

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, October 15, 2013

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:03 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 Glenn Bozar. 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 mentioned the email broadcast he sent to the Board with information regarding Assembly Bill 240 (AB 240) and its requirement for Board training. The training would cost \$200. Mr. Moorrees advised that any Board member interested in the training should contact him. Mr. Moorrees also directed the Board's attention to information on free webinars offered by California Rural Water Association (CRWA) on the dais.
- 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 September 17, 2013.
 - B. **Planning, Resources, and Operations Committee (PROC) Meeting Minutes**
No meeting to report.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
Approve July 30, 2013 meeting minutes..
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for August 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

Director Elliott moved and Director Gerardi 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 PVPA met the previous week and will have their Annual Meeting in November; SAWCo should receive the proxy for the meeting. Three meters in the San Antonio Spreading Grounds and one meter in Thompson Creek were struck by lightning. All meters were repairable sans the Thompson Creek meter which was replaced by West End Consolidated Water Company. A short presentation about the National Park Service designations was given at the meeting as well. There was also some discussion on whether or not to send a letter to Congresswoman Judy Chu to inform her about what PVPA does with the land they own just below the dam.

B. **Six Basins Representative Report** – Mr. Moorrees reported there was a board meeting held on September 25th where watermaster staff provided basic updates and draft budget goals. City of Pomona introduced their new Public Works Director, Rene Salas. A Strategic Planning Workshop followed the board meeting. The next Advisory Committee meeting will be held October 23rd. Items to be discussed are the decline in the water levels in Six Basins, the draft 2014 Operating Safe Yield recommendation and the draft 2014 Budget. The next Board meeting is scheduled for November 27th and the Strategic Planning Workshop will immediately follow it.

C. **Chino Basin Representative Report** – Ms. Layton reported that the resolution adopting the 2013 amendment to the 2010 Chino Basin Recharge Master Plan was approved.

The City of Fontana (Fontana) has filed a motion to revise Section 5 of the Master Plan Update and Restated Judgment. Fontana is requesting reference to storm water recharge credits go to the owners of recharge projects. SAWCo has filed a joinder with other Appropriators opposing Fontana's motion and supplementing Watermaster's response.

There continues to be discussions and concerns on safe yield calculations; nothing is finalized as of yet. An Assessment Package Workshop is scheduled for October 30th at 2 p.m.

D. **Administration and Finance Committee (AFC) Chairman's Report** – Mr. Moorrees stated that prior to the AFC meeting there was a Personnel Committee meeting where he presented his three critical objectives for the next year; workforce and succession planning, emergency planning, and efficiency planning. All items discussed at the AFC meeting are covered in the General Manager's Report portion of the meeting.

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

6. General Manager's Report:

A. **New Billing and Accounting Software [PowerPoint Presentation]** – Mr. Moorrees introduced Ms. Roberta Thomas, SAWCo's Accounting Clerk who gave a PowerPoint Presentation on Billing and Accounting Software from Tyler Technologies. Ms. Thomas detailed SAWCo's current separate billing and accounting software systems and the issues staff faces in utilizing them. She then presented information on various companies that integrate both billing and accounting software (or compatibility to most accounting software) and can handle SAWCo's share and entitlement requirements.

Staff recommended utilizing Tyler Technologies Incode product for SAWCo's billing and accounting software. Tyler Technologies 1.) has fully integrated software for utility billing and accounting designed for utility agencies and the public sector, 2.) has excellent references, 3.) will allow for improved accuracy and; 4.) will reduce administrative costs and time. Tyler Technologies also has an evergreen program which includes annual maintenance. Enrollment in the program includes all future updates and enhancements to the program with no additional costs. No third party will be needed to allow customers to view and pay their accounts online. SAWCo employees will have the ability to view paystubs and pay history online as well. In the event of an emergency, Tyler Technologies offers data hosting services which gives the ability to access information and continue processes within four hours of an emergency.

