

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, April 21, 2015

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:04 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 a letter sent to Assemblywoman Cristina Garcia, Assemblyman Chris Holden and Senator Carol Liu in support of Assembly Bill AB656. The bill allows for mutual water companies to form joint powers insurance pools for risk pooling, technical support and similar services.
- 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 17, 2015.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Meeting Minutes of January 27, 2015.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
No meeting to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for January 31, 2015 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

Director Bozar asked that Item 4D, the income statement, be pulled.

Director Bozar moved and Director Elliott seconded to approve the consent calendar items excluding Item 4D. Motion carried.

Director Bozar questioned the figures in the income statement. Ms. Layton advised the reporting is different using SAWCo's new software. Corrections are being made in-house to work out the kinks. The negative overall figure is accurate; however, funds are lower in colder months and higher during summer months.

Director Bozar moved and Director Sundell seconded to approve Item 4D. Motion carried.

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative’s Report – Director Thomas reported that at the most recent PVPA meeting discussion took place regarding the bee keeping project PVPA is involved in with the Claremont Colleges and the City of Claremont in the San Antonio Spreading Grounds.

The reintroduction of the Santa Ana Sucker fish was also discussed. PVPA feels there is no need to reintroduce a fish in an area in which it was never established.

The wild and scenic designation, national recreation area discussion continued. The area was made a National Monument but there are some dealings remaining that may affect PVPA.

PVPA in conjunction with West End Consolidated Water Company are working on the Operations Plan for Six Basins particularly the San Antonio Spreading Grounds. They are looking to get a proposal from Wildermuth Environmental, Inc. (WEI).

B. Six Basins Representative Report –Mr. Moorrees reported on that corrections were made to the Six Basins Annual Report. Letters were sent out advising opposition to the reintroduction of the Santa Ana Sucker fish. A Strategic Planning Workshop was held after the meeting.

C. Chino Basin Representative Report –Mr. Moorrees advised this item will be discussed in closed session.

D. Administration and Finance Committee (AFC) Chairman’s Report – No meeting to report.

E. Planning, Resources, & Operations Committee (PROC) Chairman’s Report – Items discussed at the most recent PROC are included in the General Manager’s report.

6. General Manager’s Report on Activities:

A. Amended & Restated 401K Plan – Mr. Moorrees reported that SAWCo needs to restate its 401(K) Plan to comply with the requirements of the Pension Protection Act of 2006 and other applicable guidance which provides for including any changes to the Plan. He advised there are no plan changes at this time.

Director Bozar inquired about the cap for highly compensated employees. Mr. Moorrees replied that previously staff was only allowed to contribute based on a ratio of the average amount of all contributors to the plan. In 2013 the Board adopted the change from the traditional 401k Plan to a Safe Harbor 401k Plan which eliminated the non-discrimination testing.

Director Gerardi moved and Director Willis seconded to approve adopting the restatement of SAWCo’s qualified retirement 401(K) Plan by unanimous consent with each director signing the resolution per the recommendations of the PROC. Motion carried.

B. Well 26 Emergency Repair – Mr. Moorrees reported that Well 26 was budgeted for rehabilitation in 2014. In January 2014, General Pump Company pulled the well and renewed and replaced worn equipment and placed in back into operation in April of 2014 at a total cost of \$100,335.

By the end of 2014 staff observed a decline in specific yield indicating a problem with the pump. General Pump Company pulled the well in January of this year and agreed to absorb this expense as a warranty consideration. Staff met with General Pump Company to review the material and probable causes for the preliminary wear of the pumps and agreed that the current conditions of low water levels and air entrainment may have attributed to the wear and that the expense be shared expense. In addition, staff agreed with upgrading the material to mitigate the current conditions creating the wear on material.

In March, Staff presented to the PROC that the total cost for reparations and upgrade to stainless steel bowls was \$67,497.20 and that General Pump Company would absorb half of this cost with SAWCo's share to be \$33,748.60.

Mr. Moorrees recommended the Board approve the additional expenditure for the repair and equipping of Well 26 and appropriate funds from Operating per the PROC recommendation.

Director Bozar inquired as to whether the conditions of the well were going to cause the problem to reoccur and how would staff mitigate the problem. Mr. Moorrees replied that he had spoken with staff and advised that SAWCo cannot run the well 24/7 and must be cognizant of the draw down to prevent air from being drawn into the pump. Other changes being made to mitigate future problems are to run only one well at a time in that basin and take samples to monitor how much air is being introduced. A total dissolved gas analyzer may be added later to determine the amount of air intrusion allowable without destroying the pump. The diameter of the column has been reduced so the angular space between the casing and the column has more water introduction without causing a lot of velocity.

Director Bozar also asked how deep the well was. Mr. Moorrees explained the depth of the well is 800 feet and the pump is at 500 feet. The well is at the deepest part of the aquifer however it's in the older alluvium which means it's more consolidated and takes more time for the water level to respond.

The drought is at the heart of this issue as water levels are historically low.

Director Elliott requested clarification of black widow spiders used on the materials list and the need for their replacement. Mr. Moorrees clarified that those are the spacers that keep the column centered in the casing.

Director Gerardi inquired as to where SAWCo is getting their water from if the Tunnel is inactive. Mr. Moorrees replied they are using Well 32 in Cucamonga Basin and Well 15 and Well 16 in Chino Basin.

Director Bozar moved and Director Cable seconded to approve the General Managers recommendation to approve the additional expenditure for the repair and equipping of Well 26 and appropriate funds from Operating. Motion carried.

C. Tunnel Water Quality Sampling – Mr. Moorrees reminded the Board that there have been water quality issues with the Tunnel water. Currently, the Tunnel water is not being used in the domestic system. Staff will meet with the California Department of Drinking Water (DDW) once the problem is isolated and hopefully rectified so that the Tunnel can then again be used for domestic delivery.

