

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, April 19, 2011**

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 Ken Willis, Dr. Fred Gattas, Tom Thomas, Brian Brandt, Will Elliott, Glenn Bozar, and Sue Sundell. Also in attendance were SAWCo's General Manager Charles Moorrees, and Assistant Manager of Administration and Finance Teri Layton. Director Thomas presided.

- Call to Order
- Salute to the Flag

1. Recognitions & Presentations: None.

2. Additions-Deletions to the Agenda: Mr. Moorrees added two informal items to go with the Board agenda items F and G as follows: 1) Agenda Item 6F-Major Activities Calendar of the Board and Committee meetings for the new directors and 2) Agenda Item 6G-spreadsheet attachment for bids that were opened this morning. He also deleted Agenda Item 6D and will bring it back at the June Board meeting after the Administration and Finance Committee has reviewed it.

3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of March 15, 2011.
- B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
No meeting minutes to report
- C. Administration and Finance Committee (AFC) Meeting Minutes  
Meeting Minutes of January 25, 2011
- D. Financial Statement  
Income Statement and Balance Sheet for February 28, 2011 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 ongoing 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

Director Elliott moved and Director Dr. Gattas seconded to approve the Consent Calendar Items as presented. Motion carried.

5. Board Committee – Delegate Report:

- A. **PVPA Representative's Report** – Director Thomas reported on PVPA's most recent meeting held April 13<sup>th</sup>. The League of Women Voters of Claremont has a proposal and has worked with a grant on some uses for the Thompson Creek property. The engineering committee is reviewing the feasibility study for a variety of options to help increase spreading.

PVPA is also reviewing the draft of their most recent audit.

- B. **Six Basins Representative Report** – Ms. Layton reported on the meeting held in March in which the financial statements were approved. The draft annual report was received and is being reviewed. Three Valleys Municipal Water District (TVMWD) will continue to provide administrative

services for Six Basins Watermaster thru June 30<sup>th</sup> at which time Wildermuth Environmental, Inc. (WEI) will take over.

Mr. Thomas added that the watermaster is still trying to figure out whether they are going to continue meeting at the TVMWD location.

C. **Administration and Finance Committee (AFC) Chairman's Report** – All information discussed at the AFC meeting is covered in the Manager's Report.

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

6. General Manager's Report:

A. **Company Holidays** – Mr. Moorrees reported that the existing and proposed added Holiday's were presented to the AFC for consideration and recommendation. Information on Holiday schedules for adjacent water companies was also provided as reference. The holiday's that were presented for consideration to the AFC were Martin Luther King Day, Veteran's Day, and Christmas Eve Day. The AFC recommended SAWCo observe Martin Luther King Day and ½ day for Christmas Eve.

Mr. Moorrees recommended the Board approve the AFC recommendation to add Martin Luther King's Birthday and the ½ Day Christmas Eve holiday to the current Water Company's observed holiday schedule.

Director Brandt moved and Director Dr. Gattas seconded to approve the managers recommendation. Motion carried.

B. **Tuition Reimbursement** – Mr. Moorrees reported that since 2005 there has been a 44% increase in the cost of tuition for local universities. There has been a 19.7% increase from just last year. The policy adopted in SAWCo's employee handbook provides educational assistance to full time employees in the form of tuition reimbursement for satisfactory completion of approved courses with a 2.5 Grade Point Average or higher. In addition, to the cost of tuition, reimbursement may be requested for related expenses, including registration fees, textbooks and other required course materials, parking fees and examination fees. SAWCo's current policy states that if you have been with the company greater than one year the company provides a \$1,500 tuition reimbursement. For up to five years the reimbursement is \$2,000 and for greater than five years the reimbursement is \$3,000.

The matter was presented to the AFC with recommendation to increase reimbursement up to \$2,000 for employees with more than one year of employment, \$3,000 for up to five years of employment, and \$4,500 for more than five years of employment. The general manager recommended the Board approve the recommendations as presented.

