

SAN ANTONIO WATER COMPANY

MINUTES OF THE SAN ANTONIO WATER COMPANY

Tuesday, September 17, 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, John Gerardi, and Bob Cable. Also in attendance were SAWCo's General Manager Charles Moorrees and Assistant Manager of Administration and Finance Teri Layton, and City of Upland Public Works Director Rosemary Hoerning. Director Thomas presided.

- Salute to the Flag
- Recognitions & Presentations: Mr. Moorrees brought the Board's attention to the new 12 ounce bottles of SAWCo water on the dais.
- Additions-Deletions to the Agenda: None.
- Shareholder-Public Testimony: Ms. Hoerning expressed desire to speak on Item 6B when the Board reached that portion of the agenda.
- Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes August 20, 2013.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approve July 9, 2013 meeting minutes.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
No meeting to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for July 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
 - Request Pomona support letter on Water Rights Issue
 - Response to Notice of Preparation – Magnolia Residential Project in Upland

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

- Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that there were some repairs completed out on the spreading grounds. The San Bernardino County Flood Control District (SBCFCD) previously stated they would like to release their easements along the San Bernardino County side of the channel but review from SBCFCD's attorney led to them to determine that releasing the easements would not behoove them.

A few years ago PVPA received a FEMA grant for spreading basin damage due to heavy rains. A recent audit concluded that more monies were to be issued to PVPA in the amount of \$45,000.

Director Thomas also reported that several meters in the spreading grounds are currently being replaced or repaired.

- B. **Six Basins Representative Report** – Mr. Moorrees stated that he and Ms. Layton met with Six Basins Watermaster staff to discuss the water company’s baseline threshold and unit cost. The watermaster is meeting with all the parties on this topic in moving forward with the Strategic Plan. The next Six Basins Board meeting is scheduled for Wednesday, September 25th.
- C. **Chino Basin Representative Report** – Mr. Moorrees reported that meetings and workshops were held for the amendment to the 2010 Recharge Master Plan. The update amendment and the resolution will be submitted at the Advisory Committee Meeting on Thursday.

The Sunding Report update was postponed to the beginning of 2014. Workshops are currently being held to discuss establishing the new Operating Safe Yield (OSY) calculation currently set at 145,000; 82,800 for the Agriculture Pool and 7,366 for the Non-Agriculture Pool and 5,484 for the Appropriative Pool. A developed yield concept is currently being used to drop the OSY by as much as 20,000 acre feet (AF).

(Director Glenn Bozar entered the meeting at 5:06 p.m.)

- D. **Administration and Finance Committee (AFC) Chairman’s Report** – No meeting to report.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman’s Report** – The pertinent items discussed at the most recent meeting are included in the General Manager’s Report.

6. General Manager’s Report:

- A. **CORO – 5th Annual Water Solutions Forum** – Mr. Moorrees advised that on Thursday, October 24, 2013, CORO is providing a luncheon as a forum for parties within the water community and has asked if SAWCo wishes to be a sponsor. A flyer for the conferences was placed on the dais for the Board. The item was presented to the PROC and recommended for Board approval. SAWCo has sponsored the event in previous years with a \$2,500 Bronze Sponsorship. The \$5,000 Silver Sponsorship is recommended this year for a full table of ten people and for the ability to invite West End Consolidated Water Company (West End).

Mr. Moorrees recommended the Board approve the Committee’s recommendation to provide a “Silver” sponsorship of \$5,000 for a full table (10) and invite the City of Upland’s West End Consolidated Water Company to the conference.

Director Sundell inquired as to whether West End had a budget for this event or is SAWCo hosting them. Mr. Moorrees answered that West End had it budgeted for last year. He was unaware of a budget for the event this year.

It was stated that SAWCo would first see what directors and staff wished to attend the CORO Conference and any remaining seats would be offered to West End.

Director Sundell moved and Director Elliott seconded to approve the Silver Sponsorship of \$5,000 for the CORO Conference with invitation to West End staff should seating availability permit. Motion carried.

