

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, May 21, 2013

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, Ken Willis, Sue Sundell, Glenn Bozar, John Gerardi, and Bob Cable. Also in attendance were SAWCo's General Manager Charles Moorrees and Assistant Manager of Administration and Finance Teri Layton as well as the City of Upland's Public Works Director Rosemary Hoerning. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions & Presentations: Ms. Layton brought to the attention of the Board members the flyer on the overhead projector for the 9th Annual Watershed Clean Up Day being held on Saturday, July 6th. The City of Pomona, City of Upland, and SAWCo are sponsoring the event.
- 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 16, 2013.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approve February 26, 2013 meeting minutes.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
Approve March 26, 2013 meeting minutes.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for March 31, 2013 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
 - Letter to the Fairplex regarding the Lemon Festival
 - Copy of letter from Robert Masuda about water diversions in the San Antonio Creek
 - Copy of response to Robert Masuda

Director Elliott moved and Director Willis 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 issues involving the San Antonio Spreading Grounds and various gravel pits located near there. Pits 4 and 5 are currently being leased to Holliday Rock but are owned by PVPA and Pit 6 is owned by the City of Ontario and was leased to Vulcan Materials until it was mined out. The San Bernardino County has flood control easement rights over all of these Pits and would like to release them to the property owners. There are some issues with the City of Upland, the City of Ontario and Vulcan Materials about the letter of credit or bond related to Pit 6 and the potential for

Pit 6 to be used by Six Basins Watermaster. It could benefit PVPA's ability to capture water in the San Antonio Spreading Grounds.

- B. **Six Basins Representative Report** – Mr. Moorrees stated a Board meeting is scheduled for Wednesday, May 22nd. Action on the Consent Calendar will take place at the meeting which includes the audited and revised financial statement as well as the adoption of the 2012 Annual Report. An Advisory Committee meeting is scheduled for Wednesday, June 26th. The next Board meeting will be Wednesday, July 24th.
- C. **Chino Basin Representative Report** – Ms. Layton reported that the Appropriative Pool met on May 9th where the purchase of 782 acre feet (AF) from SAWCo by the City of Ontario was approved. The purchase was per the City of Ontario's entitlement based on their shareholdings in SAWCo. It will go to the Advisory Committee and then to the Board for final approval.

The Chino Desalter Authority (CDA) issue regarding the remediation of the Chino Airport will be discussed in closed session during this meeting.

Several members took issue with what was being proposed by the General Manager and recommended by the Personnel Committee regarding personnel matters. Following a lengthy discussion it was decided not to increase the salary ranges of employees by ten percent but to allow for the increases to the employees in order for them to start contributing to their portion of California Public Retirement System (CalPERS). It is expected that within three years employees will be contributing eight percent to CalPERS and they will also receive a Cost of Living Adjustment (COLA) of 1.95% effective July 1, 2013. These recommendations will go to the watermaster board on Thursday May 23, 2013. The budget was approved with minor changes by the appropriators and will go to the watermaster board on Thursday, May 23, 2013 where there will also be a public hearing.

The Overlying Agriculture Pool Committee plans to move the watermaster court for an order to revise the courts prior 1998 ruling appointing a nine member board. The 1998 ruling provides that no representative of the pool may serve on the watermaster board while concurrently serving on the advisory committee and/or pool committees. The Overlying Agriculture Pool bases its motion the fact that the number of active pool members has steadily declined and was anticipated by the judgment.

The Steering Committee meeting was held on May 16, 2013. Wildermuth Environmental, Inc. presented a compilation of project costs and yield estimates were reviewed.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – Director Sundell reported that the main items that were discussed at the most recent AFC meeting are on the General Manager's Report. Director Sundell also commented on the thorough outline of the general manager's objectives for this year and what he has done to make progress on them.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – Director Willis gave a brief report.

