

- C. Chino Basin Representative Report** – Ms. Layton reported on the Safe Yield Recalculation meetings. The meetings are privileged and confidential and are continuing to be held every Monday and Friday. SAWCo's legal counsel drafted two proposals which were distributed at the previous Friday's meeting. There is an April 1st deadline to resolve all issued related to the Safe Yield reset.

- D. Administration and Finance Committee (AFC) Chairman's Report** – Mr. Thomas reported that there was discussion and preliminary work on the Classification and Compensation Report. It will be brought back to the AFC at their next meeting.

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

6. General Manager's Report on Activities:

- A. Change in Board Calendar for Budget Workshop** – Mr. Moorrees reported that the Board Budget Workshop and End of Year Luncheon are currently scheduled for December 2nd. However, due to a conflict with the General Manager's schedule, a request is being made to reschedule the events for Tuesday, December 8th.

Director Elliott moved and Director Cable seconded to approve changing the date of the budget workshop and the end of the year luncheon from Wednesday, December 2, 2015 to Tuesday, December 8, 2015. Motion carried.

- B. FY2014 Audit Report and Management Letter** – Mr. Moorrees advised that annually the Audit Report and Management Letter are presented to the Board. He recommended the Board review, comment, and receive and file the FY2014 Audit Report and Management Letter as prepared and submitted by the firm of Bowen McBeth.

Director Bozar moved and Director Elliott seconded to approve the General Managers recommendation to receive and file the FY2014 Audit Report and Management Letter. Motion carried.

- C. Nominees for the position of Directors of the Company** – Mr. Moorrees informed the Board that there are three Board members whose term expires this year; Director Will Elliott, Director Sue Sundell and Director John Gerardi.

The item was placed on the City of Upland's consent calendar items at their most recent meeting. The Board agreed to vote with the majority shareholder on the slate of directors and nominate Director Will Elliott, Director Sue Sundell, and Director John Gerardi for four year terms on the SAWCo Board of Directors.

Director Willis moved and Director Gerardi seconded to approve the list of nominees for the SAWCo Board of Directors; Director Will Elliott, Director Sue Sundell and Director John Gerardi. Motion carried.

- D. Sick Leave Policy** – Mr. Moorrees advised this item is presented to amend the Employee Handbook with regards to the use of sick leave. SAWCo's current Sick Leave policy grants regular and full-time employees with paid sick leave to "provide time to recover from illness or to address other personal or family healthcare needs. It may also be used for any planned or unplanned absence due to illness or injury of a dependent or immediate family member who lives in your home or for preventive healthcare appointments." This clause excludes any family member not living in the home.

The law now says an employee may use up to one-half the annual accrual amount to care for a sick family member. SAWCo's policy, as set forth in the draft handbook, needs to be revised now to eliminate the requirement that the family member live with the employee.

The recommended change in policy for adoption regarding the use of sick leave is as follows:
Sick leave will be granted upon the oral or written request of an employee for themselves or a family member for the diagnosis, care or treatment of an existing health condition or preventive care, or specified purposes for an employee who is a victim of domestic violence, sexual assault, or stalking. Family member is defined as the employee's child (including biological, foster or adopted child, stepchild, legal ward, child of a registered domestic partner or child of a person standing in loco parentis), spouse, parent (including biological, foster or adoptive parent, stepparent or legal guardian), registered domestic partner, grandparent, grandchild, and sibling (including stepfamily). The employee may use up to half of the paid time off they have available.

Mr. Moorrees also informed the Board that beginning July 1, 2015 California employers must provide employees with one hour of paid sick leave for every 30 hours worked. SAWCo's current policy does not include sick leave for part time employees.

The recommended change in policy for adoption regarding sick leave accrual for part time employees is as follows:
Amend the employee handbook to provide sick leave for part time employees in accordance with the new sick leave law and modify the Division of Labor Standards Enforcement (DLSE) posting template to reflect the Company's sick leave provisions.

Mr. Moorrees recommended the Board agree with the AFC to 1) amend the employee handbook on sick leave policy as presented and edited by the Company's Labor Attorney and, 2) amend the employee handbook to reflect the new sick leave law effective July 1, 2015.

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

E. Project Status Report -

- **Water Master Plan** – Kick off meeting scheduled April 7th with Civiltec Engineering.
- **Urban Water Management Plan** - Waiting for guidelines for the Urban Water Management plan from the state of California.
- **Alternative Energy Feasibility Study** – Staff has provided all the information necessary so that Cannon Engineering can file their report.
- **Emergency Tunnel Water Quality Issues** – National Plant Services has completed cleaning the tunnel. They were unable to clean between Shaft 2 and the Forebay. BESST will start sampling the Tunnel beginning at Shaft 10 on March 23rd to hopefully isolate where the bacteria is coming from.
- **City Treatment Plant Surface Water Delivery** – Dissolved Air Issue – Received and made comments on the final plans. The first phase will determine how much pipeline needs to be installed to remove the hydraulic jump from the connection to the City of Upland.
- **Well 25A-Site Improvements per City CUP – Carry Over CY 2014** – The City of Upland has approved the landscape plans. Awaiting a change order from the contractor with revisions.
- **Basin 6 Desilting** – SAWCo had a kick-off meeting with the San Bernardino County Flood Control District (SBCFCD), Cucamonga Valley Water District (CVWD) and the City of Upland to determine what is needed in order to move forward with the project.
- **Cucamonga Basin** – Desilting project at crosswalls – The City of Upland has finalized the environmental documents. Once it is sent out there is a 30 day comment period. John Holliday extended his agreement for the project from 6 months to a year. That letter was sent to SBCFCD. SAWCo has requested a letter of commitment from CVWD to move forward on the project from
- **Water Rights Investigation** – Activity – Every week an email is sent to the general counsel for the State Water Resources Control Board with no response as of yet.
- **Chino Basin Recharge Pipeline** – A connection being made with TVMWD and with the City of Pomona may eliminate the need for this pipeline.

7. Closed Session: The Board recessed at 5:30 p.m. to closed session to consider personnel issue related to request by employee for special reduced work hours accommodation (subdivision (b) of Section 54957, CGC)

The Board reconvened at 5:55 p.m. from closed session.

Director Thomas reported the Board approved the request for reduced work hours as presented for the employee.

8. Director's Comments and Future Agenda Items:

Adjournment: There being no further business the meeting adjourned at 5:56 p.m.

Future Meetings:

- The Organizational Meeting will be on Tuesday, April 14, 2015
- The next Board Meeting will be held on Tuesday, April 21, 2015 at 5:00 p.m.

Assistant Secretary
Charles Moorrees