

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, April 15, 2014

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:05 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, Glenn Bozar and Bob Cable. Also in attendance were City of Upland Public Works Director Rosemary Hoerning, Belinda Faustinos from the San Gabriel Mountains Forever, SAWCo's General Manager Charles Moorrees and Assistant Manager of Administration and Finance Teri Layton. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions & Presentations: Mr. Moorrees advised the Board that the Forebay Improvement photo book that was mentioned at the previous Board meeting was placed on the dais for each Board member to keep.

Belinda Faustinos from the San Gabriel Mountains Forever gave a presentation on Representative Judy Chu's proposed San Gabriel National Recreation Area legislation and briefly on the Wilderness and Wild and Scenic Bill.

Director Thomas stated that some water agencies are less receptive of this bill and are concerned that it could hamper their ability to produce the same amount of water they have historically.

Ms. Faustinos replied that is the reason they have their legal counsel Fred Fudacz, representing the San Gabriel Valley Water Association, working on specific language to ensure protection of existing water rights. The only time the National Parks Service can impose its own regulations is if it owns land. It does not own any land in the proposed areas.

Ms. Hoerning expressed concern for water purveyors and how this bill will affect water.

Ms. Faustinos advised that all the areas proposed have been thoroughly studied and are part of the forest plan amendment recommendation for expansion as wilderness. All the areas are well above any water facilities. The San Gabriel Mountains Forever group has been working closely with the water agencies in the region to ensure there is no infringement on water rights or the ability to operate and maintain water facilities. Concerns have been raised about the fact that once the designation of wild and scenic is made it is permanent. Ms. Faustino stated that it would take an act of Congress to de-designate wilderness and scenic rivers. It prohibits any infrastructure, roads, buildings, etc. from being constructed.

Director Thomas inquired what the timeline for the bills being introduced was. Ms. Faustinos replied the deadline for comments to Congresswoman Chu is April 30th on the national recreation area proposed bill and May 30th for the wilderness and wild and scenic bill. Determination of introducing one or more new bills will be made shortly thereafter.

Mr. Moorrees inquired about the Cucamonga Wash. Ms. Faustinos stated there were no impacts to that area that she was aware of.

- 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 March 18, 2014.

- B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approve October 29, 2013 meeting minutes.
- C. Administrative & Finance Committee (AFC) Meeting Minutes
No meeting to report.
- D. Financial Statement
Comparative Income Statement and Balance Sheet for February 28, 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
 - San Antonio Hospital bottled water donation request.
 - Citizens Patrol Pancake Breakfast
 - Response from SWRCB to Company's water rights claim
 - SANBAG letter requesting permission to enter property [SAWCo Council Ave. property in Ontario s/o the 10 freeway]

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

5. Board Committee – Delegate Report:

- A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that PVPA met the previous week and discussed the San Gabriel National Recreation topic as well. Director Thomas also mentioned that there is virtually no water being spread as there is very little to no rain.

Pit 6, which was originally leased by the City of Ontario to Vulcan Materials, is no longer being used. PVPA does not own it but had to dredge around it and remove a lower weir so that the water will flow around the pit. It may impact some of the flows that SAWCo uses for spreading. If there is a sufficient amount of water it will then flow into Pit 5. An upgraded website for PVPA was unavailable for sometime but is now coming back online.

The homeless encampment that was found on a site just north of the 210 freeway and Baseline intersection in Claremont is cleared out. No trespassing signs with contact information for the Claremont Police Department have been ordered and will be placed around the site.

A letter was received from a professor at Pomona College who wants to do a bee study. There are no places within the college's property to do such a study. A majority vote from PVPA is allowing the professor to conduct his study on PVPA property.

- B. **Six Basins Representative Report** – Mr. Moorrees reported on the Six Basins meeting held on March 26, 2014. The letter of support for Padua Hills sewer installation project was approved. A strategic planning workshop was held afterward. The watermaster is working on finalizing the model calibration. An advisory committee meeting is scheduled for April 23rd.
- C. **Chino Basin Representative Report** – Ms. Layton reported that on April 10th the Appropriator Pool met and approved the Turner Basin Cost Sharing Agreement amendment. It will have no financial impact for the 2013-2014 fiscal year (FY); however, funds of \$107,000 will need to be included in the 2014-2014 FY budget.

