

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, November 15, 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, 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.

- Call to Order
- Salute to the Flag

1. Recognitions & Presentations: None.

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 October 18, 2011.

B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes

Receive & File Meeting Minutes of August 31, 2011

C. Administration and Finance Committee (AFC) Meeting Minutes

No meeting to report.

D. Financial Statement

Income Statement and Balance Sheet for September 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

- 10/31/11 Letter to Army Corps regarding Nationwide permits and exemption letter for storm repair in the San Antonio Canyon.

Director Dr. Gattas moved and Director Bozar 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 company's Annual Meeting held the previous week. All of the same board members were re-elected and all of the offices stayed the same. West End Consolidated Water Company prepared a report.

B. **Six Basins Representative Report** – Ms. Layton reported on the October 26<sup>th</sup> meeting stating that the 2012 Draft Budget was discussed. There is a possibility that the assessment fee may be raised from \$18 to \$20. The Operating Safe Yield (OSY) will remain the same for the upcoming year.

Also discussed was how to monitor Hexavalent Chromium 6 with the new legislation taking affect. A draft letter was proposed by Six Basins for agencies to follow. It would encourage sound science and economic reality.

HydroDAVE software is now being utilized by Wildermuth Environmental, Inc. (WEI). It allows various agencies to view other agencies water production. City of Upland and Golden State Water Company are already sharing information through this means. The next Board meeting is scheduled for November 23<sup>rd</sup> at 2:30 p.m.

C. **Chino Basin Representative Report** – Mr. Moorrees reported that an emergency Board meeting was held on November 8<sup>th</sup> to discuss personnel changes. The Chief Executive Officer (CEO) was relieved of his duties without cause and Danni Maurizio, the senior engineer, was appointed interim general manager.

An Appropriative Pool (AP) meeting was held on November 10<sup>th</sup> in which the 85/15 Rule policy that was previously presented was approved. The remaining agenda items were deferred to the next AP meeting.

There was a court hearing on October 28<sup>th</sup> in which the judge actually met with Chino Basin Watermaster and not with the special referee as has happened in the past. The judge

recommended the restated judgment be the new official document and to vacate the original 1978 document.

The Water Recharge Master Plan will be submitted on December 17<sup>th</sup> to receive and file with the court.

The Groundwater Model Update with WEI identified the cumulative unmet replenishment obligation (CURO) as being even less than previously anticipated.

The staff's report to submit to the Regional Water Quality Control Board to try and reduce the number of samples required in the Santa Ana River would also reduce SAWCo's costs.

A closed session of the AP was held to discuss retaining the existing legal counsel, Mr. John Schatz, to represent the AP beyond the scope of Paragraph 31 appeal by the Overlying Non-Agriculture committee. The AP asked Mr. Schatz to discuss with Chino Basin Watermaster's General Counsel the preemptive replenishment agreement and Inland Empire Utilities Agency (IEUA) agreement with respect to storage losses.

D. **Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.

E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No report given by chairman.

Mr. Moorrees reported that the committee discussed class of service which will be an on-going discussion until a reasonable way of modifying it is agreed upon. Also discussed was the concern with regard to the insufficient facilities at Holly Drive which have led SAWCo to consider not taking over the responsibility of that system. SAWCo has been invited to speak at the next Holly Hills Home Owners Association meeting where Mr. Moorrees will advise them of all of the options.

6. General Manager's Report:

A. **Cucamonga Crosswalls** – Mr. Moorrees reported that this project has been in the works for roughly two years and originally was going to be at no cost to SAWCo. The City of Upland has since deemed it necessary to process the project for a Conditional Use Permit (CUP). This action requires preparation of an additional Initial Study, Noise Study and Air Quality Management District (AQMD) Study for City staff to then present to the Planning Commission for CUP approval. There are costs associated with all of these studies. Staff has sent a letter to Cucamonga Valley Water District (CVWD) about sharing in the costs for this project.

Mr. Moorrees recommended the Board concur with the AFC recommendation to approve the additional appropriation of \$25,000 from Operating Reserves and that staff seek cost sharing with CVWD.

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

B. **Water Rights Investigation – Mt. Baldy** - Mr. Moorrees stated that during the October meeting with the United States Forest Service (USFS) it was conveyed to SAWCo that the USFS would like a reduced rate due to the fact that SAWCo is not maintaining the system or producing the water. Mr. Moorrees advised USFS that the fee was not a commodity rate but an on-going legal claim. The request for a reduced rate was presented to the PROC during their October meeting and was denied.

Mr. Moorrees recommended the Board secure consensus for the PROC's recommendation to deny the request to consider a discounted rate to those Mt. Baldy cabins utilizing SAWCo's water rights above and beyond established water supply agreements for Mt. Baldy cabin owners.

