

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, September 19, 2017

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, Bob Cable, John Gerardi, Jose Sanchez, and Gino Filippi. Also in attendance were SAWCo's Assistant General Manager Teri Layton and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag

- 1. Recognitions and Presentations: None.

- 2. Additions-Deletions to the Agenda: None.

- 3. Shareholder-Public Testimony: Ms. Layton added Item 6E, Stock Balancing, to the agenda.

- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of August 15, 2017.
 - B. Administrative and Finance Committee (AFC) Meeting Minutes
AFC minutes of June 27, 2017.
 - C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for July 31, 2017 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 US Forest Service
 - Water Rate – Tier 3 water consumption letter

Director Gerardi moved and Director Elliott 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 September PVPA meeting. Weed abatement is near completion. In past years PVPA has contributed to the annual assessments for Six Basins. There is now the question of whether it's acceptable for them as a 501(c)6 company to make such contributions.

 - B. Six Basins Representative Report** – Ms. Rosemary Hoerning spoke about the Six Basins meeting in Mr. Moorrees' absence. There were no business items discussed. Staff presented informational items on production accounting and a budget update. An oral report on the Phase I investigation at the MW-4 well site was given. The board president advised that the City of Pomona had taken the

lead on the MS4 permittees collaboration and provided an oral update on the Watershed Management Group.

During the Strategic Planning Workshop Three Valleys Municipal Water District indicated a willingness to take on the role of lead agency for administering the California Environmental Quality Act (CEQA) Programmatic Environmental Document (PEIR).

- C. Chino Basin Representative Report** – Ms. Layton reported the third Storage Workshop meeting took place on August 30th. The meeting was informational only and was called to discuss the engineering consultant, Wildermuth's, progress with Task 1 of the scope of work. Wildermuth is in the process of Task 1 which is to develop minimum sustainability thresholds. In this task they will identify groundwater levels that protect against new land subsidence and ensure production sustainability.

Wildermuth is projecting that through the mid 2020's groundwater levels are projected to be stable throughout the Basin except in the Desalter wellfield area where groundwater levels are projected to decline. After the mid 2020's groundwater levels are projected to decline significantly in the cities of Chino, Ontario and Pomona, Jurupa Community Services District, and Monte Vista Water District (MVWD) areas. This is due to stored water being used for replenishment obligations. The next storage workshop is scheduled for October 5, 2017 at 10:00am.

During the Appropriative Pool meeting held on September 14th SAWCo's application for recharge of 2,000 acre feet (AF) for the time period beginning October 2017 through September 1, 2018 was approved and will go to the Advisory Pool then the board.

Mr. Moorrees recently transferred 4.375 AF of water to CalMat based on their annual shareholding's water entitlement in SAWCo. Since they are not a member of the Appropriative Pool, they would need to intervene into the Pool. There is a disagreement whether CalMat can intervene into the Appropriative Pool and the intervention was deferred. SAWCo asked that the transfer be deferred until such time that the intervention is approved.

The Pool is recommending the Advisory Committee approve the amendment of the Rules and Regulations by adding section 7.2 (d) to account for evaporative losses to all supplemental water delivered to Recharge Basins at a rate of 1.5% during the Rainy Season (November through March) and 4.2% during the Dry Season (April through October) beginning on October 1, 2017. Further, that evaporative losses be re-evaluated on a periodic basis as more data becomes available.

The next scheduled court hearing is being held on December 8th.

- C. Cucamonga Basin Report** – Ms. Layton advised that management met with Tom Harder, SAWCo's consultant to Cucamonga Basin, on September 11th. Ms. Hoerning participated in this meeting. The issues and common ground were discussed. SAWCo's general manager will be writing a letter to Cucamonga Valley Water District to set a date to move forward on this issue.
- D. Administration and Finance Committee (AFC) Chairman's Report** – Items discussed at the most recent AFC meeting are included in the General Manager's Report on Activities portion of the meeting.
- E. Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No meeting to report.
- F. Office Feasibility Study Ad Hoc Committee** – No meeting to report.

