

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, May 19, 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, Glenn Bozar, Sue Sundell, 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: None.

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 21, 2015.

B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes

No meeting to report.

C. Approval of Organization Meeting Minutes

Meeting minutes of April 14, 2015.

D. Administrative & Finance Committee (AFC) Meeting Minutes

Meeting minutes of February 24, 2015.

E. Financial Statement

Comparative Income Statement and Balance Sheet for February 28, 2015 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.

J. Correspondence of Interest

- Letter to CDFW regarding Cucamonga Crosswall permit
- Letter to CBWM regarding Additional Subsidence Monitoring Expense
- Letter to City of Upland regarding office parking
- Letter to SWRCB regarding Statewide General Permit

Director Elliott moved and Director Bozar seconded to approve the consent calendar as presented. Motion carried.

Director Bob Cable entered the meeting at 5:05 p.m.

5. Board Committee – Delegate Report:

**A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that the bee keeping project in the PVPA spreading grounds is moving forward slowly.

PVPA is trying to formulate an operations manual. The staff of West End Consolidated was trying to put one together in-house but it was decided that Wildermuth Environmental, Inc. (WEI) who is

familiar with the workings of PVPA would be a good option for putting this manual together. Unfortunately, WEI's proposal came in at \$152,000. PVPA's Engineering Committee will gather together what information is needed and will send out Request for Proposals (RFP) to multiple companies.

- B. Six Basins Representative Report** –Mr. Moorrees reported that the draft 2014 Annual Report was on the agenda. Comments with regards to some corrections on the report were sent to Six Basins from SAWCo for the next meeting due to Mr. Moorrees being unable to attend it.

Proposition 1 Grant Funding and the ability to utilize the funds for some future projects were discussed. The Sustainable Groundwater Management Act and boundary revisions that were recently adopted by the State Water Resources Control Board were discussed. The Board submitted their boundaries for Six Basins and Chino Basins and they are not coterminous with the legal boundaries that are currently in place. Staff is working with the Board to make sure the boundaries are correct so that they are not managing something that is outside their boundaries.

- C. Chino Basin Representative Report** –Ms. Layton reported on the May 14<sup>th</sup> Appropriative Pool Meeting. The City of Ontario anticipates a future obligation to offset or replenish Desalter pumping and would like to use non-agriculture water rights to satisfy appropriate pumping. They are considering making a permanent transfer of 282.981 acre feet (AF) of non-agriculture Safe Yield water from Aqua Capital Management. Currently, the non-agriculture committee makes stranded rights available for all appropriators to consider purchasing.

The City of Ontario is also proposing to use its overlying water rights for irrigation of public right of ways and medians maintained by the City of Ontario's water utility commercial and industrial customers not on the overlying property as decreed. This mechanism of use by an Overlying (Non-Agriculture) Pool party has not been accounted for in the past and the Watermaster is seeking the advice and counsel of the parties. A committee comprised of members from the City of Chino and Monte Vista Water District (MVWD) was formed to discuss these issues with the City of Ontario and legal counsel.

The proposed budget for the Chino Basin Watermaster increased from \$7.7 million to \$9.1 million mainly due to projects and the Pomona land subsidence issue. SAWCo requested that a portion of the dollar amount (\$500,000) allocated to land subsidence be removed as well as monies allocated to unanticipated legal costs (\$29,500) to help keep the costs down. Although there was discussion, the budget passed with SAWCo voting no.

Mr. Moorrees added that he met with Chino Basin Watermaster staff and followed up with a letter in regards to land subsidence. SAWCo feels that the watermaster has exceeded their scope in moving forward with identifying land subsidence in other areas in MZ1. In the Peace Agreement there is mention of monitoring land subsidence with reference to the OBMP which references what the committee comes up with in respect to land subsidence. Mr. Moorrees stated that it seems that the committees are making policy decisions not the watermaster because the item has not been taken to the Appropriative Pool for them to recommend it to the Board for approval. SAWCo feels the money would be better spent buying water to put in the ground, not studying subsidence, will alleviate subsidence.

More discussion followed on the land subsidence in Pomona and what the costs will be to SAWCo.

Justin Scott-Coe with MVWD spoke about Aqua Capital Management which is a funding organization that was formed in partnership with a number of resource management consultants. They purchased water rights from CalMat/Vulcan Rock Company in the non-agricultural overlying pool in the Chino Basin in 2006-2007 which they are now selling off a portion of.

- D. Administration and Finance Committee (AFC) Chairman's Report** – Nothing to report.

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

6. General Manager's Report on Activities:

**A. General Liability Insurance Renewal and Cyber Liability** – Mr. Moorrees reported on the General Liability Insurance. Director Thomas reviewed the proposals which included not only general liability insurance but automobile, management liability, property coverage, and equipment coverage. Director Thomas recommended SAWCo maintain coverage through Arch Insurance at a reduced premium of \$34,876.

Cyber Liability information was just made available earlier in the day. The information was sent to Director Thomas for review. His recommendation was to stay with SAWCo's current provider Philadelphia Insurance.

Mr. Moorrees recommended the Board approve Arch Insurance Company's proposal for General Liability at an annual premium of \$34,876 and approve Philadelphia Insurance's proposal for Cyber Liability at an annual premium of \$3,508.

Director Elliott moved and Director Bozar seconded to approve the general managers recommendation for insurance renewals. Motion carried.

**B. Water Service Agreements – Ontario, MVWD, Upland** – Mr. Moorrees reported that SAWCo currently has water service agreements with the City of Ontario, MVWD, and the City of Upland. These agreements provide that each agency pay for their full entitlement of water each month regardless of whether or not they use all the water they are entitled to. Each agency's account is reconciled at the end of the year with a transfer of whatever remaining water entitlements from one of the three basins SAWCo has stored water rights.