The Board held a special meeting on April 8th to review and provide direction on the draft Safe Yield status report. A status update was filed with the court on April 11th requesting more time for a better baseline period to be calculated. The Pool met in closed session to discuss the letter that will be provided to watermaster indicating a better baseline period. There were concerns on the methodology and definition of certain terms. A new draft will be presented this week for consideration.

An item under the General Manager's Report on tonight's agenda titled "Storm Water Recharge Incentives and New Yield Cost-Benefit Allocation" got SAWCo's legal counsel's (Tom McPeters) attention. Mr. McPeters stated that it has not been determined by anybody that there is any new yield and according to the opposition filed with the City of Fontana motion, all of the yield is already spoken for. Mr. Moorrees did provide comments on this subject via email and Ms. Layton spoke up at the Appropriator meeting. Ms. Layton did not receive much support and several agencies spoke up that they wanted to leave room for more discussion. A court date has been set for April 25th.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report on.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – Director Willis stated the items discussed at the PROC meeting are covered under the General Manager's Report for this meeting.

6. General Manager's Report:

- A. **Water Alert Sign**– Mr. Moorrees advised the Board that staff had signs created to place throughout the heights with regard to the Moderate Water Shortage Stage replacing year round water conservation signs posted since 1988. These new signs are to be put in place of the water conservation signs. The Moderate Water Shortage Stage signs list the newly adopted water shortage restrictions.

Mr. Moorrees asked the Board to agree with the PROC and approve the investment and installation of the new Moderate Water Shortage Stage signs to further communicate recent Board action.

Director Cable moved and Director Elliott seconded to approve the investment and installation of the Moderate Water Shortage Stage signs. Motion carried.

- B. **Well 22 Motor failure** – Mr. Moorrees advised this is a report on an emergency expenditure for the replacement of the motor at SAWCo's Well 22 facility. Well 22 currently delivers water to Red Hill Golf Course and the Red Hill Homeowners Association (HOA). On February 20th during a routine well check, staff discovered that the electrical motor for the well had shorted out.

Brithinee Electric determined it was a typical motor failure. It was discovered that the transformer for the feed lines were also damaged. It is unknown whether the motor failure caused the damage to the transformer or vice versa. After Edison made their repairs to the damaged cable and upon reenergizing the well, staff discovered that the soft starter was damaged as well.

The initial cost for the service call, crane services, inspection, new motor and installation was \$22,239.24 and the amount of the new soft starter was \$5,355.28 totaling \$27,594.52.

Mr. Moorrees recommended the Board agree with the PROC recommendations to ratify the non-budgeted expense as presented for the emergency repair to Well 22 motor and starter.

Director Elliott moved and Director Bozar seconded to ratify the non-budgeted expense for the service call, crane services, inspection, new motor with installation and the soft start totaling \$27,594.52. Motion carried.

- C. **Customer Leak Detection Program** – Mr. Moorrees stated that when the Board approved the Moderate Shortage Stage staff offered to take a more pro-active approach in its water conservation efforts to assist its shareholders in reducing their water demand.

Staff presented a proposal to the PROC to develop the Customer Leak Detection Program. Using Mitchell's Plumbing during the Moderate Shortage Stage alert, staff proposes to offer a site visit to identify the customer's leak on their property. This cost to be borne by SAWCo at about \$85. Thereafter, any leaks found during the site visit, SAWCo would provide a 50% match to off-set the repair up to \$500 as monies are available in the program.

The Board increased the water conservation budget \$10,000 for this calendar year. Staff proposes to set aside \$4,000 to fund this program initially. Customer applications will be considered on a first come first served basis until the funds run out or the end of the Moderate Shortage Stage Alert or whichever comes first.

Director Sundell moved and Director Willis seconded to approve the Customer Leak Detection Program as presented and adjust the fund budget as needed within the approved conservation budget. Motion carried.

