

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, January 17, 2012**

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, Dr. Fred Gattas, Will Elliott, Brian Brandt, Glenn Bozar, and Sue Sundell. Also in attendance were SAWCo's General Manager Charles Moorrees, and Assistant Manager of Administration and Finance Teri Layton. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions & Presentations: Mr. Moorrees advised the Board of the upcoming Breakfast with Supervisors event being held on January 31<sup>st</sup>. Mr. Moorrees also advised the Board of a 2 day course being offered by the Water Education Foundation. He advised them to contact the office should they wish to attend either event.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees added a verbal report on SAWCo's small claim against First Metals Recycling as agenda item 6F.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of December 20, 2011.
  - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
No Meeting to Report.
  - C. Administration and Finance Committee (AFC) Meeting Minutes  
Receive & File Meeting Minutes of November 27, 2011 and December 20, 2011
  - D. Financial Statement  
Income Statement and Balance Sheet for November 2011 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
    - Thank you letter from Western Christian Schools for SAWCo bottled water

Director Dr. Gattas pointed out that on Item 4H, number five lists the date as 2100 and should be corrected to read 2011.

Director Elliot moved and Director Sundell seconded to approve the Consent Calendar Items as amended. Motion carried.

- 5. Board Committee – Delegate Report:
  - A. **PVPA Representative's Report** – Director Thomas reported on the damage that occurred on the San Bernardino County side of the berm. The planning bid was awarded to CivilTec Engineering the previous week at the PVPA board meeting. The Federal Emergency Management Agency (FEMA) money will be used to repair and redesign the berm. PVPA is currently going through its second annual audit which will be presented at the next PVPA meeting.

B. **Six Basins Representative Report** – No meeting was held in December.

C. **Chino Basin Representative Report** – Mr. Moorrees reported that at the last Appropriative Pool meeting the annual elections were held. The assessment package was also discussed. The fees were lower than originally estimated as was expected due to reduction in the amount of water produced in the basin. An application for recharge for SAWCo and the City of Upland has been submitted. The Ag-Pool did approve SAWCo's application for recharge. Some of the excess funds will be credited back to the appropriators.

D. **Administration and Finance Committee (AFC) Chairman's Report** – Dr. Gattas stated that once SAWCo receives the benefit report from the administrators with regard to health insurance that an AFC meeting will be held prior to the November Board meeting, or at the earliest possible time, to review and make recommendations to the Board.

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

6. General Manager's Report:

A. **Award Well 25A Drilling, Development & Test Pumping** – Mr. Moorrees reported that the well is to be drilled at the Water Company's five acre site on the northwest corner of 17<sup>th</sup> Street & Benson Avenue in the City of Upland. Bids were requested from the following Well Drilling Companies: Layne Christensen, Best Drilling & Pump, Southwest Pump & Drilling, and Bakersfield Pump & Well. Three bids were received. Layne Christensen opted out of bidding on the project. Southwest Pump & Drilling is the lowest responsible bidder.

Mr. Moorrees recommended the Board award the project to Southwest Pump & Drilling in the amount of \$648,550 with a 10% contingency for a total of \$713,405 and appropriate funds from Capital Reserves.

Director Sundell commented on how close the bids were.

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

B. **Annual Shareholder's Meeting** – Mr. Moorrees reported that before any meeting of SAWCo Shareholders, the Board may appoint any persons other than nominees for office to act as inspectors of election. In 2011, three Shareholders were asked to perform these duties.

Mr. Moorrees recommended the Board re-appoint the same Inspectors from the previous years' Annual Meeting/election listed as Peter Cherbak, Betty Garrison, and Donna Hawthorne with Betty Lamb as a backup.

Director Dr. Gattas moved and Director Willis seconded to approve the manager's recommendation. Motion carried.

C. **Service Agreements – End of the Year 2011 Water Transfers** – Mr. Moorrees brought this item to the Board to receive and file. The Water Company has sufficient water stored in Chino Basin and Six Basins or unused production allowance to accommodate the remaining entitlement delivery for CY2011 via water transfers from its storage accounts. Water not delivered to the City of Upland and/or Monte Vista Water District (MVWD) by the end of the year is facilitated by transfer from the Water Company's stored water accounts in Chino and/or in Six Basins.