At the beginning of 2012, and the drought, SAWCo began to notice that their storage account in Chino Basin was starting to dwindle down. The storage amount in the basin continued to reduce because of the drought and Tunnel water quality issues. With so little storage water left in Chino Basin, at the end of 2015 SAWCo will equitably divide the remaining water between the City of Ontario, MVWD, and the City of Upland. If any additional water is still owed to either of these agencies, SAWCo will refund the monies the agencies paid for water they did not receive.

The City of Upland and MVWD's water service agreements are set to expire at the end of the year. The City of Ontario's water service agreement is set to expire at the end of 2018. Though Mr. Moorrees brought to the AFC the recommendation to extend the City of Upland and MVWD's water service agreements he feels it's in the best interest of all parties to let the agreements expire at the end of the year.

With the City of Ontario's water service agreement expiring in 2018 Mr. Moorrees has asked that they allow the agreement to expire at the end of this year. City of Ontario seems receptive to this.

Mr. Moorrees recommended the Board agree to allow the Water Service Agreements with MVWD and the City of Upland to expire without renegotiation until such time sufficient supplies are available with respective storage reserves and authorize staff to negotiate with the City of Ontario to voluntarily allow their water service agreement to expire at the end of the year.

Director Gerardi moved and Director Elliott seconded to approve the General Managers recommendation to allow the Water Service Agreements with MVWD and the City of Upland to expire without renegotiation until such time sufficient supplies are available with respective storage reserves and authorize staff to negotiate with the City of Ontario to voluntarily allow their water service agreement to expire at the end of the year. Motion carried.

**C. Classification and Compensation Study** – Mr. Moorrees explained that SAWCo brought this item to the AFC earlier in the year. Some changes and additions were made by the committee.

Some items discussed at the committee level were the comparison companies used and salary compensation. Mr. Moorrees clarified that the salary compensations are whatever SAWCo can afford or is willing to pay. Director Sundell previously inquired as to what the total changes are. Mr. Moorrees will cover the changes from the current control point to the recommended control point during closed session.

Voting on the item was deferred until after closed session.

**D. Project Status Report -**

- **Water Master Plan** – A Vision Day is scheduled for June 18<sup>th</sup> from 10 a.m. to 2 p.m. at the Carnegie Library with lunch served. SAWCo’s consultant Genysys Group is contacting constituents to advise of the meeting and gather data.
- **Urban Water Management Plan** - Waiting for guidelines for the Urban Water Management plan from the State of California in order to proceed.
- **Alternative Energy Feasibility Study** – Staff is meeting with SAWCo’s account representative for Southern California Edison to discuss some of the points in this study.
- **City Treatment Plant Surface Water Delivery** – Dissolved Air Issue – Staff is getting quotes for fabrication of the stand pipe.
- **Well 25A-Site Improvements per City CUP – Carry Over CY 2014** – The landscaper will begin work on the site the following day. Anticipated completion date is June 1<sup>st</sup>.
- **Basin 6 Desilting** – Continued work on the environmental document. Altum Group is moving forward with the environmental document.
- **Cucamonga Basin** – Desilting project at crosswalls – A letter was sent to the Department of Fish and Wildlife (DFW) respectfully declining two of their requests; the invasive plant management plan and the habitat reestablishment plan. Staff met with DFW and the environmental consultant. The environmental consultant will draft a management plan spanning three years.
- **Water Rights Investigation** – Activity – Staff emailed Michael Laufer the general counsel for the State Water Resources Control Board in regards to protecting water rights.
- **Chino Basin Recharge Pipeline** – Waiting to receive and easement from Army Corps of Engineers. Staff met with Terry Catlin with Water Facilities Authority (WFA) and may be able to deliver water to WFA and have WFA put water into the Channel on behalf of SAWCo.
- **Frankish Tunnel Pipeline** – Complete. Final design to be reviewed. Field staff to hike up and make sure water is not getting improperly diverted.
- **Spring Terrace Waterline** – Bid opening took place the previous week. The low bidder will be brought to the PROC for recommendation to the Board for approval.
- **Wildrose Lane Waterline** - Bid opening took place the previous week. The low bidder will be brought to the PROC for recommendation to the Board for approval.
- **Tunnel Pipeline Cleaning** – Completed cleaning began the previous day. Once samples come back clean staff will meet with DDW.

Director Gerardi inquired as to whether or not the San Antonio Heights Association Board would be contacted about the Vision Day. Mr. Moorrees replied the SAHA Board President was to be contacted.

7. Closed Session: The Board recessed at 5:45 p.m. to closed session to consider personnel issue related to the Classification and Compensation Study (subdivision (b) of Section 54957, CGC).

The Board reconvened at 6:15 p.m. from closed session.

Director Thomas reported the Board advised Mr. Moorrees to take the Classification and Compensation Study back to both committees for further review. Once reviewed by both committees it will be brought back to the Board.

8. Director's Comments and Future Agenda Items: Director Gerardi asked if SAWCo's IT consultant could provide training on how to add comments on the company tablet. It was suggested to have the IT consultant provide half hour training on the tablet prior to each upcoming committee meeting. Ms. Layton stated she would arrange for the IT consultant to meet with the members of the committees half an hour prior to the next committee meetings.

Mr. Moorrees advised the Board he would be on vacation beginning the following day through June 8<sup>th</sup>.

Adjournment: Seeing no further business the meeting was adjourned at 6:20 p.m.

Future Meetings:

- The next Board Meeting will be held on Tuesday, June 16, 2015 at 5:00 p.m.

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Assistant Secretary  
Charles Moorrees