Mr. Moorrees stated that part of the discussion at the most recent PROC meeting was to move the June PROC meeting to July 9, 2013 at 3 p.m. Also, the pipeline casing was purchased by the City of Ontario in the amount of \$50,000 and the water service agreement with them was executed.

6. General Manager's Report:

- A. **Well 18 Site – Temporary Lease Request** – Mr. Moorrees reported that Norstar Plumbing and Engineering submitted a request to consider temporary use of Well 18 site at 4th Street and Euclid Avenue for approximately 4 to 6 months for construction staging as presented in their letter attached and anticipate a move in date in May or June.

Mr. Moorrees recommended the Board approve the Committee's recommendation to lease the Company's Well 18 site for temporary use by Norstar Plumbing at the negotiated rate of \$500/month for no more than 6 months. The certificate of insurance naming SAWCo as the additional insured has already been received.

Director Elliott moved and Director Gerardi seconded to approve the lease of the property at SAWCo's Well 18 site to Norstar Plumbing and Engineering in the amount of \$500 per month for up to six months.

Director Cable inquired as to what the amount per square foot was. Mr. Moorrees replied that the site was a half acre and Norstar will make certain the site is cleaned upon completion of the project. Director Cable felt the price was very low and also questioned whether or not Norstar would be willing to sign a six month contract. Mr. Moorrees stated that unless there are change orders from the City of Ontario, the project shouldn't go more than six months.

Director Thomas stated he felt that what Director Cable was doing was amending the motion to require Norstar to guarantee that they would use and/or pay for the site for the full six months. Mr. Moorrees replied that Norstar wanted to pay four months up front. It was requested that the full six months be paid for in advance.

Motion carried with amendment of the full six months being paid in advance.

- B. **Citizens Patrol Contribution** – Mr. Moorrees stated that this item is an annual request by the San Antonio Heights Citizen's Patrol for contributions to their volunteer group. The Citizen's Patrol is also holding a pancake breakfast on Saturday, May 25th. SAWCo has been invited to have a booth at the event. The AFC recommended SAWCo contribute \$1,000 as has been the case since 2008.

Mr. Moorrees recommended the Board approve the AFC recommendation to contribute \$1,000 to the Citizen's Patrol.

Director Willis commented that the Citizen's Patrol is sworn in by the Sheriff's Department and receive training, a uniform and a car. They patrol SAWCo's sites in addition to the streets of the San Antonio Heights.

Director Thomas commented that with the Citizen's Patrol monitoring SAWCo's sites a leak might be detected earlier and save the company money.

Director Gerardi moved and Director Cable seconded to approve the \$1,000 contribution to the Citizen's Patrol. Motion carried.

- C. **Annual Records Disposal** – Mr. Moorrees reported that the Board adopted the Record Management Policy in June 2012. This is the first round of annual disposals since its implementation. These items were presented to the AFC with recommendation to proceed. A list of the items to be disposed where included in the Board Packet.

Mr. Moorrees inquired as to how the Board wishes to handle this item on an annual basis; either by including it in the consent calendar or as a report.

Director Thomas felt including it as a consent calendar item in the future would suffice.

Mr. Moorrees recommended the Board agree with the AFC recommendation; approving the annual disposal of files presented pursuant to the adopted retention schedule and Record Management Policy and to be presented in the consent calendar on an annual basis.

Director Sundell moved and Director Gerardi seconded to approve the annual disposal of files presented pursuant to the adopted retention schedule and Record Management Policy and to be presented in the consent calendar on an annual basis. Motion carried.

- D. **System Map – Additional Budget Appropriation** – Mr. Moorrees reported that this is a budgeted item. Staff has found errors that were missed previously. Additionally, staff needs the associated Gate Valve Books updated concurrently with the system maps, as it would be helpful in the current valve and hydrant maintenance program. It was determined that developing two sets of gate valve books would address the need for the office and field operations separately for clarity and a more simplified gate valve book for field use and another containing more data and information to be used in the office.

