

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, October 18, 2011

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, 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.

- Call to Order
- Salute to the Flag

1. Recognitions & Presentations: The Board recognized Director Dr. Gattas' 89th Birthday. He later thanked the Board and staff for the recognition and birthday card.

Mr. Moorrees also brought to the attention of the Board the Leadership Breakfast on November 3rd at Inland Empire Utilities Agency (IEUA).

Mr. Moorrees also presented a letter SAWCo mailed to the responsible party seeking monetary damages for a hydrant that was damaged along with other property on Euclid Crescent East on September 9th.

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 of September 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 July 20, 2011
- D. Financial Statement
Income Statement and Balance Sheet for August 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
 - San Antonio Heights Association invitation to speak on November 17, 2011.

Director Brandt moved and Director Dr. Gattas seconded to approve the Consent Calendar Items as presented. Motion carried.

5. Board Committee – Delegate Report:

- A. **PVPA Representative's Report** – Director Thomas reported on the meeting held October 12, 2011. PVPA is looking at spreading ground improvements to the five pits on the San Bernardino County side just below the San Antonio Dam with an estimated cost of \$33,000. The Annual meeting for PVPA will be held in November.

- B. **Six Basins Representative Report** – Ms. Layton reported that Federal Emergency Management Agency (FEMA) approved PVPA's application for repair and improvement of the berms that were damaged in the December 2010 storm events. They were not eligible for the state emergency funds for repairs. FEMA is paying 75% of the repairs cost and the remaining amount will be split evenly between Six Basins Watermaster and PVPA.

Ms. Layton also reported that since 2006, water levels at Pomona College Well #2 have progressively declined by about 80 feet, which is affecting the capacity of the well. After research, the most obvious difference between 2004-2005 and 2010-2011 is that about three times as much spreading occurred in 2004-2005. The questions that require further research and analysis are related to how groundwater flows from the Upper Claremont Heights basin to recharge the Pomona Basin and/or the Chino Basin.

Ms. Layton stated that the 2012 budget goals were reviewed. One of the goals was to recommend the Supervisory Control and Data Acquisition (SCADA) System be re-programmed to allow Wildermuth Environmental, Inc. (WEI) staff to view and download the raw data and adjust the programming to match field measurements. Currently, Three Valleys Municipal Water District (TVMWD) is charging \$400 per month to collect the data.

It was reiterated that the current assessment fee of \$18.00 per acre foot (AF) will remain the same and it was also decided that the Treasurer and the Secretary become signatories on the checking account so that WEI is not signing their own checks. In the future, questions or specific requests that will constitute extra time should be brought to the Board for a decision.

Director Thomas mentioned that the Water Master Plan is being included in the 2012 Budget for Six Basin Watermaster.

Director Glen Bozar entered the meeting at 5:15 p.m.

- C. **Chino Basin Representative Report** – Mr. Moorrees reported that at the Chino Basin Appropriative Pool meeting they introduced a water transaction to the City of Ontario to deliver their entitlement of 781 AF. It will go to the Board for approval in November. The 85/15 Rule was discussed and a policy was presented that included the pre-emptive replenishment purchase for water. A workshop was requested for further discussion on the topic. The 2011-2012 assessment package was requested for deferment until 2012. The three year purchase of the Non-Agriculture Pool stored water special assessment is \$45,861. Metropolitan Water District (MWD) made a presentation on their water management program. They proposed a Tier 1 rate increase. The current Tier 1 rate is \$527/AF. The state of the basin report was moved to the upcoming advisory committee meeting. The paragraph 31 appeal by Overlying Non-Agriculture committee was met with an extension request by California Steel, Incorporated (CSI). During closed session at the Appropriative Pool meeting action against the Overlying Non-Agriculture committee was discussed.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – Director Thomas advised that the issues discussed at the meeting are in the General Manager's Report portion of the meeting as well as the Closed Session.

- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No meeting to report. The next meeting is scheduled for October 27, 2011 at 3 p.m.

6. General Manager's Report:

- A. **Tolle Nursery** – Mr. Moorrees reported that Tolle Nursery Company currently has a one year lease to utilize two of SAWCo's properties as temporary staging areas for nursery operations. One is located at 17th and Benson Avenue and the other at 20th Street and Campus Avenue.

Mr. Moorrees recommended the Board concur with AFC recommendation to renew Tolle Nursery's lease of the two sites for another year.

Director Elliott moved and Director Sundell seconded to approve the renewal of the one year ground lease with Tolle Nursery Company. Motion carried.

- B. **Automatic Bill Pay Option** - Mr. Moorrees stated that SAWCo is always trying to improve service to its customers such as the current implementation of on-line payment and phone call reminders. SAWCo now has the ability to offer automatic payment for water bills. The cost per transaction would be 15 cents but with SAWCo's current set up with Citizen's Business Bank it's unlikely they will incur this charge. It is estimated that about 10 percent of SAWCo customer's will utilize this service initially.

Director Dr. Gattas mentioned that Charles Schwab bank does not charge and US Bank advertised automatic bill payment. Ms. Layton advised that staff has checked into other banks including Schwab bank who does not offer this service to business accounts. She stated she would take a second look at the information and forward it to him.

Director Elliott moved and Director Dr. Gattas seconded to approve the implementation of automatic bill payment option. Motion carried.

