

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, July 15, 2014

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:05 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Ken Willis, Will Elliott, Glenn Bozar, Sue Sundell, Bob Cable, and John Gerardi. Also in attendance were SAWCo's General Manager Charles Moorrees and Assistant Manager of Accounting and Finance Teri Layton. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions & Presentations: Mr. Moorrees presented a picture from the 10th Annual Clean Up Day held on July 12, 2014.
- 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 June 17, 2014.
 - B. Approval of the Organizational Meeting Minutes
Regular Meeting Minutes of April 8, 2014.
 - C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting to report.
 - D. Administrative & Finance Committee (AFC) Meeting Minutes
Approve April 29, 2014 meeting minutes.
 - E. Financial Statement
Comparative Income Statement and Balance Sheet for May 31, 2014 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. Correspondence of Interest
 - Water Education Foundation – Letter of Appreciation for contribution
 - IEUA Leadership Breakfast – Presentation by Lester Snow w/California Water Foundation

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 that the PVPA did meet; however, there were no big items discussed and the meeting adjourned in less than 15 minutes.
 - B. **Six Basins Representative Report** – No meeting was held. Mr. Moorrees stated there is a meeting scheduled for July 23rd that Ms. Layton will attend in his absence.

C. Chino Basin Representative Report – Ms. Layton reported on the July 8th Special Appropriator Pool Meeting regarding the safe yield recalculation and the upcoming Appropriative Pool meeting where the modeling results will be given. Art Kidman, Monte Vista Water District's (MVWD) legal counsel who represented SAWCo and other parties against the City of Fontana's claim to stormwater gave a presentation and perspective on the court ruling.

During the July 10th Appropriator Pool Meeting there was approval of several Water Transactions, as well as the 2013 Land Subsidence Committee Annual report. The scope of subsidence management plan for the Pomona area was recommended. There is subsidence in the cities of Pomona and Ontario however, Pomona's was more severe. There is also discussion about the City of Chino Hills pumping their wells again which is believed to be the reason there is subsidence in the City of Chino. There is going to be some testing done to see if the injection wells may help with this subsidence. The Appropriators also requested Watermaster take a prospective look on safe yield and use a different baseline period for a more accurate look at operations.

The Agriculture Pool has proposed revisions to the current form used to document Voluntary Agreements (Form 9) and has requested the review and approval of the proposed changes by the Appropriative Pool and Advisory committees. The annual requirement was causing some problems for the parties that have the agreements and it was decided to form a sub-committee of the affected parties to review the form and come back with suggested revisions.

The Appropriative Pool approved the Master Agreement for collaborative recharge projects between the Watermaster and Inland Empire Utilities Agency (IEUA) with minor changes.

The General Manager reported that the City of Fontana has requested and is currently reviewing the viability of storing water on the Vulcan Project.

Mr. Moorrees added that the City of Fontana Motion should be a dead issue after the court ruled that Fontana does not have dominion to get credit for the water and does not have the right to store the water in Chino Basin.

Mr. Moorrees also stated that the parties in Chino Basin Watermaster agreed only to monitor subsidence not to find a resolution. Parties that are over pumping or are developing on areas that have potential for subsidence should be held responsible.

D. Administration and Finance Committee (AFC) Chairman's Report – Ms. Sundell stated that all pertinent issues discussed at the AFC meeting are included in the General Manager's report of this meeting's agenda.

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

6. General Manager's Report on Activities:

A. Award Mountain and Vista Drive Waterline Installation Projects – Mr. Moorrees reported that this is a combination of two projects that were both budgeted for this year. Selective bids were requested from C.P. Construction, Norstar Plumbing and Engineering, Trautwein Construction, and E & R Construction. Bids were opened on June 20th. Norstar Plumbing and Engineering submitted the lowest bid at \$288,557.50. A construction contingency of 10% (\$28,855.75) combined with geotechnical assistance monies total \$30,000 to be taken from the Depreciation and Obsolescence Reserves. Due to time constraints the awarding of the project was not taken before the PROC prior to bringing it to the Board. The Board approved budget for the combined projects is \$290,000. Project requires an additional \$30,000 appropriation.

