

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, November 16, 2010

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 Dr. Fred Gattas, Will Elliott, Tom Thomas, Robb Quincey, and Brian Brandt. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, Don Schroeder from Camp, Dresser, & McKee (CDM) and City of Upland Public Works Director Anthony La. Director Thomas presided.

- Call to Order
 - Salute to the Flag
1. Recognitions & Presentations: Mr. Moorrees advised the Board that Don Schroeder with CDM was in the audience to answer any questions on Item 6C.
 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 19, 2010.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Meeting Minutes of August 25, 2010.
 - C. Administration and Finance Committee (AFC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Income Statement and Balance Sheet for September 30, 2010 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 ongoing 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 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 that PVPA had its Annual Shareholder's Meeting. There was one change made to the Board. Mr. Taylor will not continue on the Board but a replacement has not been found as of yet. Mr. Taylor did relinquish his seat and Director Thomas was appointed Vice President.
 - B. **Six Basins Representative Report** – Mr. Moorrees deferred the report to Ms. Layton who attended the most recent meeting. Ms. Layton reported that a meeting was held on October 27, 2010. The request for proposals (RFP) was discussed. The consultant list was discussed and Water Facilities Authority (WFA) was left off the list. The discussion on the Basin Management Plan was deferred. The telemetry system and how it is hooked up to Three Valleys Municipal Water District (TVMWD) was also discussed. A short PowerPoint presentation of pictures of the San Antonio Spread Grounds where TVMWD is recharging imported water was shown. The next regular Board meeting is scheduled for November 24, 2010 at 2 p.m.
 - C. **Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.
 - D. **Planning, Resources, and Operations Committee (PROC) Chairman's Report** – The items discussed at the PROC meeting are presented in the General Manager's report.
6. General Manager's Report:
 - A. **Proposed WFA Connection** – Mr. Moorrees reported the purpose for the connection is to present a conceptual project to deliver surface water from the San Antonio Creek or other SAWCo sources for treatment to the Water Facilities Authority (WFA) to enable "wet" water distribution to shareholders through their affiliation with the WFA, a Joint Powers Authority. SAWCo has had previous discussions with Terry Catlin, general manager of WFA, as well as the City of Upland to propose connecting SAWCo's surface water line at Benson Avenue to WFA's plant. A schematic and overview of the proposed connection was included in the Board packet. Mr. Moorrees made mention that the members of WFA are also SAWCo shareholders, namely, City of Upland, City of

Chino, City of Ontario, and the Monte Vista Water District (MVWD). The connection allows flexibility to manage water supplies for WFA and SAWCo.

Mr. Moorrees replied to an issue that was brought up at the PROC meeting with regard to cryptosporidium associated with SAWCo's surface water supplies from the San Antonio Creek. Mr. Moorrees clarified that SAWCo has no issues with cryptosporidium in their water supply. To his SAWCo's knowledge, no issues have been reported with the City of Upland Treatment Plant where SAWCo delivers water and no issues with the City of Pomona which gets 40 percent of the water at the same location have been reported. SAWCo collects water samples at three locations in the San Antonio Canyon in the early spring as well as after the 4th of July and have had no positive samples for cryptosporidium. Mr. Moorrees also commented that all surface water is susceptible to cryptosporidium.

Mr. Moorrees recommended the Board approve the concept and the draft terms sheet, include the project in the 2011 Capital Improvement Budget, approve the engineering design to begin this year and include a budget amendment of \$40,000 out of Capital Reserves for engineering design to begin this year.

Director Quincey inquired as to the pay back analysis. How much water would SAWCo have to transmit or how many years until SAWCo regains the money put into the project? Mr. Moorrees replied that if you based it on the value of the water at current price, the cost would be made up in less than two years based on normal flows. If based on SAWCo's base rate it would probably take over four years. Mr. Moorrees stated that SAWCo cannot produce all of its rights in the Six Basins. SAWCo is planning on drilling another well at 17th Street and Benson Avenue which will help SAWCo produce more of its water rights in the basin.

Director Hill questioned when the last time SAWCo pumped water from Well 31 through the pipeline and wondered if problems were expected with the pipeline. Mr. Moorrees replied that the pipeline was installed about 5 years ago and the boosters were installed about 3 years ago.

Director Hill moved and Director Brandt seconded the general manager's recommendation. Motion carried with Director Thomas and Director Quincey abstaining.

- B. Conservation Levee/Expansion of existing facilities** – Mr. Moorrees reported that the purpose of this item is to engage a qualified engineering consultant with sufficient expertise to provide project viability, develop projects, including environmental and institutional constraints, and to refine costs associated in constructing the project.

Historically, the Water Company operated a "Division Dam" located with the San Antonio Creek that captured and measured water for delivery to its shareholders and West Side Owners now known as the City of Pomona (Pomona). This dam was destroyed by the 1938 flood and the facilities were relocated to higher ground toward the west side of the creek adjacent to the Ontario Power House No. 1.