Director Brandt moved and Director Sundell seconded to approve the AFC's and general manager's recommendation. Motion carried.

C. **Cost of Living Increase** – Mr. Moorrees stated that staff annually uses Rewards Strategy Group (RSG) to research the possibility of a Cost of Living Adjustment (COLA). RSG comprised information for the greater metropolitan area, the Los Angeles County/Riverside Consumer Price Index as well as other factors.

After presenting the information to the AFC, it was noted that the figure varied from the Consumer Price Index (CPI) reported by the California Department of Labor (CDL) for Los Angeles County/Orange County and Riverside County which recommended a 1.2% increase.

Mr. Moorrees asked the Board to consider and recommend two items; the recommendation of the AFC that the adjustment be made based on the CPI at 1.2%; the use of the CPI for Los Angeles County/Riverside County as reported by CDL or the continued use of the RSG consultant.

Director Thomas inquired as to the cost of the information provided by RSG. Mr. Moorrees replied it was roughly \$500. Director Dr. Gattas asked if SAWCo had a contract with RSG. Mr. Moorrees replied no.

Director Dr. Gattas moved and Director Brandt seconded to abstain from using RSG unless in the future a specific reason is seen for it and to use the CPI for Los Angeles County/Orange County/ and Riverside County from this point forward.

Director Bozar inquired as to the amount that was budgeted for the 2011 Calendar year for merit increases. Mr. Moorrees replied 5% and clarified that the COLA does not automatically give everyone a 1.2% increase in pay, it just adjusts the wage range for each position.

Motion carried.

D. **History Documentation-** Tabled until June 2011.

E. **Water Service Agreements-** Mr. Moorrees reported that previously SAWCo had various assortments of license agreements with agencies to enable delivery of water to certain agencies that are shareholders. These various agreements were eliminated when they were determined to not be beneficial to SAWCo. A "global agreement" was created to provide a way that an agency could receive their full entitlement on the basis that they would pay for their full entitlement each month regardless of whether they received the water or not. An end of the year transfer of water from one of the storage basins would be utilized should the agency not use their full entitlement during the year.

Mr. Moorrees pointed out that this "global agreement" is based on owned shares and there is no provision for leased shares or newly acquired shares. Legal counsel has reviewed this option and is prepared to make an amendment to this type of agreement should the Board wish to do so. The AFC recommended the Board approve amending the existing agreements to include leased shares effective July 1<sup>st</sup>.

Mr. Moorrees recommended the Board consider the issue of leased/owned shareholdings with respect to the Water Service Agreements and approve amendments to include these shares to be in effect annually on July 1, and authorize the Manager to make those amendments as appropriate on an ongoing basis.

Director Dr. Gattas stated that normally when SAWCo has ample water this type of arrangement is great but in a drought situation these big agencies are taking all of their entitlement and perhaps do not actually use it. He questioned the possibility of holding back or requesting the agencies not be allowed to bank water for later use so that other shareholders can use it. He wondered if this put SAWCo in a bind in cases of drought. Mr. Moorrees replied that there is a finite amount of storage in SAWCo's storage account in Chino Basin and if it is not replenished it can deplete quickly. The issue of getting more water into the Chino Basin is being brought to the PROC. Mr. Moorrees also stated that there is a provision in the agreements with regard to water if it is unavailable.

Director Dr. Gattas moved and Director Elliott seconded to approve the manager's recommendation. Motion carried.

F. **Advisory Committees** – Mr. Moorrees asked the Board to determine who would comprise the PROC and AFC for the current year.

Director Thomas stated that the Board had talked about leaving the existing Board members on the committees they have been on and having Director Sundell join the AFC and Director Bozar join the PROC.

Director Willis stated that he would like to change from the AFC to the PROC and have Director Bozar take his place on the AFC.

It was agreed that Director Willis would move to and chair the PROC, Director Dr. Gattas would chair the AFC, and Directors Sundell and Bozar would join the AFC.