Mr. Moorrees recommended the Board to award the bid to Norstar Plumbing and Engineering for \$288,557.50 with a 10% contingency for a total of \$317,413.25 and appropriates funds, and

approve an additional \$30,000 appropriation from Depreciation and Obsolescence Reserves to cover project contingency and geotechnical assistance for a total budget of \$320,000.

Director Gerardi questioned why the engineer didn't include a contingency in their bid amount. Mr. Moorrees stated that SAWCo included a contingency amount in their estimated cost of the project, however, the cost to convert meters from backyards to front yards was much larger than expected which increased the cost of the project to above what SAWCo estimated thus requiring the additional appropriation of funds.

Director Gerardi also inquired as to why E & R Construction did not bid on the project. Mr. Moorrees believes they have change hands to RL Construction. They have not bid on the last two projects SAWCo has asked them to bid on and will most likely be taken off the company's short list.

Director Gerardi also stated he noticed SAWCo will be handling the construction management for this project. Mr. Moorrees replied yes; they will be handling the inspection. The only thing they will outsource is the geotechnical soil testing.

Director Gerardi moved and Director Bozar seconded to award the bid to Norstar Plumbing and Engineering for \$288,557.50 with a 10% contingency for a total of \$317,413.25 and appropriates funds, and approve an additional \$30,000 appropriation from Depreciation and Obsolescence Reserves to cover project contingency and geotechnical assistance for a total budget of \$320,000. Motion carried.

- B. Award WFA Pipeline Connection Project – Benson Avenue**– Mr. Moorrees reported this project connects the Water Company's wells at 17th and Benson Avenue (Wells 25A, 26 & 27A) to the Water Facilities Authority (WFA) to enable delivery options for SAWCo to its shareholders that also receive imported water deliveries from the WFA (City of Ontario and MVWD).

The approved CY2014 Budget for this project is \$104,110. The low bid came in higher than the Engineer's Opinion of Probable Cost of \$66,450. Although actual construction cost is within the approved budget, staff requests an additional appropriation to cover cost for construction management services with CivilTec Engineering. Due to time constraints the awarding of the project was not taken before the PROC prior to bringing it to the Board.

Staff opened bids on June 20th from Norstar Plumbing and Engineering, C.P. Construction, and Trautwein Construction. Norstar Plumbing and Engineering came in as the apparent lowest responsible bidder at \$93,500. Additionally, SAWCo proposes to contract with CivilTec Engineering for construction services for \$16,000.

Director Elliott moved and Director Cable seconded to approve the general manager's recommendation to award and appropriate funds for the project to Norstar Plumbing and Engineering for \$93,500 with a 10% contingency for a total of \$102,850; and, approves an additional \$15,000 appropriation from Depreciation and Obsolescence Reserves to cover construction management services for a total project budget of \$119,110. Motion carried.

- C. Company History and Facility Video** - Mr. Moorrees reported that this item was presented to the AFC prior to the Board. Several options were considered when discussing how to document the company's history and facilities. A Request for Proposal (RFP) was included in the Board packet for review. Once the RFP's are sent out and quotes received, it will be presented at the end of the year Budget Workshop to be budgeted for CY2015.

Mr. Moorrees asked that the Board provide feedback on the RFP for producing the video of the Company's history and facilities and/or recommend for approval.

Director Thomas commented that a shorter video for the public and a longer video for staff and Board members was considered in the RFP. Mr. Moorrees replied one would be for the public and will likely be put on the Water Company's website and the longer video with sensitive information would be for SAWCo staff and SAWCo Board members only.

Director Sundell added that she is concerned that whoever is chosen will find that there are things that SAWCo has not included in the RFP that they think is beneficial and the cost will increase. She advised staff and Board to be prepared to be flexible financially.

Director Gerardi questioned the budget for this item. Mr. Moorrees replied the estimate was \$15,000. Ms. Layton explained that a couple of quotes were received previously that ranged from \$6,400 to \$24,000. Mr. Moorrees also clarified that once a company is chosen; the amount for the project will be brought to the Budget Workshop in December for approval in the CY2015 budget.