- B. **Water delivery proposal and interconnect to CVWD** – Mr. Moorrees reported that in SAWCo’s Water Master Plan there has always been a direct connection to the Cucamonga Valley Water District (CVWD). The last two years SAWCo has ‘wheeled’ water to CVWD through the City of Upland. Mr. Moorrees would like to facilitate a direct connection to CVWD, to restore the relationship with them in light of rejecting the basin management plan, and to provide a way that SAWCo wells can be utilized to pump CVWD’s rights for an agreed price. As a benefit to the

SAWCo's shareholders, we proposed that for each acre foot delivered, SAWCo would receive one acre foot of CVWD's right to pump in that calendar year without carryover to make up for an inability to recharge the Water Company's average into Cucamonga Basin during the dry years. CVWD is receptive to the connection but are on a Fiscal Year Budget and if SAWCo would agree to budget the cost they would be willing to participate.

Director Gerardi commented that when reading the response from CVWD about the interconnect he understood it to mean on a temporary or emergency basis only. He felt the letter described a different purpose for the interconnect than what Mr. Moorrees was intending.

Director Bozar questioned what the return on investment was. Mr. Moorrees said the benefit was SAWCo producing CVWD's water rights with exchange in receiving like rights to produce.

Director Thomas stated he is not in opposition to this item moving forward but felt that always jumping to the construction solution isn't always the best answer if it won't pay off in a reasonable amount of time.

Director Gerardi moved and Director Bozar seconded to receive and file the information submitted. Motion carried.

Ms. Hoerning stated that she believes it is a good idea to have interconnections with neighboring water companies. She reported that though the City of Upland does not often receive water from Well 31 they do use it during times of drought to augment their supplies. The other wells referenced in Mr. Moorrees report, 2, 3, 24, and 31 provide a lot of water production to the City of Upland. Ms. Hoerning asked that a meeting take place to evaluate what the historic production of these wells are, what amount is delivered to the City of Upland and determine how much capacity is available to provide to CVWD. She also understood CVWD's response letter to mean they are only interested in receiving water on an emergency basis so the amount of water they would need would be limited.

Director Bozar questioned who would be responsible for maintenance costs. Mr. Moorrees stated those costs would be included in the rate.

Director Gerardi felt it would be a good idea for Ms. Hoerning to be involved in the planning and developing stages for what is presented to the Board.

Director Thomas questioned whether this will be on the agenda for future PROC meetings. Mr. Moorrees replied no, it will be presented to the Board during the budget process to secure funds if an agreement is made.

- C. **Cal Warn Membership** – Mr. Moorrees reported that staff is currently developing an emergency response plan and would like to join a program called California Water/Wastewater Agency Response Network (Cal WARN). Cal WARN is a mutual assistance program to share emergency resources and there is no cost to join. Its mission is to support and promote statewide emergency preparedness, disaster response, and mutual assistance matters for public and private water and wastewater utilities. A resolution has been written, reviewed by legal counsel and if membership to Cal WARN is approved it will put the resolution into affect. SAWCo will need to maintain an insurance policy or maintain a self insurance program that covers activities that it may undertake by virtue of membership in the Mutual Aid and Assistance Program. SAWCo spoke with their insurance broker and their policy meets this standard.

Mr. Moorrees recommended the Board approve the Committee's recommendation to join Cal WARN adopting Resolution No. 2013-09-02 joining Cal WARN as presented.

Director Willis moved and Director Gerardi seconded to approve joining Cal WARN and adopting Resolution No. 2013-09-02. Motion carried.

- D. **Emergency Response Network of Inland Empire (ERNIE) Membership** – Mr. Moorrees stated that, in going along with the previous agenda item, staff wishes to join a more local group called ERNIE as part of their emergency response plan. The Emergency Response Network of the Inland Empire (ERNIE) facilitates public agency preparedness for, response to, and recovery from local and regional disasters to ensure the delivery of critical public services through mutual aid, communications, and compliance with state and federal emergency standards.

