

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, May 17, 2016**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:01 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, Glenn Bozar, Sue Sundell, and John Gerardi. Also in attendance were Laurie Reinhart with The Genysys Group, SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, and Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions and Presentations: Mr. Moorrees drew attention to the Rainfall/Surface Water Spreadsheet and flyer regarding the 12<sup>th</sup> Annual Watershed Clean-up Day placed on each Board member's dais. He then introduced Ms. Reinhart with The Genysys Group.
- 6. **A. Strategic Plan – Workforce Planning** - Ms. Reinhart spoke about one of the main strategic initiatives approved when the Strategic Plan was adopted which was the emphasis on workforce development. With SAWCo's small staff and the likelihood of retirement in the near future it is of critical importance to take a comprehensive look at the workforce. By doing this it enables SAWCo to assess the level of training staff currently has, determine the level of skills, knowledge, and training that the anticipated vacated positions will require. It also allows for the development of a plan to transfer that knowledge, etc. to employees that may be a natural fit for those position or determine what recruiting efforts for new employees is needed.

Ms. Reinhart, Mr. Moorrees, and Ms. Layton are collaborating on a workforce development plan to assess the current workforce and the future needs. The potential for a large number of employees to retire in a short period of time inspired what is called strategic futuring. It's a process of speaking with employees individually to enable them to envision what their future will look like and how they might fit into a transition plan. The transition plan would enable employees to move to part-time status and switch focus of current workload into training and mentoring their successor. The plan would allow for employees to get a better idea of what transitioning to retirement would look like and would be a voluntary program.

Director Gerardi questioned the number of employees within the 50-59 year age bracket wanting to retire. Ms. Reinhart agreed the number was surprising and added that it was based on the age, number of years of service with possible retirement in the next five years.

Director Gerardi inquired how transitioning to retirement by reducing the number of days per week an employee works would affect their retirement. Ms. Reinhart stated SAWCo has a 401k plan for retirement and a reduction in work hours would not affect that. The possibility of bringing in a financial expert to meet with staff is being considered as part of the transition program.

Mr. Moorrees advised the AFC requested staff negotiate the contract with Genysys. He stated staff was successful in negotiating a lower price for the contract.

Director Bozar clarified the transition age for this program would be 60 years old and older. He questioned at what point benefits begin to reduce based on hours worked. Director Bozar also gave an example of how his previous employer provided a means for employees to calculate retirement age and funds.

Mr. Moorrees stated this agenda item is for a conceptual plan. When the details are worked out it will be brought back to the AFC for comments and recommendations.

Director Thomas was concerned with having such a small workforce that the workflow stayed consistent. He advised that management should have the authority to make changes should a succession plan for a specific employee not have the employee working enough hours to get the job done. Mr. Moorrees agreed and replied performance evaluations would continue to be given to employees regardless of the number of hours worked.

The Board agreed to move the voting portion of the item until later in the meeting.

Ms. Reinhart exited the meeting.

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 19, 2016.
- B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
No meeting minutes to report.
- C. Administrative and Finance Committee (AFC) Meeting Minutes  
AFC Meeting minutes of February 23, 2016.
- D. Ad Hoc Committee Office/Yard Relocation Meeting Minutes  
Approval of Ad Hoc Meeting Minutes of April 13, 2016.
- E. Financial Statement  
Comparative Income Statement and Balance Sheet for March 31, 2016 and year-to-date.
- F. 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. Annual Disposal of Records  
Certificate of Records Destruction 2015/2016
- L. Correspondence of Interest – None.

Director Bozar moved and Director Elliott 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 the Operations Manual that Wildermuth Environmental, Inc. (WEI) is working on with Rosemary Hoerning is nearing a completed rough draft.

The owner of a five acre piece of land adjacent to Thompson Creek is still attempting to gain easements from multiple entities including PVPA to allow him direct access to the property.