Director Dr. Gattas moved and Director Elliott seconded to approve the manager's recommendation to deny a reduced rate for Mt. Baldy cabin water consumers. Motion carried.

C. **Board Gift – End of the year luncheon** – Director Thomas stated that since SAWCo's 125 year anniversary the Board has given a gift of \$1,250 to each employee at the end of the year.

Director Elliott moved and Director Sundell seconded to approve a Board Gift of \$1,250 for each SAWCo employee. Motion carried.

D. **First Metals Recycling** – Mr. Moorrees reported that staff was approached by First Metals Recycling out of Long Beach offering top dollar for scrap iron or steel, yellow or red brass and scrap motors. They offered to separate, process and weigh the materials with their crew. A Purchase Contract was signed to authorize First Metals to receive and process the materials from SAWCo and to pay certain rates per weight and type of metals once the material had been weighed, separated and processed for recovery within 5-10 business days. The purchase contract was executed on August 18, 2011 and payment has not been received to date.

Director Dr. Gattas inquired as to whether there was written documentation of what First Metals Recycling would be doing. Mr. Moorrees replied that there was a purchase order as well as a picture of the pipe they took along with the diameter and footage to calculate the weight. The weight of the yellow brass they took from SAWCo's yard was estimated by field staff as well as the two 25 horsepower motors they took.

Mr. Moorrees recommended the Board receive and concur with the manager's report and action to file a small claim to settle the payment dispute with First Metals Recycling and provide comment or direction as appropriate.

Director Dr. Gattas moved and Director Willis seconded to approve the manager's recommendation to file a small claim against First Metals Recycling. Motion carried.

E. **CY2012 Calendar** – Mr. Moorrees presented the calendar for 2012 to be received and filed.

Director Thomas moved and Director Dr. Gattas seconded to receive and file the Calendar for the 2012 year. Motion carried.

F. **Project Status Report** –

- **Tunnel Pipeline Improvement** – Project has been deferred to 2012.
- **Well 25A – Drilling** – The requirement from the City of Upland to do a noise study has been completed and approved. The specifications on the project are being put together to put the job out for bid. Drilling should begin at the beginning of next year.
- **Cucamonga Basin** – Desilting project at crosswalls – The CUP description, as well as all other information that is required by the consultant, is being submitted later in the week.
- **Forebay Improvements** – Expecting a permit by the end of the month but that is likely to change.
- **December 2010 - Storm Repairs in SA Canyon** – Project is complete. Army Corps of Engineers contacted SAWCo with regards to the letter sent to them about repairs made without a permit. Army Corps of Engineers responded that the work done without the permits was okay with them. They will be sending a letter to that fact.
- **Water Rights Investigation** – Activity – A meeting was held November 9<sup>th</sup> with the agencies to discuss the number of meter installations. The number changes continuously. Roughly 90% of the meters are in place. The USFS will be reviewing the meters with the agencies in the upcoming week. Mr. Moorrees was excluded from viewing the meters at that time.
- **Cucamonga Basin Management Plan** – A meeting was held regarding the final draft that was submitted by WEI. Developed Yield was determined at 18,500 acre feet (AF). In order to come up with an OSY a groundwater modeling will need to be completed at an additional cost. It was decided that an OSY would be determined if and when a management plan for the basin was created. Mr. Moorrees did respond back to Cucamonga Valley Water District (CVWD) with regards to the meeting. SAWCo still 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.
- **Reservoir 6 – 100,000 Gallon Tank Installation** – Pictures of the work thus far were presented to the Board. The foundation has been poured, oiled sand has been put in place, and the tank should be delivered before the Thanksgiving holiday. The project should be completed before the end of the year.
- **Feasibility Study – Edison & Tnl Ponds [Consev. Levee]** – Mr. Moorrees met with Don Schroeder from Camp, Dresser, and McKee (CDM) along with special counsel to discuss some of the content of the proposal and also to eliminate the reference of the legal opinion of water rights which is confidential. Further enhancements to capture the water were explored. The final draft should be presented to the Board in December.
- **WFA Pipeline Connection** – Design in progress.
- **Chino Basin Recharge Pipeline** – A meeting with the consultant is scheduled for the following day to kick off the project design.
- **Frankish Tunnel Pipeline** – Recently received the proposal but may postpone the project due to costs.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: None.

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

Future Meetings:

- Regular Board Meeting on Tuesday, December 20, 2011 at 5:00 p.m.
- AFC Meeting on Tuesday, November 29, 2011 at 3 p.m.
- Board Budget Workshop, December 8, 2011 at 9:30 a.m./SAWCo Board Room
- End of the Year Luncheon, December 8, 2011

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Assistant Secretary  
Charles Moorrees