- G. **Euclid Waterline Installation-San Antonio Crescent East to Euclid Crescent West** – Mr. Moorrees reported that the spreadsheet for the bid opening that was held earlier in the day was placed on the dais for each Board member. He explained this project was budgeted for this year at \$153,000. SAWCo solicited proposals from four companies. Three submitted proposals and C.P. Construction had the lowest bid of \$139,257.50.

Mr. Moorrees recommended the Board to approve awarding the contract to C.P. Construction in the amount of \$139,257.50 with a contingency of \$13,000 for a total of \$152,257.50.

Director Brandt moved and Director Elliott seconded to approve the manager's recommendation.

H. **Project Status Report** –

- **Euclid Waterline-SACE to ECW-1,200 LF of 8"** – The project has just been awarded. Contract documents forthcoming.
- **20<sup>th</sup> St./Flower Court-Irrigation booster line connection** – The project will begin in the next few weeks.
- **Demolition & removal of abandoned structures** – Winston Excavating is set to begin May 2<sup>nd</sup>.
- **Well 25A – Drilling** – Mr. Moorrees will be presenting the specifications to the PROC. Due to the timing the project will not be awarded until June or July.
- **Urban Water Management Plan** – Hope to present the first draft at the next PROC meeting.
- **Chronological History Documentation**- Hope to have it to the AFC by May and have it approved by the June Board meeting.
- **Cucamonga Basin-Desilting project at crosswalls** – At a standstill in wait for authorization for a permit to utilize a haul route.
- **Forebay Improvements** – Hope to receive the building permit by the end of April.
- **Water Rights Investigation** – Staff had a conference call with United States (U.S.) Forest Service who provided a list of all their water sources and will get back to SAWCo with the total number of cabins. SAWCo's special counsel will most likely draft an agreement to take place of the 1941 Agreement. SAWCo is trying to get a trial date for the complaint filed against Mr. Paul Ridgeway; and to urge the U.S. Forest Service pull Mr. Ridgeway's permit because he is not in compliance with State regulations. Also, a letter is being sent to the State Water Resources Control Board to encourage them to provide some administrative action to compel Mr. Ridgeway to sign SAWCo's agreement.
- **Cucamonga Basin Management Plan** – The first water atlas data has been received by Wildermuth Environmental, Inc. (WEI). The develop yield has been brought to 11,000 acre feet (AF). Previous develop yield was at 13,000 AF which is a drop from 22,000 AF. This will greatly impact the water company.
- **Feasibility Study-Edison & Tunnel Ponds [Conserv. Levee]**- SAWCo met again with Camp, Dresser, and McKee (CDM). CDM has some ideas that can be implemented at low cost to try and capture more water out of the streambed. SAWCo will meet again with them in the next week or so to review their draft conclusions.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Dr. Gattas stated that he and Director Brandt had compiled a report with regards to the 401K as requested in the AFC meeting. He gave a copy to Mr. Moorrees and requested that all Board members get a copy of it. Director Thomas commented that part of the motion from the AFC meeting was that once Director Brandt and Director Dr. Gattas were in agreement the 401K plan would be formalized.

Director Willis stated that at Board dinners he noticed that wine was being ordered. He found no problem with that but stated he felt it was inappropriate for SAWCo to pay for it. There was consensus on the Board that if alcohol was ordered at the Board dinners it would be at the expense of the person ordering it, not SAWCo.

Mr. Moorrees reported earlier on the Chino Basin. He stated that end of the year transfers were made out of Chino Basin at the beginning of 2011. Those transfers are going to the Chino Basin Board next week. It is anticipated that there will be an increase of \$483,915 in SAWCo's revenue due to those transfers. A majority of that revenue will go towards Capital Reserves and \$50,000 will go to Operations. SAWCo will invoice City of Upland, City of Ontario, and Monte Vista Water District following the approval of the transfers at next week's Chino Basin Board meeting.

Adjournment: There being no further business, Director Thomas declared the meeting adjourned at 5:40 p.m.

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Assistant Secretary  
Charles Moorrees