

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, March 18, 2014

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, Will Elliott, Sue Sundell, John Gerardi, Glenn Bozar and Bob Cable. Also in attendance were SAWCo's Assistant Manager of Administration and Finance Teri Layton, and Accounting and Personnel Clerk Joni Ruggles. Director Thomas presided.

- Salute to the Flag

- 1. Recognitions & 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 February 18, 2014.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approve October 29, 2013 meeting minutes.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
Approve November 26, 2013 meeting minutes.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for January 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
 - Response from USDA to water rights investigation.

Director Gerardi inquired about Item 4J. He questioned whether SAWCo could provide all of the documents requested in the letter received. Ms. Layton replied that staff has a meeting scheduled with the United State Forest Service (USFS) the following Monday. SAWCo has pre 1914 rights and the letter's requests are just a stall tactic. Staff believes the meeting will clear the air.

Director Sundell inquired if it might behoove the company to have the Board President attend the meeting. Ms. Layton replied that if Director Thomas would like to go he is welcome, however, the General Manager did not want to bring legal counsel and wanted the meeting to be on a more casual but effective note.

Director Elliott moved and Director Gerardi 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 PVPA owns substantial property between Upland and Claremont. PVPA has

completed their weed abatement on those properties on time. A homeless encampment was found on one of these properties. The PVPA attorney and board president visited the site just north of the 210 freeway and Baseline intersection and notice to vacate was given to the residence there.

PVPA has been pulled into the Golden State Water District/City of Claremont issue because of some board members serving on both boards. One of the issues is the fact that taking over the water system doesn't necessarily mean taking over the PVPA stock.

PVPA will work in conjunction with the Six Basins Watermaster report to develop a comprehensive operating manual to determine which party, either PVPA or Six Basins, decides where the water is spread.

- B. **Six Basins Representative Report** – Ms. Layton reported on the Six Basins meeting held on February 26, 2014. A presentation was heard by Pomona Fairplex to explore their ideas for producing water for the Fairplex Farm Program. They were advised to seek assistance with Pomona Utility Services District. Watermaster gave a brief presentation on the Six Basins Model Calibration which is 80% complete. Some of the discussions included lowering Pomona Basin to reduce overflow into Chino Basin. The next Board meeting is scheduled for Wednesday, March 26, 2014.

Director Thomas commented that representatives from the Los Angeles County Fair attended the meeting and are looking at reducing their water consumption. There was discussion on them utilizing recycled water for irrigation and the possibility of them drilling their own well.

- C. **Chino Basin Representative Report** – Ms. Layton reported that on March 13th the Appropriator Pool met and approved a policy that defines the timing of the volume vote. It directs Watermaster to introduce the Volume Vote for approval at the Pool's December meeting each year and directs Watermaster to introduce the election of a representative from the Minor producers for appointment to the Board at the Pool's Annual Meeting in January of a year during which a Minor Representative is scheduled to rotate on the Board. Because it wasn't done in this fashion this year, SAWCo lost the vote to sit on the Board. It has been inconsistent in the past so this policy will now set the procedure for coming years.

A table was distributed at the meeting of the parties wanting to buy non-agriculture water. At SAWCo's last Board meeting, the board approved purchasing SAWCo's share of 110.943 acre feet (AF) for the price of \$486.26 (\$53,947.14) which is lower than SAWCo's rate of \$492 (\$1.13) or the new rate of \$579 (\$1.33). SAWCo hopes to sell 1,000 AF of water this year to make up for the money they will be losing in revenues due to the entitlement decrease.

The safe yield recalculation was discussed in closed session. The Pool's attorney, John Shatz, was instructed to work with the Watermaster's attorney on how to approach the court with a status update.