In addition to mutual aid, attending the meetings will help staff identify and address current weaknesses. Recommendation for joining ERNIE shall be by 2006 Omnibus Mutual Assistance Agreement as attached. When the item was presented to the PROC the committee inquired as to why surrounding agencies were not members of ERNIE. Staff's response to the inquiry was that although mutual aid from adjacent agencies would be critical, those agencies would also be reeling from the same catastrophic event and that other agencies a distance away may not. However, in subsequent conversations with Monte Vista Water District (MVWD), they are considering joining. Upland currently participates in a mutual aid agreement with Inland Empire Utilities Agency (IEUA) for waste water.

Mr. Moorrees asked that the Board approve the PROC recommendation to join ERNIE and that the Board signs the 2006 Omnibus Mutual Assistance Agreement (OMAA) as presented.

Director Willis moved and Director Sundell seconded to approve joining ERNIE and signing the 2006 OMAA. Motion carried.

E. Project Status Report –

- **ADA Ramp – SAWCo Office** – Submitted to City of Upland Building and Safety Department for approval.
- **Forebay Improvements [CY2013 Budget \$1,932,798]** – Mr. Moorrees shared before and up to date pictures taken of the Forebay work to illustrate the progress. The MIOX system will be installed on October 13th followed shortly by the roofing. A ribbon cutting will take place in November.
- **PRV – Cliff Road & Euclid Crescent East** – This was a Master Plan Project to reduce the extreme high pressure in this area. Pressure was 165 pounds per square inch (psi) and has been reduced to 120 psi.
- **Basin 6 Desilting** – Mr. Moorrees is expecting a response from the San Bernardino County by September 23rd.
- **City Treatment Plant Surface Water Delivery – Dissolved Air Issue** – SAWCo received a technical memo from WMI; staff is reviewing it. A follow up meeting will take place with the City of Upland after the review.
- **Well 25A – Site Improvements per City CUP** – The plans have been received back from the City of Upland. Some minor revisions will be made and then the final plans will be submitted for approval.
- **Cucamonga Basin – Desilting project at crosswalls** – The project has been delayed until January 2014. Due to so much time passing since the start of this project, staff needs to revisit the entities such as the Regional Water Quality Control Board and the Department of Fish and Wildlife for approval.
- **Forebay Improvements [CY2013 Budget \$1,932,798]** – There have been some added improvements to hydrogenerators. Staff is looking at hydrogenerators to offset some electrical costs. If ran the entire year the hydrogenerator would save about \$30,000 in electrical costs, however, to purchase one would cost between \$300,000 and \$500,000. Mr. Moorrees has asked that the electrician on the job make certain there is enough room in the motor control cabinet to add a hydrogenerator in the future when the costs have decreased.
- **System Map Update** – Staff is expecting the final plans shortly.
- **Water Rights Investigation – Activity** – Mr. Moorrees will meet with City of Pomona staff the following day to discuss their role and the benefits to them. Additionally he will speak with their staff about expanding the facilities in the canyon to capture all of the water they have rights to.

- **WFA Pipeline Connection** – Staff has received the comments from WFA. It will most likely go back to the advisory committee in November 2013. Construction would start in December at the earliest.

7. Development Update:

- Magnolia Residential Project – 19th Street/Campus in Upland – SAWCo has a booster line that runs underneath the existing building on the property that will have to be relocated.
- Crestwood Communities – 20th Street east of Euclid – A wall is being installed next to our facility. The easterly 2 ½ acres of this site are being leased to Tolle Nursery and a proposal from Verizon to put in a cell tower on the southeasterly side of the property was recently received.
- Crestwood Communities – Hidden Lane in San Antonio Heights – residential homes to be built.
- Single Family Residence Will Serve Letters – There is an easement issue with a property on Rose Court. A pipeline easement does not match up with where the pipeline is actually located.

Director Gerardi inquired what the work being done a Belleview Road and 25th Street. Mr. Moorrees replied that SAWCo has not received a request for water service at that property.

8. Closed Session: None.

9. Director's Comments and Future Agenda Items:

Adjournment: There being no further business the meeting adjourned at 5:50 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, October 15, 2013 at 5 p.m.

Assistant Secretary
Charles Moorrees