

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, May 16, 2017

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, Will Elliott, Sue Sundell, John Gerardi, Bob Cable, Jose Sanchez, and Gino Filippi. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Director Sanchez
- 1. Recognitions and Presentations: Mr. Moorrees announced Ms. Layton is approaching 25 years of service with SAWCo. He will email the Board with regards to a celebratory luncheon to be held in her honor.
- 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 April 18, 2017.
 - B. Administrative and Finance Committee (AFC) Meeting Minutes
AFC Minutes of February 28, 2017.
 - C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for March 31, 2017 and year-to-date.
 - E. Investment Activity Report
Monthly Report of Investments Activity
 - G. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
 - H. Prominent Issues Update
Status summaries on certain on-going active issues.
 - I. Projects and Operations Update
Status summaries on projects and operations matters.
 - J. Groundwater Level patterns [Quarterly in April, July, October & January]
Tracking patterns of groundwater elevations relative to ground surface.
 - K. Correspondence of Interest
 - Comments on proposed legislation to implement "Making Water conservation a California Way of Life"
 - Department of Transportation – Response to Water Company's comments on DEIR for the I-10 Corridor Project

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 on the most recent PVPA meeting. Photos of the PVPA Board and its two newest board members were taken. Wildermuth Environmental, Incorporated (WEI) is finalizing the San Antonio Spreading Grounds spreading guidelines for field staff. PVPA is working with the property owner regarding an easement at Thompson Creek. Instead of providing an easement, PVPA may sell the roughly 1-acre portion of land to the property owner. A long-term license agreement with the City of Claremont for the Thompson Creek bike path will be renewed.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the Six Basins meeting held in April. Watermaster staff presented an oral report on the Memorandum of Understanding (MOU) with Three Valleys Municipal Water District (TVMWD) regarding the transfer of ownership of an abandoned agriculture well in the Upper Claremont Basin. PVPA would need to consider pursuing the environmental clearances for the well. Director Thomas stated the bid for the environmental clearances came in under \$3,000. PVPA will recommend Six Basins Watermaster pay for the study at the next Six Basins meeting.

Watermaster staff discussed cyclic storage. SAWCo found no need for water banking when there are no overproducers in the basin at this time.

The Sustainable Groundwater Management Act basin boundary revisions had a lot of “fringe” areas that were in question. The County of Los Angeles will not include Six Basins’ “fringe” areas for their basin boundary revisions per the Sustainable Groundwater Management Act. This has caused Six Basins Watermaster to look for an alternative solution.

Mr. Moorrees informed the Board Tommy Hudspeth, Water Utility Superintendent for SAWCo, is now the company’s alternate representative for Six Basins. This change was approved at SAWCo’s Organizational Meeting held in April.

The Six Basins Watermaster Board Chair met with the MS4 parties and will present timelines and funding for the MS4 requirements to the board. The MS4 parties have no dominion over the water and cannot claim it for credit. The Strategic Plan workshop was held shortly after the Six Basins Board meeting. The draft plan proposal will be submitted to the Board at the next meeting. Proposition 1 funding was discussed as it pertains to the Strategic Plan project for Reservoir 5 pumping and treatment. Also discussed was whether or not watermaster wants to pursue a planning grant or implementation grant.

- C. Chino Basin Representative Report** – Ms. Layton reported the Court hearing date for the 2015 Safe Yield Reset Agreement was April 28, 2017. The court decided to have no limit on desalter pumping, the safe yield will be recalculated to 135,000 acre feet per year (ACY), and the parties have the right to appeal. Watermaster’s attorney told the Judge he believes progress reports will be good for the next recalculation to avoid such a catch up by the court; the Judge agreed with this statement.

Ms. Layton gave a recap of progress the Budget Committee has made since forming in March 2016.

Ms. Layton stated the Court’s ruling has had a tremendous effect on certain parties. While some parties agree and approve of the court’s decision, other parties do not feel the same. There is a belief that not everyone is being treated fairly economically. Due to this belief, some parties want an economic analysis done (Sunding report). Not all parties were in agreement with having a study completed as it would cost an estimated \$75,000. After long discussion, the parties decided to work on a scope of work in the strategic meetings.

Agriculture’s overproduction in the past and the transfer of what was believed to be unproduced agriculture water at the time, has led many to believe that the water in storage is not there. Going forward with the storage agreements, the Agriculture Pool is contesting the Excess Carryover Application pursuant to Article X of Rules and Regulations. In the meantime with the court’s decision there are a lot of moving parts in the management of the basin.

The Desalter Replenishment Obligation has come due. With this being the first time undertaking desalter replenishment the parties don’t necessarily agree on how it should be calculated. Watermaster will provide four options in the next couple of days for the Pool to consider and discuss

in June for a possible solution by July. There is the possibility of paying a portion of this obligation through stored water.