Presented at the previous AFC meeting, committee members questioned the amount of the travel expenses involved in installing the programs and training staff. Ms. Thomas reported that for eleven weeks of training and implementation the travel expenses would cost approximately \$17,000. There are online training tools and videos are also available to aid in training after the fact. Also suggested by the AFC was staff visiting another entity that utilizes Tyler Technologies Incode product. Staff visited Helendale Community Services District (HCSD) and observed their utility billing and accounts

payable with the staff there. It was very user friendly and implementation went well according to HCSD staff who highly recommended the product.

Director Gerardi inquired as to whether the Sun Guard public sector company was contacted. Ms. Thomas replied that she made a couple of phone calls as well as sent e-mails to Sun Guard and never received a response from them. Director Gerardi expressed some concern for the cost of the product and the lack of response from other providers. Mr. Moorrees commented that the response from the other entities that SAWCo contacted showed most did not understand shareholdings and entitlement as part of the billing aspect. Mr. Moorrees felt that Tyler Technologies was the only company that understood and could accommodate those items. Tyler Technologies was also the most responsive. Mr. Moorrees questioned if the other companies contacted were not responsive at the beginning in trying to sell their product how responsive will they be once they've sold their product? If SAWCo stayed with their current billing and accounting software they would incur a cost of \$75,000 for the necessary update plus annual support costs of more than \$11,000.

Director Sundell questioned what the annual costs would be if SAWCo utilized Tyler Technologies and what they would be if they stayed with their current program. Also, Director Sundell questioned that if the new program will allow SAWCo to be more efficient, what does that allow for staff to do with the time saved. Mr. Moorrees replied that annual support for billing is currently \$11,000 but there are additional support fees for asset management which will not be incurred with Tyler Technologies because the Incode program includes asset management. Ms. Layton described some of the ways the new program would free up staff time, allow for less paper waste, and create time to focus on tasks that staff does not often get the opportunity to get to.

Director Willis commented that staff works hard and is very competent. He felt that the Board's responsibility is cost and benefit analysis and stated that the competence of staff is such that if they feel strongly about completing work in a specific way they will get it done. Director Willis stated he supports staff and their recommendations.

Mr. Moorrees recommended that the Board agree with the AFC's recommendation to purchase Tyler Technologies' Incode integrated software as presented at the negotiated cost of \$108,979 and appropriate funds from Depreciation and Obsolescence Reserve. Additionally, if the project is done this year an additional budget appropriation of \$7,979 for a total price of \$126,000.

Director Bozar inquired and encouraged staff to have a detailed plan as to when implementation will take place and who is responsible for the transfer from one system to another. Ms. Layton stated the data conversion will be handled by Tyler Technologies and SAWCo will run both systems parallel for a few months. Mr. Moorrees answered that a timeline was provided by Tyler Technologies and was placed on the dais for the Board to review. SAWCo has also requested an organizational chart and statement of qualifications for all personnel that SAWCo will be dealing with during implementation.

Director Sundell moved and Director Gerardi seconded to approve the purchase of Tyler Technologies Incode integrated software as presented at the negotiated cost of \$108,979 and appropriate funds from Depreciation and Obsolescence Reserve. Additionally, if the project is done this year an additional appropriation of \$7,979 for a total price of \$126,000. Motion carried.

- B. **Designation of Excess Funds** – Mr. Moorrees reported that this item is to correct and address accounting for accumulation of funds currently held as Savings. In June of 2012 the Board adopted Resolution 2012-07-01 to put all of the savings and reserves into the Depreciation and Obsolescence Reserve. The reason being that if the Internal Revenue Service (IRS) audited the water company any excess funds designated to a 'savings' account could be ordered back to the shareholders.