- C. **Annual Meeting of Pomona Valley Protective Association (PVPA)** – Director Thomas stated that SAWCo owns about 1.5 percent of the shares in PVPA. He has been the representative for SAWCo on their Board for several years now and would like to continue to do so.

Director Elliott moved and Director Bozar seconded to appoint Director Thomas as proxy vote for the PVPA Annual Meeting. Motion carried.

- D. **Mid-Year Budget Review** – Mr. Moorrees reported he made minor modifications to the budget since it was presented at the most recent AFC meeting. Also included was the Chino Basin assessment which was previously noted as being deferred to 2012. Mr. Moorrees brought to the attention of the Board that revenues are in the positive. A calculation of funds sans the sale of stored water showed SAWCo still in the positive by \$81,000.

Director Brandt inquired about the AB 54 activity. Mr. Moorrees clarified SAWCo's involvement during discussions at the lower House. It is now chaptered into law and SAWCo will be in compliance although it is exempt on the premise that shares are not appurtenant to the land.

Director Elliott praised staff for the layout and ease of understanding of the Budget Sheet.

Director Elliott moved and Director Brandt seconded to approve the Mid-Year Budget presented. Motion carried.

- E. **Stock Auction** – Ms. Layton reported on the upcoming 2011 Stock Auction. This is the third stock auction SAWCo has held. It will take place on December 13, 2011 at 10 a.m. in SAWCo's Board room. It has been advertised thru a mailing to shareholders and thru SAWCo's newsletter. It will be advertised in the local newspaper. Originally there were eight shareholders eligible for auction; however, three have since paid off their liens. A total of 1.25 shares will be auctioned off.

- F. **Project Status Report** –

- **Tunnel Pipeline Improvement** – Staff received the proposal for the HDPE installation. The price was slightly above what was budgeted for the project. Mr. Moorrees would like to coordinate this project with the Forebay project and defer it with the Forebay Improvement.
- **Well 25A – Drilling** – The requirement from the City of Upland to do a noise study has been completed. The study showed that the noise mitigation that SAWCo specified meets city ordinances.
- **Cucamonga Basin** – Desilting project at crosswalls – SAWCo is going through the conditional use permit (CUP) process. SAWCo engaged with an environmental consultant and is pending the

Initial Study for processing and haul route including a noise study and air quality monitoring group (AQMG) study. The studies needed will be presented to the PROC for additional budget appropriations.

- **Forebay Improvements** – Still pending building permit review from San Bernardino County Building and Safety (SBCBS).
- **December 2010 - Storm Repairs in SA Canyon** - Emergency repairs were made. FEMA reimbursement was also received to cover 75 percent of the costs. Funds were also received to finish up the project. SAWCo needs to receive letters from Army Corps stating that the area by the spreading ponds is not in the Army Corps jurisdiction as well as one stating that the existing armament made on the tunnel shaft was the repair of an existing approved facility. A 401 permit is also needed before repair work can begin. All of SAWCo's discharges are behind the dam and do not affect the Santa Ana River. Mr. Moorrees advised the contractor to move forward with the project to protect SAWCo's facilities in light of the pending permits.
- **Water Rights Investigation** – Activity – Special counsel has requested a meeting with Congressman Drier. Meetings are scheduled with the United States Forest Service (USFS) to go over cost sharing and finalize the number of cabins and with all other affected agencies to discuss their request for a discount on the water service charges in October and November respectively. Mr. Moorrees advised the affected agencies that the charges are not a commodity rate and rather an on-going claim. He will take their requests to the advisory committee.
- **Cucamonga Basin Management Plan** – Mr. Moorrees advised WEI that the project is already over budget and SAWCo has yet to receive answers to the questions they made in the scope of the project or the comments made on the latest groundwater atlas that was submitted in April. A follow up meeting is forthcoming.
- **Reservoir 6 – 100,000 Gallon Tank Installation** – Currently under construction. Pictures of the work thus far were presented to the Board. Project should be completed before the Christmas holiday.
- **Feasibility Study – Edison & Tnl Ponds [Consev. Levee]** – Mr. Moorrees is meeting with Don Schroeder from Camp, Dresser, and McKee (CDM) on Wednesday along with special counsel to discuss legal opinion as well as other items to be included or removed from the study.
- **WFA Pipeline Connection** – Currently going through the design phase of the project. Originally surface water was going to be delivered to WFA; however, due to cryptosporidium/giardia issues the WFA does not have the ability to discharge to waste from their filters. Other alternatives are being explored.
- **Chino Basin Recharge Pipeline** – Kick off meeting was held with Civiltech.
- **Frankish Tunnel Pipeline** – This tunnel runs north and south just east of Campus Avenue. SAWCo is planning to connect this tunnel with the irrigation system. Pending proposal.

A picture of the newest addition to SAWCo was presented. Water Utility Worker Brandon Minor welcomed his first baby, Wyatt Wayne Minor on October 2nd.

7. Closed Session: General Manager's Performance Review [subdivision 9b) of Section 54957, CGC]. Closed session began at 5:45 p.m. and adjourned at 6:10 p.m.

Director Thomas thanked Mr. Moorrees on behalf of the Board for the outstanding job he has been doing. He advised that Mr. Moorrees' contract will be expiring in eight or nine months and the Board will do a full review at that time. Until then, the contract shall remain the same.

8. Director's Comments and Future Agenda Items:

Adjournment: There being no further business, Director Thomas declared the meeting adjourned at 6:11 p.m.