- D. **Domestic Reservoir No. 5 Warranty Work – ASC Profiles LLC**- Mr. Moorrees reminded the Board that this reservoir tank was installed in 2011. Per SAWCo's specification, an 18 month warranty was included in the construction of the reservoir. Upon inspection by Harper and Associates Engineering (HAE) in July 2013, problems with the interior and cosmetic problems with the exterior were discovered.

On August 8, 2013, the contractor who supplied the work, BlueScope/BH Tank, was notified of the warranty work required on the tank based on HAE observations; however, during this process, ASC Profiles became administrator of BlueScope's work. ASC questioned the warranty period beyond the one year provided by the tank manufacturer.

After considerable time working with their claims adjuster, ASC responded by letter. Although they dispute the claim, as a gesture of goodwill they will arrange for work done on the interior as per HAE report in exchange for release of all present and future claims related to this tank.

The PROC felt that release of all claims related to the tank would include not only the work, but also the integrity of the structure and appurtenances and suggested staff confirm with ASC the specificity of the release prior to the Board meeting. Mr. Moorrees contacted ASC about the concerns of the committee and specified that the release would be for the work only not the product.

Director Cable moved and Director Bozar seconded to approve the offer by ASC Profiles, LLC to repair the interior of the bolted tank in exchange for release to claims regarding the work. Motion carried.

- E. **Conservation Programs Update** – Mr. Moorrees reported that the items listed in the agenda report are the current water conservation programs SAWCo offers to its shareholders. SAWCo monitors to see how effective these programs are and reports the items as part of their Best Management Practices (BMP).

Director Bozar moved and Director Willis seconded to receive and file the report as presented. Motion carried.

- F. **Approve letter to Congresswoman Judy Chu** – Mr. Moorrees met with Steve Evans with the Friends of the River previously and advised him that the Board does support the Wilderness and Wild River Designations for the San Antonio Creek in the San Gabriel Mountains. A letter attesting

that fact has been drafted to send to Congresswoman Judy Chu and if approved will include a copy of the Board adopted Resolution No. 2010-07-04 to the same effect.

Mr. Moorrees recommend the Board provide comments and/or approve the letter as presented for the signature of the Board President.

Director Elliott moved and Director Sundell seconded to approve the letter as presented. Motion carried.

G. **Project Status Report –**

- **Well 26 Rehabilitation - Replace pump** – Installation is complete pending water quality testing.
- **Well 32 Rehabilitation - Replace submersible with vertical turbine** – Installation pending receipt of material.
- **City Treatment Plant Surface Water Delivery** – Dissolved Air Issue – A resolution to the problem is currently being designed.
- **Well 25A Site improvements per City CUP - Carry Over CY2014** – The landscape plans have been received back from the City of Upland with comments. Rough grading has been completed. Currently waiting for the wall permit.
- **WFA Pipeline Connection** – The WFA board has conditionally approved the project. Staff is working on revising the plan to be incorporated in the agreement.
- **Basin 6 Desilting** – Staff is working to get regulatory waivers for this project.
- **Cucamonga Basin** – Desilting project at crosswalls – Staff is working to get regulatory waivers for this project.
- **Water Rights Investigation – Activity** – Staff spoke with the United States Forest Service (USFS) forest supervisor. The new district ranger will be in contact with management to set up a meeting.
- **Chino Basin Recharge Pipeline** – Currently waiting for some permits and an easement to record.

Director Thomas inquired about the Meritage Homes project which SAWCo has a waterline that needs to be relocated in order for the builder to complete the project. Mr. Moorrees replied the plans for relocation of the waterline has been approved. Legal counsel is working on a quitclaim deed and an agreement for the builder to execute. After the builder receives bids for the waterline relocation SAWCo will review them and give the notice to proceed.

7. Conservation Update: Previously discussed under Item 6E.

8. Closed Session: None.

9. Director's Comments and Future Agenda Items:

Adjournment: There being no further business the meeting adjourned at 5:33 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, May 20, 2014 at 5 p.m.

Assistant Secretary
Charles Moorrees