Lack of rainfall is reducing the amount of spreading taking place. An outside contractor is cleaning out debris from the spreading basins primarily on the Los Angeles County side. The City of Pomona is also continuing to weed abate.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the special Six Basins Board meeting held April 27<sup>th</sup>. The meeting was in regards to Claremont's request for a letter from watermaster's legal counsel about the Form 700 requirements. These requirements are the conflict of interest rules in respect to the Brown Act. Legal counsel recommended writing a letter response to Claremont's to the position of Six Basins Watermaster.

At the Six Basins Advisory Committee staff reported on their meeting with the State Board on Proposition 1 Grant Funding. Grant funding is currently oversubscribed and very competitive. There are low interest rate loans available from the State Revolving Fund. Final guidelines for the Proposition 1 Grant Funds are expected May 18<sup>th</sup> with pre-applications due now. The first round of application review is scheduled for Fall. SAWCo has met with watermaster who is scheduling to meet with each party individually to discuss priorities.

Comments on special projects are to be considered today. Staff anticipates developing the revised operating plan by the end of the year with a counsel review prior to adoption. The definition of sustainable injury was drafted and passed around to the parties for comments as well as discussed at the Advisory Committee meeting. Defining this term will assist in establishing guidelines and preventing litigation. The common themes discussed were the definition of environment and the appeals process and who pays for it.

Mr. Moorrees added some information with regards to Cucamonga Basin. Cucamonga Valley Water District (CVWD), the City of Upland, and SAWCo are working to modernize the Cucamonga Basin Judgment. SAWCo met with CVWD and Inland Empire Utilities Agency (IEUA) to collaborate on water quality projects for the Cucamonga Basin utilizing Proposition 1 funding. CVWD will take the lead on this with the IEUA's assistance. SAWCo submitted projects for pre-application: Cucamonga Crosswalls, Basin 6 Desilting Project, Well 19 Rehabilitation Project and Internet Connection with CVWD. The interconnection with CVWD project is also part of SAWCo's Water Master Plan.

- C. Chino Basin Representative Report** – Ms. Layton reported on the Chino Basin Watermaster 2015 Safe Yield Reset Agreement (SYRA). The Judge continued the scheduled hearing on May 6<sup>th</sup> to June 10<sup>th</sup> at 1:30 p.m.

During one of the closed Strategic Planning meetings Ms. Layton suggested forming a Special Budget Committee. The committee consists of Fontana Water Company, the City of Pomona, and SAWCo. Since the committee was formed so close to the upcoming budget it was expected to start review of the budget process after this one passed. Unfortunately, the budget came through at a 19.5% increase and caused a lot of concern among the members. Excluding the projects, the budget was still at a 10% increase over the previous year. The Budget Committee met and came up with some suggested reductions to the budget and presented them to the Pool members and Watermaster. In the end, Watermaster reduced their budget by 4%. The committee will continue to meet and find ways to reduce the rising costs at Chino Basin Watermaster.

Due to the SYRA not being approved and challenged in court, the Watermaster did not do an assessment package last year. Instead they imposed an interim assessment for 50% of the previous year's assessment. Since the continuation of the SYRA, Watermaster felt it necessary to do an actual assessment. Invoices will be mailed by June 23<sup>rd</sup> with payment due by July 25<sup>th</sup>. Under consideration is whether the payment of the Desalter obligation should be included. This obligation is extensive and is part of the SYRA.

Mr. Moorrees praised Ms. Layton for taking the lead role in chairing the Special Budget Committee even in the midst of resistance by some members. The results prove it a worthwhile effort.

- D. Administration and Finance Committee (AFC) Chairman's Report** – Ms. Sundell advised that items discussed at the meeting are included in the General Manager's Report on Activities portion of the meeting.

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

F. **Office Feasibility Study Ad Hoc Committee** – See Agenda Item 6B.

6. General Manager's Report on Activities:

A. **Strategic Plan – Workforce Planning** – This item was presented earlier in the meeting by Ms. Reinhart.

Mr. Moorrees recommended the Board receive, file, and approve the Workforce Planning portion of the Strategic Plan.

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

B. **Office Relocation – Architects Proposals to prepare needs assessment** – Mr. Moorrees updated the Board on the proposals from architects to prepare a needs assessment to evaluate space requirements and future building costs. After receiving proposals for the full project from the architects the Ad Hoc committee decided it best to begin with Task 1 on the project. This was decided to help better determine what was needed and which architect firm to utilize for the remainder of the project.