Mr. Moorrees explained the water company's account holdings with their current designation as savings and showed the holdings with their newly proposed designations. Staff would like to keep a minimum \$500,000 in their money market account, eliminate the savings designation for their Certificate of Deposit (CD) account and designate it as monies for the San Bernardino County Bond and transfer Local Agency Investment Fund (LAIF) monies to the Depreciation and Obsolescence Reserve and eliminate savings designation.

Director Elliott moved and Mr. Willis seconded to eliminate the savings designation and transfer excess funds from LAIF and the Money Market Account into the Depreciation and Obsolescence Reserve Fund while maintaining a minimum balance of \$500,000 in the Money Market Account for meeting monthly expenses. Motion carried.

- C. **Conservation Programs Update** – Mr. Moorrees reported that this item was presented to the AFC who requested it be brought before the Board to determine if there was any interest in regular updates on SAWCo's conservation programs.

Director Willis recently suggested looking at the water company's current conservation efforts. In addition, some directors attended the recent San Bernardino County Water Conference that included water use efficiency and efforts made by certain water agencies. Because of the information shared at the conference, staff thought it prudent to share SAWCo's current water conservation efforts. Information on rebates SAWCo offers to its shareholders as well as ones partnered through Inland Empire Utilities Agency (IEUA) were described in the Board Packet.

Director Thomas suggested updates on a quarterly basis for SAWCo's Conservation Programs.

- D. **CORO Conference / Surfacing Solutions** – Mr. Moorrees placed a copy of the information regarding the CORO Conference on the dais for the Board to review. He stated that the conference is taking place the following week and advised for those that are carpooling, to be at the company office at 7:00 a.m. A headcount is needed by October 18th.

Mr. Moorrees also brought the Board's attention to an invitation to attend a pre-conference dinner which was also placed on the dais.

Mr. Moorrees advised he would email the Board for a headcount the following morning. He advised that the city manager expressed interest in attending. Director Willis mentioned the city manager's assistant would also like to attend the conference. Director Thomas also mentioned West End Consolidated staff may wish to attend. Mr. Moorrees advised he would check with West End Consolidated once he had a headcount for SAWCo.

- E. **Well 12 Pipeline Easement** – Mr. Moorrees advised that this item did not go before an advisory committee before being presented to the Board due to an urgent request to move the item forward. The property owner plans to develop the site adjacent to the Water Company's well site. In order for the owner to develop, a specific easement is required on this private property to facilitate the Water Company's existing pipeline between the well site and the freeway. The pipeline easement was drafted by SAWCo's legal counsel.

Director Gerardi moved and Director Willis seconded to approve the pipeline easement as submitted and authorize legal counsel to record the instrument with the San Bernardino County Recorder. Motion carried.

- F. **Mid-Year Budget Review** – Mr. Moorrees reviewed the notable items on the spreadsheet that was provided in the Board Packet. He pointed out that SAWCo sold 2,000 acre feet (AF) of water this year which resulted in the income year to date of \$2,680,990. Line Item 19a "Benefit Administrative Services" was added for the Water Company administering the 401k plan. Mr. Moorrees also pointed out Line Item 34 "Wells" was over budget due to SAWCo having to run all of their wells and produce more groundwater due to lack of rainfall. Line Item 51 "Water Resource Management" was

also over budget because assessments are higher when they are based partially on production. Emergency system leak repairs in the domestic and irrigation systems caused the water company to go over budget on Line Item 38. Mr. Moorrees pointed out that although the water company's overall year to date has a surplus, if the monies from the sale of stored water were not included, SAWCo's net income would be a negative \$43,635. Mr. Moorrees also reminded the Board that the rate study provided by staff showed that SAWCo's income was subsidized by the sale of stored water and that as a result of the adopted rate increase the \$43,635 is almost 50% of last year's negative balance without the sale of stored water. Staff anticipates that with the final rate adjustment, a positive balance will result in the next few years.

There was consensus on the Board to receive and file the report.