Director Willis moved and Director Dr. Gattas seconded to receive and file the End of the Year 2011 Water Transfers. Motion carried.

- D. **Employee Benefits** – As Chair of the AFC, on December 26, 2011, Dr. Gattas requested the labor attorney to render an opinion on proposed buyout of employee accumulated vacation time and proposal to establish a “Paid Time Off” (PTO) policy. His response was presented at the AFC meeting the week prior for discussion. After a lengthy discussion, it was determined that although establishing a PTO policy would simplify record keeping, based on the data provided it would actually increase costs as well as create logistic problems with the accrual method suggested. As such, accounting for vacation and sick leave is not currently problematic for staff. It was decided not to consider the PTO and instead to continue with the current method for employee time off.

It was decided not to make any changes at this time other than to eliminate the policy for buyback of employee vacation leave provided that at least 5 days time had been taken and sufficient hours remained accrued. This would save the Company approximately \$6,325 per year based on CY2011.

Mr. Moorrees recommended the Board approve the AFC recommendation to eliminate the policy of vacation buy-out that allows employees to receive up to 5 days of pay in lieu of vacation time effective with the 2012 calendar year.

Director Dr. Gattas moved with assurance that this was a legal procedure they are following and Director Willis seconded to approve the AFC recommendation to eliminate the existing policy of vacation buy back effective the 2012 calendar year. Motion carried.

E. **Project Status Report** –

- **Well 25A-Drilling** – Project was awarded at this meeting. A kick-off/pre-construction meeting will be scheduled for February. Bids to equip the well will be requested after the well is drilled.
- **Cucamonga Basin – Desilting project at crosswalls**– Meeting to be held with the City of Upland Planning Department later in the week to move forward with the conditional use permit. Mr. Moorrees will ask the San Bernardino County Flood Control District for assistance. This will require a Planning Commission hearing.
- **Forebay Improvements** – Have yet to receive the permits. A meeting is scheduled with the San Bernardino County Supervisor at the end of the month.
- **Water Rights Investigation** – Activity – The current District Ranger is on assignment. There is an Acting District Ranger, Darrell Vance, who has been briefed about the investigation. Mr. Vance agreed to contact SAWCo within a couple of weeks to schedule a meeting after he has become familiar with the issue.
- **Cucamonga Basin Management Plan** – Wildermuth Environmental, Inc. (WEI) has yet to respond to the 10 questions that were posed to them over a year ago. The Final Analysis has yet to be received as well.
- **Res 6 – 100,000 Gallon Tank Installation** – Project is complete. Pictures were presented.

- F. **Small Claims** – Mr. Moorrees reported that it seems that First Metals Recycling has abandoned their facility in Long Beach. SAWCo attempted serving them with legal documents via a process server but they were not at the location. Legal counsel advised SAWCo to drop the small claims lawsuit after a skip trace found that the individual who took the materials has numerous tax liens. SAWCo will follow legal counsel’s recommendation and drop the suit. The Board concurred.

7. Closed Session: None.

8. Director’s Comments and Future Agenda Items: Mr. Moorrees requested that the Board meeting for March 20<sup>th</sup> be rescheduled for March 13<sup>th</sup> the previous Tuesday. Director Thomas suggested management run a poll to see which date is more likely to have a quorum. Mr. Moorrees agreed.

Director Dr. Gattas questioned whether signage would be posted at the new reservoir site warning of trespassing. Mr. Moorrees responded that signage has already been posted stating that tampering with

the site is a federal offense along with an eight foot tall fence with wire. It was suggested that a “no trespassing” sign be posted as well.

Adjournment: There being no further business, Director Thomas declared the meeting adjourned at 5:33 p.m.

Future Meetings:

- Board meeting on Tuesday, March 20, 2012 at 5 p.m.

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Assistant Secretary  
Charles Moorrees