The committee asked the architects to resubmit proposals but this time just for Task 1; the needs assessment. Based on the proposals for Task 1, the committee recommends using Claremont Environmental Design Group (CEDG).

Mr. Moorrees recommended awarding the contract to CEDG to prepare the needs assessment proposal in the amount of \$5,500 as presented and appropriate funds from Depreciation and Obsolescence Reserves.

Director Thomas suggested having a representative from CEDG attend the next Ad Hoc committee meeting as a kick off meeting for the needs assessment portion of the project. He asked that this be included in the motion.

Director Gerardi moved and Director Sundell seconded to approve the general manager's recommendation with addition of a representative from CEDG attending a kick off meeting at the next Ad Hoc committee meeting. Motion carried.

C. **Stock Database Software** – Ms. Mitchell gave a presentation regarding SAWCo's stock transfer process and retention of shareholder information. This process is labor intensive and outdated. Ms. Mitchell gave information on how other local mutual water companies handle shareholder information and stock transfers as an alternative to what SAWCo currently does. The methods used by these companies would not work for SAWCo as they either involve shares appurtenant to land or databases created by their IT departments.

Next, Ms. Mitchell looked into software companies designed specifically for stock transfers and shareholder data. MIMICs and Figtree Consulting, Inc.'s StockTrack both provide these services. A comparison of the software was given.

The AFC had requested Ms. Mitchell look into Tyler Technologies to determine whether or not they have a product or could write a program that would integrate with SAWCo's billing software and provide stock transfer and shareholder information services. It was discovered Tyler Technologies does not offer this type of program nor would they give the costs to create one.

Also requested by the AFC was the possibility of using a Stock Transfer Agent company to handle SAWCo's water shares. This possibility was dismissed as SAWCo's legal counsel advised against the use of a Stock Transfer Agent company. Some of the water company's stock transfers are difficult and require more than those companies can provide.

As a result of her research Ms. Mitchell recommended the Board approve the purchase of Figtree Consulting, Inc.'s StockTrack software at the initial cost of \$8,025 and appropriate funds from Depreciation and Obsolescence Reserve.

Director Sundell commented on the outdated method SAWCo is currently using to handle stock transfers. She commended Ms. Mitchell on her thorough research.

Director Thomas suggested looking into what the actual cost is to SAWCo to transfer stock and what fees are being charged as they may not be equal.

Ms. Mitchell agreed and advised that legal counsel expressed a similar feeling. Some stock certificates take considerable effort and legal resources to transfer. With new stockholder accounting software the transfer procedures will need to be updated and the fees for them can be updated at the same time.

Director Sundell moved and Director Elliott seconded to approve Ms. Mitchell's recommendation for StockTrack software. Motion carried.

**D. General Liability Insurance Renewal and Cyber Liability** – Mr. Moorrees reported on SAWCo's annual insurance renewal. Proposals for general liability coverage were received from Arch Insurance, Allied World Insurance Company, and California Mutual Water Association's (CalMutuals) Joint Powers Risk Insurance Management Authority (JPRIMA). A Cyber Liability Insurance quote was received from Philadelphia Insurance Company.

In 2015, CalMutuals was able to pass AB656 which allows mutual water companies to work with public agencies to form a joint insurance authority (JPIA). SAWCo is a current member of CalMutual. Policies offered by JPIA's are technically not considered insurance and therefore the taxes and fees saved by the JPIA are devoted to help mutual water companies reduce risk and stabilize premiums. JPIA's proposal provides a 3 year program with specific applications for water systems. If premiums increase by 15% during those years SAWCo can opt out of the program.

Director Thomas withheld recommendation for the JPRIMA proposal at the AFC meeting in the event that he uncovers any issues that would warrant a change between that committee meeting and the current Board meeting. Mr. Moorrees inquired whether Director Thomas had any remarks on the proposal. Director Thomas commented that the JPRIMA insurance is a little different than SAWCo's traditional program however it does not have SAWCo participating in a pool with shared risk; it's 100% reinsured. He further explained the type of program recommended for approval.

