

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, June 20, 2017

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, Sue Sundell, John Gerardi, 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 Filippi
- 1. Recognitions and Presentations: Mr. Moorrees brought the Board's attention to the flier for the upcoming Watershed Clean-Up Day being held on Saturday, July 8th. Mr. Moorrees also announced Water Utility Superintendent, Mr. Tommy Hudspeth's approaching 30 year anniversary of service with SAWCo. He will email the Board with regards to a celebratory luncheon to be held in Mr. Hudspeth's 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 May 16, 2017.
 - B. Administrative and Finance Committee (AFC) Meeting Minutes
No meeting minutes to report.
 - C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
PROC Minutes of March 28, 2017.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for April 30, 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
 - Letter from Citizens Patrol

Director Gerardi moved and Director Filippi 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 June 14th PVPA meeting. The City of Pomona is completing weed abatement. Staff will be using discs to kill mosquito larvae instead of drilling holes in the channels and ponds. The operations manual to be used in the field is nearing completion. PVPA is still working with the property owner regarding an easement at Thompson Creek. Instead of providing an easement, PVPA may sell or lease the roughly 1-acre portion of land to the property owner.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the Six Basins meeting held in May. Three Valleys Municipal Water District (TVMWD) is considering accepting the abandoned well for monitoring purposes. The Annual Report was also adopted. There are issues concerning the Sustainable Groundwater Management Act regarding basin boundary revision. Fringe areas of the basin are in question. The County of Los Angeles has been in contact with Six Basins and other adjudicated basins to inquire about how to manage the fringe areas.

The Strategic Planning Workshop was held immediately after the Six Basins Board meeting.

Director Thomas described the property where the abandoned well was located. Concerns about the water quality of the well led to the approval to do a Phase I Environmental report and to have the water sampled.

- C. Chino Basin Representative Report** – Ms. Layton reported the Agricultural Pool contested recent transfers of excess carryover water by the City of Pomona and Cucamonga Valley Water District (CVWD). They feel not all of the excess carryover water is in the basin and able to be produced. SAWCo usually waits until the end of the year to transfer unused entitlement but since the Watermaster is on a fiscal year basis, unproduced water is treated as excess carryover after June 30th. SAWCo decided to transfer what they felt would be unused water by the end of June. At the June 8th Pool meeting the transfer of 180 acre feet (AF) to Monte Vista Water District (MVWD), 162 AF to the City of Ontario, and 558 AF to the City of Upland of SAWCo water was approved.

In the meantime, a tolling agreement with the Agricultural Pool was negotiated which allowed the transfers from those parties to go through while agreeing 130,000 AF would remain in storage. The cities of Chino and Ontario were not in agreeance with the tolling agreement. The agreement also states that beginning in July 2017, an open and transparent storage management planning process shall be initiated to identify and improve, if necessary, existing storage management practices.

At the Storage Management Workshop held earlier in the day, the Watermaster presented the current state of storage management and the need for amendments. On-going workshops will be forthcoming in hopes of obtaining a storage management plan. The concern is that SAWCo does not want to spend money going to court to put an agreement into place only to have it contested.

- D. Administration and Finance Committee (AFC) Chairman's Report** – Director Sundell had nothing to report.
- E. Planning, Resources, & Operations Committee (PROC) Chairman's Report** – Director Thomas stated the items discussed at the PROC meeting are presented in the General Manager's Report on Activities.
- F. Office Feasibility Study Ad Hoc Committee** – Ms. Layton stated the appraisal of the property at 17th Street and Benson Avenue was received from the City of Upland's appraiser. A meeting is being scheduled to review the information.

6. General Manager's Report on Activities:

- A. Water Service Agreements** – Mr. Moorrees presented the new water service agreement for the City of Upland. This agreement will be the same for the City of Ontario and MVWD. Details on the previous water service agreements were given. The new water service agreements allow the entities to take water at the Tier 1 rate without a monthly entitlement. Excess over yearly entitlement will be charged at the Tier 2 rate. The City of Upland approved the agreement at their most recent council meeting. The City of Ontario and MVWD will take the agreement to their respective board's in July for approval.

Mr. Moorrees recommended the Board approve the water service agreement for the City of Upland, the City of Ontario, and MVWD and execute the water service agreement for the City of Upland.

Director Sanchez pointed out the written amount of shares on the City of Upland's agreement does not match the numeric amount of shares. Mr. Moorrees noted the error and stated he would amend the agreement accordingly.

Director Elliott moved and Director Sanchez seconded to approve the General Manager's recommendation with noted amendment. Motion carried.

Director Thomas advised of the way municipal shareholders get their water from SAWCo and commented that the water service agreements allows for more fairness in how they are billed.

Director Willis commended the municipalities and SAWCo staff for the craftsmanship of the final written agreement.

- B. Engineering Proposals for Reservoir 7 Rehabilitation vs. Replacement** – Mr. Moorrees reported Reservoir 7 rehabilitation is budgeted for the current year. The trapezoidal reservoir was constructed in the 1950s. It contains old oakum joints that expand when wet and contracts and leaks when the reservoir is not filled with water. The Department of Drinking Water (DDW) has taken issue with how staff must enter the reservoir to collect water quality samples. In 2000 Harper & Associates Engineering evaluated the condition of the reservoir and determined it was in need of seismic and structural related safety items as well as improvements to address health and sanitation regulations.

SAWCo staff questioned whether it was better to rehabilitate or replace the reservoir. Requests for Proposals were sent to TKE Engineering, Harper & Associates Engineering, and Parson-Brinkerhoff. The proposal from TKE Engineering was for \$117,800 and Harper & Associates Engineering proposal was for \$51,230; Parsons-Brinkerhoff declined to submit a proposal. After discussion at the pre-proposal meeting staff felt it best to rehabilitate the reservoir.