Director Thomas inquired about Ms. Layton's level of satisfaction with what the Budget Committee was able to accomplish. Ms. Layton replied the committee identified roughly \$900,000 worth of possible reductions in the budget and was able to get roughly \$300,000 reduced.

Director Elliott questioned whether the actual stored water amounts are not matching up with paperwork causing the parties to believe there isn't enough water in storage. Ms. Layton replied that when water is not produced by the Agriculture Pool it is then transferred to the other entities in the basin. There is a belief that water came over that wasn't really there. During the Safe Yield Recalculation, WEI determined that the water in storage is in the basin.

D. Administration and Finance Committee (AFC) Chairman's Report – Director Sundell had nothing to report.

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

6. General Manager's Report on Activities:

A. Citizens Patrol Contribution – Mr. Moorrees reported the Citizen's Patrol contribution was presented to the AFC in April. The Water Company received correspondence from the San Antonio Heights Citizen's Patrol regarding the Twenty-second Annual George Lee Pancake Breakfast event taking place May 20, 2017. SAWCo has contributed annually to the Citizen's Patrol with last year's contribution being \$1,000.

Mr. Moorrees recommended the Board approve a \$1,000 monetary contribution to the San Antonio Heights Citizen's Patrol.

Director Gerardi moved and Director Cable seconded to approve the General Manager's recommendation. Motion carried.

B. Well 24 Rehabilitation – Mr. Moorrees reported Well 24 rehabilitation is a budgeted project for this year. After pulling the well, inspection found evidence of excessive pump wear along with bearing wear possibly due to lower water levels. These findings require replacement of some sections of the column pipe and bowl assembly.

In lieu of restoring and replacing parts of the existing pump bowl assembly at a cost of \$98,655.20, staff opted to acquire the new higher strength bowl as presented in Option B with stainless steel impellers and trim at a cost of \$107,952.19.

This issue would have been presented to the PROC for discussion and Board recommendation; however, it was necessary to expedite the repairs in order to get the well back into operation for delivery to the City of Upland as demand increases with warmer temperatures. As such, staff directed General Pump to expedite the schedule to brush, bail and reinstall the equipment per Option B.

Mr. Moorrees recommended the Board ratify the additional expenditure to repair Well 24 as presented and appropriate an additional \$50,000 from Operations.

Director Cable moved and Director Sundell seconded to ratify the additional expenditure to repair Well 24 as presented and appropriate an additional \$50,000 from Operations. Motion carried.

C. Project Status Report –

- **Well 19 Rehabilitation and Test Pumping** – The well was brushed and bailed beginning the previous week. The test pump has been prepared.
- **Well 24 Rehabilitation** – Brush and bail began today. The crew will also attempt to fish out the engineer pump suction.
- **WFA Pipeline Connection** – Staff requested this item be placed on the agenda for WFA’s next meeting. SAWCo would like the item to be approved so that when sample requirements are met in September WFA and immediately to move forward with the project.
- **Holly Drive Reservoir Design** – The 30% plans are expected this month from TKE Engineering.
- **Water Master Plan** – A draft copy is expected tomorrow and will be submitted to the PROC this month. The engineer will have a brief discussion with and recommendation for a workshop prior to adoption.
- **Basin 6 Desilting** – Environmental documents have been completed and reviewed. The 30 day comment period is forthcoming. Request for Proposals will be sent out shortly thereafter. Staff will be meeting with the geotechnical firm that will be completing the study beforehand to drain the basin to determine how much silt they will be taking out and how deep they will need to rip the bottom surface.
- **Cucamonga Basin-Desilting Project at Crosswalls** – The Army Corps of Engineers is requiring SAWCo provide a third gnatcatcher bird study. Staff asked if a permit could be issued with the condition of a completed bird study but that request was denied. Once SAWCo receives the permit from Army Corps the Regional Water Quality Control Board (RWQCB) will issue a 401 permit. These items will then be sent to San Bernardino County Flood Control District for them to issue a permit. At this time SAWCo will be able to start the project. The alternative haul route has been agreed upon with Holliday Rock.
- **Water Rights Investigation** – Activity – The State Water Resources Control Board (SWRCB) has requested the United States Forest Service provide a list of the water diversions within 90 days which is due by the end of May.
- **Office Relocation Feasibility Study** – SAWCo is waiting for the City of Upland to have the property appraised.
- **Well 31 Biological Treatment [On Hold]** – Staff is meeting with MIH and Evoqua to discuss the back-end system which is what’s required from the Department of Drinking Water. Also, staff is working with the State on Proposition 1 funding.

7. Closed Session – None.

8. Director’s Comments and Future Agenda Items: None.

Adjournment: Seeing no further business, the meeting was adjourned at 5:30 p.m.

Future Meetings:

The next Board Meeting will be held on Tuesday, June 20, 2017 at 5:00 p.m.

Assistant Secretary
Charles Moorrees