The initial overall budget from Civiltech Engineering will be more than doubled with the additions requested. After discussion at the most recent PROC meeting, the committee recommended an additional \$8,500 from Depreciation Reserve to move forward with the project.

Director Gerardi moved and Director Cable seconded ratify the additional budget expense to update the Company' system maps and gate valve books and appropriate an additional \$8,500 from Depreciation Reserves. Motion carried.

- E. **General Liability Insurance Renewal Proposal & Cyber Liability** – Mr. Moorrees reported that SAWCo received three proposals for general liability insurance and cyber liability insurance. SAWCo's current provider is Arch Insurance. The underwriter was able to reduce the premium for the period of 2013 – 2014 by 5.9% as well as enhance the services provided. SAWCo's current cyber liability is provided by Philadelphia Insurance which would increased by \$155 for the period of 2013 - 2014. The total savings from the previous year if SAWCo stays with their current providers would be \$2,583. The other proposals received did have reduced premiums, however, their coverage was not as good.

Mr. Moorrees recommended the Board agree with the AFC's recommendation to approve Arch Insurance Company proposal for General Liability at an annual premium of \$43,570 and a separate proposal from Philadelphia Insurance Company for Cyber Liability at an annual premium of \$3,411 as presented.

Director Elliott moved and Director Sundell seconded to approve Arch Insurance Company as SAWCo's general liability provider and Philadelphia Insurance Company for SAWCo's cyber liability for 2013 – 2014. Motion carried.

- F. **General Manager's Performance Review** – Mr. Moorrees stated that at the request of the AFC he emailed a copy of the General Manager's goals and objectives that were established the previous year. Also included in the email was an example evaluation sheet to review for possible use in the evaluation process. The recommendation at the most recent AFC was to establish three members of the Board as an ad-hoc committee to meet and evaluate the general manager's performance prior to the June 18, 2013 Board meeting.

Mr. Moorrees recommended the Board select three Directors to serve on the ad-hoc committee to evaluate the Manager's performance and schedule a date to meet prior to the June 18 Board meeting.

Director Sundell suggested a Director from each committee be involved. She suggested that Director Elliott represent the PROC and Director Cable serve on the committee as well.

Director Sundell moved and Director Cable seconded to form a committee comprised of Director Sundell, Director Elliott, and Director Cable for the purpose of meeting and evaluating the general manager's performance prior to the June 18, 2013 Board meeting. Motion carried.

G. **Project Status Report –**

- **City Treatment Plant Surface Water Delivery – Dissolved Air Issue** – Project has been put on hold until the bypass system is installed at the Forebay.
- **Cucamonga Basin – Desilting project at crosswalls** – Staff took the new planner at the City of Upland on a tour of the area to see what is being planned. The planner seems receptive to the work proposed. The initial study, plan, and habitat assessment are complete. The proposed start time is August.
- **Forebay Improvements [DY2013 Budget \$1,932,798]** – Current pictures of the work were shown and explained. The project looks to be on or ahead of schedule. Staff hopes to have the Tunnel back online by the following week.
- **Water Rights Investigation-Activity** – A copy of the letter from special counsel to the United States Forest Service (USFS) was sent to all Directors. Mr. Moorrees hopes the letter will generate a face-to-face meeting.
- **WFA Pipeline Connection** – Waiting on a response from TKE's plan check. Once the plans are completed they will be submitted to the advisory committee of the WFA.
- **SAWCo Office Parking Lot** – Crack seal and slurry seal of the parking lot took place the previous Monday.

7. Closed Session:

The Board recessed to closed session via phone conference with legal counsel at 5:35 p.m. regarding draft comments to potential Chino Basin CDA litigation (§54956.9(c)). The Board returned from closed session at 6:04 p.m. with no action taken.

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

Adjournment: There being no further business, Director Elliott moved and Director Willis seconded to adjourn the meeting at 6:05 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, June 18, 2013 at 5 p.m.

Assistant Secretary
Charles Moorrees