G. Project Status Report –

- **ADA Ramp – SAWCo Office** – The City of Upland Building and Safety Department approved the plans for the ramp. RC Construction will install the ramp for \$20,719. A pre-construction meeting is scheduled for Friday.
- **Basin 6 Desilting** – Received the Conditional Use Permit (CUP) from the San Bernardino County Flood Control District (SBCFCD). The conditions are the same as the Cucamonga Crosswalls CUP, SAWCo will need to get approval from California Regional Water Quality Control Board, Army Corps of Engineers, and the Department of Fish and Wildlife.
- **Cucamonga Basin – Desilting project at crosswalls** – Received the CUP from SBCFCD but still needs to get approval from California Regional Water Quality Control Board, Army Corps of Engineers, and the Department of Fish and Wildlife. Tentative approval from the City of Upland may not come until January 2014 which means the project will not begin until next year.
- **City Treatment Plant Surface Water Delivery – Dissolved Air Issue** – SAWCo received a technical memo from the consulting engineer; staff is reviewing it. It looks as though 80 percent of the issue with dissolved air can be resolved operationally. A follow up meeting will take place with the City of Upland after the review.
- **Well 25A – Site Improvements per City CUP** – The final plans were submitted the previous week to the City of Upland. A response is expected shortly.
- **Forebay Improvements [CY2013 Budget \$1,932,798]** – The roof will be installed this week for both the Forebay and the Miox building. Coating the floor was added at a cost of \$7,000 and is still within the contingency amount.
- **System Map Update** – Received the final maps the previous week.
- **WFA Pipeline Connection** – Mr. Moorrees met with TESCO to coordinate the SCADA integration with WFA so that WFA has the ability to shut off the wells in an emergency situation. SAWCo is looking at designing a sand separator for the project. Staff hopes to have the final plans submitted to the WFA by the end of the month so that it can be presented to the WFA advisory committee in November 2013 and then to its Board. Construction may carry over to 2014.

7. General Manager's Response Regarding Current Facebook Comments:

Mr. Moorrees advised that on the San Antonio Heights Neighbors Facebook page a few members took issue with SAWCo's Autopay option after receiving a letter about the service being offered. Ms. Layton stated the most cost and time effective way for SAWCo to receive payments is through their Autopay service. The problem SAWCo has had with customers paying through their banks is that the bank issues the water company a check that can take seven to ten days to receive. In the mean time customers have been shut off due to late payment. SAWCo sent out a letter to this affect and some customers had some negative comments about the provided service. However, SAWCo has had more than a dozen customers sign up for Autopay after receiving the letter.

Mr. Moorrees also informed the Board that comments have been made on the same Facebook page about water runoff coming from Holly Drive East onto 26th Street. This has been an ongoing occurrence and has even caused one resident to raise their driveway approach so that water would not flood their front yard. Mr. Moorrees addressed the issue with residents in the area years ago. He advised that the San Bernardino County would maintain the road and repair water runoff damage to

the road if 26th Street right of way was dedicated to them. SAWCo staff has left door hangers for residents on Holly Drive that have sizable water runoff. Ms. Layton stated that staff is checking with Chino Basin Water Conservation District and Water Wise to determine if there are ways to address hillside watering.

Director Gerardi stated that the San Antonio Heights Property Owners Association (SAHPOA) meets on the last Thursday of the month. He suggested staff may wish to attend the meeting prior to the November San Antonio Heights Association Annual Meeting. A presentation at the SAHPOA may clear up any confusion or concerns.

8. Closed Session: None.

9. Director's Comments and Future Agenda Items: Director Sundell inquired as to how to enroll in the training programs mentioned at the beginning of the meeting. Mr. Moorrees replied to advise him of the desire to attend a certain program and staff will enroll any interested persons.

Director Bozar advised that he will not be attending Novembers Board Meeting as he will be out of the country on business.

Adjournment: There being no further business the meeting adjourned at 6:20 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, November 19, 2013 at 5 p.m.

Assistant Secretary
Charles Moorrees