SAWCo hired BESST, Inc. who used equipment to take 3 samples at each shaft of the Tunnel. SAWCo also took samples simultaneously at the Forebay. A total of 54 samples were taken. Two samples came back positive; one at Shaft 9A and one at the Forebay. Neither sample was positive for fecal or E-coli. BESST, Inc. is analyzing the information. With their findings, SAWCo hopes to find a solution before meeting with DDW.

BESST, Inc. began this work on March 31, 2015 and completed sampling on April 3, 2015 at a cost of \$24,123. A total of 54 bacteria and 27 total organic compound samples were taken at a total cost of \$1,512. Total cost for sampling was \$25,635.

Mr. Moorrees recommended the Board ratify the additional expense for Tunnel Water Quality Sampling of \$25,635 and to appropriate funds from Operating as recommended by the PROC.

If the DDW does not allow the Tunnel water to be reintroduced into the domestic system without disinfectant, SAWCo will need to look into utilizing an Ultra-violet system which is energy intensive. If the water is deemed under the influence of surface water, SAWCo may need to send the water to the City of Upland Treatment Plant.

Director Elliott moved and Director Bozar seconded to approve the additional expense for Tunnel Water Quality Sampling in the amount of \$25,635 and to appropriate the funds from Operating. Motion carried.

D. Shareholder Vision Day – Mr. Moorrees advised that one of the components added to the updating of the Water Master Plan (WMP) is a strategic plan. Part of the strategic plan is to develop a vision of where SAWCo is headed in the future. Before moving forward they would like to meet with their shareholders to see what they envision for the future of the company to develop the framework for the Strategic Plan.

The plan takes a more proactive response to the changing environment faced today and may be a substantial shift in the way SAWCo operates. To ensure that creating this vision is in alignment with its shareholders, Genysys Group proposes to establish a “Vision Day” to engage with the Board, staff and shareholders to develop a picture of SAWCo in the future.

A draft listing of shareholder constituents for participation was presented and includes the San Antonio Heights Board members, public entity shareholders, commercial shareholders, and minor grove irrigator shareholders.

Possible venues for the event are the Life Bible Fellowship in the San Antonio Heights or the Chino Basin Conservation District in Montclair. The Vision Day planning may take up to 4 hours with the possibility of meeting during the day 10am-2pm with lunch provided or an evening event beginning at 5pm.

Mr. Moorrees stated he would send out a list of dates to the Board to find the most acceptable day to hold the Vision Day. He will then pass that information on to Genysys Group for them to contact the shareholders on the mentioned list to come up with a number of attendees which will determine the venue, date and time for the event.

There was consensus on the Board to move forward with the Vision Day as discussed.

E. Project Status Report -

- **Urban Water Management Plan** - Waiting for guidelines for the Urban Water Management plan from the State of California.
- **Alternative Energy Feasibility Study** –Cannon Engineering is attempting to get information on whether or not SAWCo is eligible for any of Southern California Edison’s energy saving programs.
- **City Treatment Plant Surface Water Delivery – Dissolved Air Issue –** Determined the proposal on the specialized stand pipe needs to be a fabrication drawing not something done in the field. A fabricator has been found and the fabrication drawing is being finalized.
- **Well 25A-Site Improvements per City CUP – Carry Over CY 2014** –Awaiting changes to use cobblestone instead of decomposed granite per the City of Upland’s changes to the final plans. TKE Engineering is reestablishing stakes for the detention pond and the onsite road way. Additional grading costs were incurred for the deeper peers that Artisan Precast had to make to get the walls up. Anticipated completion date is June 1st.
- **Basin 6 Desilting** – Altum Group is moving forward with the environmental document. The San Bernardino County Flood Control District (SBCFCD) agreed to act as the lead agency. SBCFCD requested to “piggy back” their environmental document for their maintenance activity.
- **Cucamonga Basin** – Desilting project at crosswalls – Staff received the stream bed alteration agreement from the Department of Fish and Wildlife (DFW). SAWCo will respectfully decline two

requests from the DFW; the invasive plant management plan and the habitat reestablishment plan. A letter will be sent advising as such.

- **Water Rights Investigation – Activity** – A call was made to Michael Laufer the general counsel for the State Water Resources Control Board for a status update. The call has yet to be returned.
- **Chino Basin Recharge Pipeline** – The easement has been approved, however, a solution may exist that will negate the need to put in a pipeline. In speaking with Water Facilities Authority (WFA) SAWCo may be able to deliver water to WFA and WFA put water into the Channel on behalf of SAWCo. Grant funding will be looked into if the pipeline is constructed.
- **Frankish Tunnel Pipeline** – No flows in the Frankish Tunnel at this time.
- **Spring Terrace Waterline** – Advertised for bid to four selective bids. Bids are due May 15th.
- **Wildrose Lane Waterline** - Advertised for bid to four selective bids. Bids are due May 15th.

7. Closed Session: The Board recessed at 5:50 p.m. to closed session to discuss the Chino Basin Safe Yield Reset process (Section 54957.2 (a)).

The Board reconvened at 6:20 p.m. from closed session.

Director Thomas reported the Board granted authority to Mr. Moorrees, the General Manager, to formally withdraw from the Chino Basin Facilitation process if, as and when he believes that it is more advantageous to SAWCo to withdraw rather than continuing to participate.

8. Director's Comments and Future Agenda Items:

Adjournment: Director Thomas requested a moment of silence in memory of Director Gerardi's wife, Gloria Gerardi and the meeting was adjourned at 6:21 p.m.

Future Meetings:

- The next Board Meeting will be held on Tuesday, May 19, 2015 at 5:00 p.m.

Assistant Secretary
Charles Moorrees