The proposals were brought to the PROC for comment and recommendation. The committee recommended rehabilitating the reservoir with Harper & Associates Engineering providing the work.

Mr. Moorrees recommended the Board approve Harper & Associates Engineering to provide the engineering services requested in the amount of \$51,230 and appropriate \$60,000 from Depreciation and Obsolescence Reserves.

Director Elliott moved and Director Sundell seconded to approve the general manager's recommendation. Motion carried.

- C. Workers Compensation Insurance** – Director Thomas stated SAWCo moved to this program through SAWCo's insurance agent, EPIC Insurance, which is a Joint Powers Authority (JPA) designed for Mutual Water Companies. SAWCo's property liability and vehicle insurance are already provided by this company. The workers' compensation insurance quoted through this JPA from Zenith Insurance saves SAWCo a few thousand dollars and provides the exact coverage the company would receive from their previous worker's compensation insurance provider.

Director Gerardi moved and Director Sundell seconded to approve changing SAWCo's workers' compensation insurance to Cal-Mutual JPRIMA The Zenith, a Fairfax Insurance Company for short-term renewal 7/1/2017 to 5/1/2018 at a premium of \$12,233 annualized \$14,688. Motion carried.

- D. Water Supply Projection** – Mr. Moorrees reported that during the Water Rates Study, the consultant provided water rate figures based on a projected increase of water entitlement to 12,000 AF per year.

Staff presented the proposed entitlement increase to the PROC in May. The committee was in agreement to raise entitlement to 12,000 AF per year beginning July 1, 2017 and recommended reviewing projected water production for the remainder of 2017 in October for a possible entitlement adjustment for 2018 calendar year.

Mr. Moorrees recommended the Board agree with staff and the PROC's recommendation to increase the existing entitlement of 10,086 AF to 12,000 AF effective July 1, 2017 and address water supply projection in October 2017 for any recommended adjustments for the 2018 calendar year.

Director Thomas felt the increase makes sense due to the adopted rate study utilizing the same figure for entitlement. The fact that the increase takes effect the same time the entitlement increase does is perfect timing.

Director Sanchez commented that the PROC was concerned about increasing entitlement too much based on the rains experienced earlier in the year. Though there was a lot of rainfall, groundwater levels did not recover.

Director Sanchez moved and Director Filippi seconded to approve increasing the existing entitlement of 10,086 AF to 12,000 AF effective July 1, 2017 and addressing water supply projection in October 2017 for any recommended adjustments for the 2018 calendar year. Motion carried.

Mr. Moorrees advised the Board that staff has already prepared a billing insert advising shareholders of the rate increase as well as the entitlement increase. Those inserts will go out with bills mailed for May and June usage.

E. Project Status Report –

- **Well 19 Rehabilitation and Test Pumping** – General Pump is currently test pumping the well. Water quality is very good in this well. There is a liner on this well which prevents cleaning which is why this well was taken off line.
- **Well 24 Rehabilitation** – Currently brushing and bailing the well. Waiting for delivery of the new bowls to come in to install.
- **WFA Pipeline Connection** – Waiting to hear back regarding the long term treatment sampling the City of Upland is collecting as required by DDW. Staff hopes to hear back from the DDW regarding the Bin classification by September. SAWCo has requested this item be placed on the agenda for WFA's next meeting to approve the connection so that the project will be constructed and ready to begin once the Bin classification is changed.
- **Holly Drive Reservoir Design** – TKE Engineering is working on the cultural aspect of the environmental report.
- **Water Master Plan** – The executive summary was presented to the PROC who recommended a workshop with the Board and shareholders. Staff will email potential dates in August to the Board to solidify a date for the workshop.
- **Basin 6 Desilting** – Staff solicited bids from six contractors. Pre-bid meeting is scheduled for June 30th. Bids will be opened on July 14th and will be presented to the PROC for recommendations for the Board in August. The goal is to have Board approval by August so that work can begin by September depending on adoption of the environmental document.
- **Cucamonga Basin-Desilting Project at Crosswalls** – Waiting for three permits in order to begin the project. The Army Corps of Engineers is reviewing SAWCo's third gnatcatcher bird study. Staff is meeting with San Bernardino County Flood Control District to talk about the scope of work with the contractor.
- **Water Rights Investigation – Activity** – The State Water Resources Control Board (SWRCB) has given the United States Forest Service until July 1, 2017 to provide a list of the locations of all the water diversions in Mt. Baldy.
- **Well 31 Biological Treatment [On Hold]** – Staff met with MIH and advised that unless MIH can meet SAWCo's base rate the treatment facility will not be economically beneficial. Evoqua will

provide the protocol for the back-end filtration/disinfection system which is what's required from the DDW. Once the written protocol is approved the system will be installed pending final approval.

7. Closed Session – None.

8. Director's Comments and Future Agenda Items: Director Sanchez commented that he took part in the Ontario 1 Powerhouse Tour. He felt it was very informative and encouraged anyone who hadn't taken the tour to do so.

Director Sanchez also stated he would be absent until late July and inquired if there was any formal process he needed to go through in advising staff of that fact. Staff advised there was no formal process just advisement of a return date is needed.

Adjournment: Seeing no further business, the meeting was adjourned at 5:36 p.m.

Future Meetings:

The next Board Meeting will be held on Tuesday, July 18, 2017 at 5:00 p.m.

Assistant Secretary
Charles Moorrees