An opposition to the City of Fontana's motion was made which authorized legal counsel for Monte Vista Water District (MVWD) to represent to the Court that the Pool opposes the motion. San Antonio Water Company joined this opposition along with the City of Chino Hills, City of Upland, City of Pomona, Cucamonga Valley Water District (CVWD), Fontana Union Water Company, and Fontana Water Company. It was delivered to Watermaster on March 14th the court date is scheduled for April 4, 2014.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – Director Sundell stated the main item discussed at the AFC meeting is covered under the General Manager's Report section of the meeting.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No meeting to report on.

6. General Manager's Report:

- A. **Forebay Ribbon Cutting Ceremony and Book Presentation** – Ms. Layton reported that the Forebay Facility Project has been completed. Staff presented the proposed ribbon cutting ceremony and date of April 17th to the AFC with lunch catered to the site. Invitations were sent last week to 36 guests including the SAWCo Board and staff.

Staff developed a picture book chronology of the Forebay Modernization project. Staff proposes to present this book to the contractors and engineer of record at the proposed Forebay ribbon cutting ceremony on April 17th. This book was not available to the AFC at that time.

Staff inquired if the Board is interested in receiving a copy of this book and whether staff should receive copies of this book as well.

The manager recommends the Board concur with the scheduled date for the proposed ribbon cutting ceremony and provide any additional suggestions or comments for staff; and approve the presentation of the Forebay photo book and distribution to the Board and/or staff as appropriate.

Director Gerardi felt a project of this magnitude warranted a plaque. He stated that typically the engineer and the contractor are more than willing to cover the cost. The plaque would contain the title of the project and names of the key players in the project.

Director Thomas advised that spouses are welcome at the ribbon cutting event.

Director Gerardi moved and Director Sundell seconded to approve the date of April 17th for the Forebay Ribbon Cutting Ceremony, the presentation of the picture book to the board, contractors, engineers and staff, and the creation of a commemorative plaque for the Forebay building. Motion carried.

- B. **FY2013 Audit Report and Management Letter** – Ms. Layton reported the manager's recommendation is that the Board review, comment, and receive and file the FY2013 Audit Report and Management Letter as prepared and submitted by the firm of Bowen McBeth.

Director Elliott moved and Director Cable seconded to receive and file the FY2013 Audit Report and Management Letter as prepared and submitted by the firm of Bowen McBeth. Motion carried.

- C. **Verizon Lease Agreement** – Ms. Layton stated the draft Verizon lease agreement was being presented for the site on 20th Street north of the 210 Freeway, east of Euclid Avenue for their communications facility. Staff was able to negotiate the term at \$2,000 per month with a 10% escalation per term.

Director Gerardi moved and Director Elliott seconded to approve the manager's recommendation to receive and file the lease agreement with Verizon subject to final legal review and execution by the general manager. Motion carried.

- D. **Proposed Wage Range Adjustment** - Ms. Layton reported that staff presented the findings of the Bureau of Labor Statistics for the Los Angeles Area with the timeframe agreed to be from December to December to the AFC in February for recommendations. According to the Bureau, in December, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) was 231.594, was unchanged from November. The CPI-W increased 1.2 percent over the year.

Presented to the AFC in February, there was consensus by the Committee to postpone any wage range adjustment pending the outcome of the budgeted Class and Compensation Study for this year.

The manager's recommendation is that the Board agree with the Committee to postpone any adjustments until completion of the budgeted CY2014 Class and Compensation Study.

There was consensus on the Board to postpone any wage adjustments until the completion of the 2014 Class and Compensation Study.

E. **Project Status Report –**

- **Well 26 Rehabilitation - Replace pump** – Pending installation next week.
- **Well 32 Rehabilitation - Replace submersible with vertical turbine** – Evaluating installation of vertical turbine.
- **Well 25A Site improvements per City CUP - Carry Over CY2014** – Work is beginning this week.
- **Water Rights Investigation – Activity** – Meeting with the USFS on Monday, March 24th.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Cable advised that the Water Company's Model A truck is now being stored at Cable Airport.

Adjournment: There being no further business the meeting adjourned at 5:19 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, April 15, 2014 at 5 p.m.

Assistant Secretary
Charles Moorrees