6. General Manager's Report on Activities:

A. Proposed Purchase of SAWCo's Well 14 Site – Ms. Layton stated the purpose of this item is to consider a Notice of Intent to purchase SAWCo's lot located on Carol Avenue in Rancho Cucamonga for \$19,500. The subject lot was the site of SAWCo's Well 14 which was destroyed in accordance with the State Department of Drinking Water Standards over 17 years ago. The site is landlocked, surrounded on three sides by private residences. Access to the site is via an easement on the adjacent property to the west on Carol Avenue. There are no plans to drill a replacement well on the site.

The request to purchase was presented to the AFC who requested that the broker provide an opinion and list of comps that support the offer of \$4.00 per square foot. The broker provided 3 exhibits which were included in the Board packet.

Ms. Layton recommended the Board direct staff to accept or negotiate the price for the sale of the Well 14 site as appropriate.

The board felt the offer of \$19,500 for the site was appropriate. Director Thomas advised the buyer will need to secure the easement abandonment as well.

Director Elliott moved and Director Filippi seconded to approve the sale of Well 14 site in the amount of \$19,500 with a 5% commission and the buyer securing SAWCo's easement abandonment. Motion carried.

B. Stock Auction 2018 – Ms. Layton provided a report and projected timelines for the proposed 2018 stock auction. Taking into account billing due dates and the recent water availability charge to all shareholders, an auction should take place both in May and October of 2018.

Director Elliott moved and Director Gerardi seconded to approve the timeline and recommendation for two stock auctions in 2018. Motion carried.

C. Customer Leak Detection Program Amendment – Ms. Layton described SAWCo's customer leak detection program. Currently, the program provides that the Water Company pay for leak detection at a rate of \$85 for the first ½ hour. Additional time needed is to be paid by the customer at a rate of \$50/hour. SAWCo will cover 50% of the repair up to \$500.

In lieu of providing the cost to find the leak in the first half hour only, in order to provide additional incentives, staff discussed the Water Company paying for all the costs to find the leak in addition to covering 50% of the cost to repair up to \$500 and recommend changing the current program. Covering the cost of leak detection is to encourage greater participation in this program,

Ms. Layton recommended the Board approve amending the Customer Leak Detection Program to cover all costs for leak detection as presented.

Director Gerardi moved and Director Sanchez seconded to approve amending the Customer Leak Detection Program to cover all costs for leak detection as presented. Motion carried.

D. CY2017 Mid-Year Budget Review – Ms. Layton presented the mid-year budget which provides the mid-year financial status and end of the year projections for SAWCo as it relates to budgeted revenues and expenditures for FY2017. She pointed out the projected surplus of \$857,000 but then compared it to the roughly \$2.9 million worth of Water Master Plan projects considered high priority.

Ms. Layton recommended the Board receive and file the staff report on mid-year revenues and expenditures and discuss options for projected variances for possible future Board action.

Director Elliott moved and Director Sanchez seconded to receive and file the CY2017 Mid-Year Budget. Motion carried.

E. Stock Balancing – Ms. Layton explained that during the process of converting SAWCo's shareholder list into the new stock database staff was made aware they were out of balance. After a physical audit of shares was completed, staff found a ¼ share of stock that was cancelled out but never transferred.

Staff was directed by the AFC to inquire with legal counsel if either reactivating the stock or generating a new ¼ share of stock to sell were viable options. Legal counsel advised staff they cannot generate a new ¼ share of stock to sell. As such, SAWCo has reactivated the stock and is now in balance.

F. Project Status Report –

- **Edison Pond – Sluice Gate** – Deferred to 2018.
- **Holly Drive Reservoir Design** – Will carryover to 2018.
- **WFA Pipeline Connection** – Deferred to 2018.
- **Reservoir 7 Rehabilitation** – Will carryover to 2018.
- **Water Master Plan** – Individual meetings are being held with the agency shareholders to collaborate on project items.
- **Cucamonga Basin-Desilting Project at Crosswalls** – Pending permit and memorandum of understanding.
- **Water Rights Investigation** – Activity – This item will be discussed at the next PROC meeting.

7. Closed Session – None.

8. Director's Comments and Future Agenda Items: Director Filippi acknowledged and appreciated the update given to the City of Upland councilmembers at the most recent City Council meeting by general manager Charles Moorrees.

Director Sanchez expressed his approval of the format in which the financials were presented.

Adjournment: Seeing no further business, the meeting was adjourned at 5:31 p.m.

The next Board Meeting will be held on Tuesday, October 17, 2017 at 5:00 p.m.

Assistant Secretary
Charles Moorrees