Director Thomas moved and Director Bozar seconded to approve CalMutuals JPRIMA's proposal for General Liability insurance at an annual premium of \$21,282 that includes Cyber Liability as presented. Motion carried.

**E. Project Status Report** –

- **WFA Pipeline Connection** - Management met with WFA staff regarding the proposed connection from SAWCo's surface waterline to WFA's treatment facility. The plan will go before WFA's board in July. Once approved by WFA and the water is reclassified as Bin 1 the pipeline will be installed. This will most likely occur in August.
- **Holly Drive Reservoir Design** – A "kick-off" meeting was held on May 6<sup>th</sup> with TKE Engineering. Reservoir maintenance and future planning for an additional reservoir was discussed.

- **Rate and Fee Study** – Proposals for the study were received from three companies on May 13<sup>th</sup>. These will be reviewed at the next PROC meeting. Director Thomas inquired about the possibility of an agreement with WFA to receive import water from them for a fee during an emergency. Mr. Moorrees advised SAWCo has a couple of emergency connections with the City of Upland and is open to possibility with WFA.
- **Tunnel Water Quality** – At the end of April staff had 300 gallons of sodium hypochlorite injected into Shaft 3 for 33 hours which brought the residual level to 150 parts per million (ppm). SAWCo continues to receive coliform positive samples. Staff held a meeting with the Department of Drinking Water who asked SAWCo to sample the Tunnel daily thru May 20<sup>th</sup> when they will make a decision. SAWCo has looked at some alternative ways to get its Tunnel back in use domestically. They will most likely move their sodium hypochlorite system to Shaft 6 of the Tunnel to treat the Tunnel water. This location was chosen due to detention and four log removal time requirements. The technical memorandum is currently being prepared by SAWCo's environmental consultant to be turned into the State for final word on the disposition of the Tunnel.
- **Water Master Plan** – A portion of the Strategic Plan was presented by Genysys Group earlier in the meeting.
- **Urban Water Management Plan** – Civiltec Engineering has submitted roughly 95% of the UWMP. Staff is not pleased with the process as they noticed correction were not made and information from the previous UWMP is being reused. Management will meet with Civiltec Engineering this week to go over these findings. It is hoped the final plan will be available by the PROC meeting next week. If not, an extension may be necessary.
- **Basin 6 Desilting** – The noise study is nearly finished. Once completed the environmental document will be circulated for comment. The initial study should be completed by mid-May. Waiting for the environmental documentation to be completed. Mr. Moorrees has contacted the Public Works Director, Engineer, and Planner for the City of Upland inquiring as to what conditions they may have with respect to SAWCo using city streets to haul off material.
- **Cucamonga Basin – Desilting Project at Crosswalls** – Before San Bernardino County will issue a permit they need the Army Corps of Engineers to compose a letter waiving the need for a 404 permit and from Regional Water Quality Control Board (RWQCB) waiving the 401 permit. Army Corps of Engineers stated they would waive the 404 permit, which would subsequently waive the 401 permit from RWQCB, if SAWCo used equipment with rubber tires. SAWCo does not have access to this type of equipment. When researching the reason for this request it was discovered that in a streambed rubber tires displace the dirt and a track would compact it. SAWCo would not be working the streambed and the purpose for the project is to desilt the crosswalls to increase percolation. A meeting is scheduled with Army Corps Engineers for Friday to view the project site.
- **Edison Pond Expansion Study** – The final report will be presented to the PROC the following week.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Elliott inquired about a legend for the spreadsheet. Mr. Moorrees explained the blue is the rainfall and the orange is surface water flows. This was requested by Director Gerardi to see the relationship between surface water flows and rainfall. It takes roughly a year before significant flows are experienced after substantial rainfall.

Adjournment: Seeing no further business the meeting was adjourned at 6:03 p.m.

Future Meetings:

- The next Board Meeting will be held on Tuesday, June 21, 2016 at 5:00 p.m.

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Assistant Secretary  
Charles Moorrees