- D. Classification and Compensation Study** - Mr. Moorrees advised the Board that RFP's were sent out for a Classification and Compensation Study (Class & Comp Study). A Class & Comp Study has not been performed since 2005 and job duties for employees have changed or broadened since that time. The primary goal is to address any industry economic changes over the last several years that may have impacted the Company's job classifications. Changes in Company operations and job duties have occurred since that time which may also have affected the type, scope and level of work being performed.

Staff prepared a weighted grading criteria based on six criteria that were spelled out in the RFP. The results were included in the board packet with Reward Strategy Group (RSG) receiving the highest score. This decision was based on RSG's detailed approach, methodology, and proven experience and credentials, and overall cost of the project.

Mr. Moorrees recommended the Board review the proposals, provide comments as appropriate, and approve management's recommendation to award the contract to Reward Strategy Group (RSG) not to exceed figure of \$27,500, and appropriates and additional \$500 from Operating Funds.

Director Thomas commented RSG has an impressive client list and inquired if they worked for us before. Mr. Moorrees replied they had performed the 2005 Class & Comp Study for SAWCo as well as compiled the employee handbook.

Director Gerardi moved and Director Cable seconded to approve the general manager's recommendation to award the contract to Reward Strategy Group (RSG) not to exceed figure of \$27,500, and appropriates and additional \$500 from Operating Funds. Motion carried.

E. Project Status Report –

- **Mountain Drive – ECW – 1,500 LF 8" Waterline** –Project was awarded on July 15th.
- **Vista Waterline – 900 LF of 8" Waterline** – Project was awarded on July 15th.
- **City Treatment Plant Surface Water Delivery** – Dissolved Air Issue –Mark Williams with WMI submitted a couple of proposals. Staff is reviewing those and has requested less expensive alternatives from WMI.
- **Well 25A-Site Improvements per City CUP – Carry Over CY 2014** – Permits for the wall installation are pending. The contractor will begin work on the wall on July 22nd assuming the permits are received on July 21st as expected. Landscaping permits should be received shortly thereafter.
- **Basin 6 Desilting** – The consultants are working with the regulatory agencies with regard to waivers so that the project can begin.
- **Cucamonga Basin** – Desilting project at crosswalls – The consultants are working with regulatory agencies with regard to waivers so that the project can begin. There has been a request from the City of Rancho Cucamonga to review this project which may delay the project. A meeting

is scheduled to discuss the matter with the City of Rancho Cucamonga staff. The Department of Fish and Wildlife is currently performing an assessment on the crosswalls currently and will submit a report.

- **Water Rights Investigation – Activity** - The State Water Resource Control Board (SWRCB) is reviewing responses from the United States Forest Service (USFS), Snowcrest Heights Improvement Association (SHIA) and Mt. Baldy Homeowners Association. SAWCo has requested a digital copy of the responses from SWRCB to each entity

- **Chino Basin Recharge Pipeline** – Two easement requests have been submitted, one to PVPA and the other to Army Corps of Engineers. Another easement request is needed but there has been difficulty in finding who owns the property.

- **Reservoir 5 Warranty Work** – Pictures were shown of the warranty work performed on Reservoir 5.

F. Tunnel Water Quality – Mr. Moorrees reported on the water quality of the Tunnel. He explained that occasionally when water flows are high the tunnel will have a water quality sample that tests high for bacteria. Recently, the tunnel has tested high for bacteria even though water flows are low. Staff discharged the water to clear out the bacteria and put it to spread in the San Antonio Spreading Grounds. The tunnel is what helps keep water costs low because it is gravity fed. The alternative is to use groundwater wells which are energy intensive. The California Department of Public Health requested a plate count on the tunnel water. With subsequent tunnel samples repeatedly showing high plate counts. Staff is now exploring pretreatment such as ultraviolet (UV) and nanofiltration. Staff will gather additional information which will most likely be presented as a budget item for the following year.

7. Closed Session: The Board recessed to closed session at 5:35 p.m. for the General Manager's Performance Review [subdivision 9b) of Section 54957, CGC].

The Board returned from closed session and advised a 3 ½ percent increase in salary for the general manager was agreed upon by the Board affective at the beginning of the current month. This will be reviewed after the results of the Class & Comp Study are presented.

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

Adjournment: There being no further business the meeting adjourned at 6:15 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, August 19, 2014 at 5:00 p.m.

Assistant Secretary
Charles Moorrees