Facilities maintained by the Water Company in this new location are now known as the "Edison Box" and "Edison Pond". The Water Company diverts a major portion of the Creek upstream from this facility and south of Shinn road to direct flows south to the Edison Pond where flow is regulated and velocity reduced. Flows from the Edison Ponds are directed to the Edison Box which also receives the discharge water from the Edison Power House after its use to turn the turbines.

Waters are then split 60% & 40% for delivery to SAWCo and Pomona respectively. SAWCo's water captured at the Edison Box is piped to the east side of the Creek to the Water Company's "Main Box" and south to the Water Company's Forebay for distribution to shareholders and water recharge in Six Basins and Cucamonga Basin.

Currently, the Water Company only captures 29% of its rights from the stream diversion at the Edison Ponds. As such, the Water Company would like to explore options to enhance existing structures to maximize capture of stream flows. Additionally, the Water Company desires to modernize and improve existing water flow measurements and diversions as well as explore monitoring of stream flows. Although the 60/40 split is simple and meets the requirements of the Decree, staff contends that the formulas in the Decree would allow more water to be delivered to SAWCo during low and high flows. By modernizing the metering of flows SAWCo be able to address this inequity.

In addition, directly across from the Edison Box and somewhat southerly on the east side of the Creek, the Water Company operates a subterranean Tunnel about 125 feet deep constructed in the late 1800's that delivers groundwater to our domestic shareholders in the San Antonio Heights. Just north of the Tunnel, the Company operates a series of 6 spread ponds to utilizing creek flows to enhance Tunnel Flows. Since the Decree does not allow the Company to enlarge or modify the existing Tunnel, SAWCo has an interest in improving and expanding the existing spread ponds for the purpose of further enhancing flows in the Tunnel.

SAWCo submitted Request for Proposals (RFP) to TKE Engineering, WEB Associates, and Camp, Dresser, and McKee (CDM), and CivilTec. After review, staff determined that CDM's approach was in line with what SAWCo desired.

Mr. Moorrees recommended the Board direct him to execute a contract with CDM not to exceed \$50,000 from Capital Reserves.

Director Thomas inquired as to whether Pomona has offered to pay 40% of the cost to update the facilities. Mr. Moorrees replied that indeed Pomona has offered to pay 40% of the cost. Director Thomas also questioned whether they would pay for 40% of the study. Mr. Moorrees stated that he would inquire about that with them. Director Thomas suggested isolating the cost of the 60/40 split which would be the portion of the study that directly affects Pomona. Mr. Moorrees stated he would work that out with the engineer before submitting it to Pomona.

Dr. Gattas moved and Director Brandt seconded to approve the general managers recommendation. Motion carried.

- C. **RFP for 26th Street Conveyance System** – Mr. Moorrees reported that SAWCo was looking for a qualified engineering consultant to develop this project which was identified in the Wildermuth Environmental, Inc. study as one of the first priorities to get water from the San Antonio Creek to the Cucamonga Wash. SAWCo issued RFP's and received proposals back from TKE Engineering and CDM.

Mr. Moorrees stated that there have been a lot of changes since the Colonies Basin 6 was considered not viable for recharge. Since then a drain was installed with a valve and valuing in at 15 feet allowing for 15 feet of storage water, and recently 32 feet of storage water was agreed upon with the San Bernardino County Flood Control District (SBCFCD) provided the top 15 feet was not inundated longer than two weeks. SAWCo now gets a percolation rate of about one foot per day in this basin.

Mr. Moorrees suggested deferring this project until there is some conclusion on developing the Cucamonga Basin Management Plan and also on the Cucamonga Basin Judgment amendment.

Director Thomas agreed on holding off on the project until the Cucamonga Basin Management Plan and the Cucamonga Judgment amendment were concluded. There was consensus on the Board.

- D. **Board Gift-End of Year Luncheon** – Director Thomas commented that back a few years ago the Board gift was changed to \$1,250 in honor of the 125th year anniversary of the water company. The amount has continued at the same level since then. Director Thomas questioned whether any of the Board members took issue with gifting the same amount this year.

Dr. Gattas expressed concern with the current economic times and suggested reducing the amount to \$1,000. Director Quincey also expressed concern for the economy and also questioned whether these were public funds being gifted. Mr. Moorrees clarified that SAWCo is a private, non-profit company and the funds are not public funds.

Director Hill stated that the employees have worked hard and SAWCo has a great staff and that he would hate to see the Board go backwards with its end of the year Board gift.

Director Hill moved to approve the Board gift of \$1,250 and Director Thomas seconded. Motion carried with Director Quincey abstaining.

Mr. Moorrees reminded the Board that the End of Year Luncheon will be held at the Sycamore Inn on December 9th from 11:30 a.m. to 1:00 p.m. immediately following the 9:00 a.m. Budget Workshop.

Mr. Moorrees thanked the Board for their consideration on this agenda item.

- E. **CY2011 Calendar** – Mr. Moorrees stated that the proposed calendar for the year 2011 was included in the Board packet. He asked that if there were no conflicts on dates that the Board make a recommendation to approve it.

Dr. Gattas moved and Director Brandt seconded to approve the 2011 Calendar. Motion carried.

- F. **Project Status Report** –

- **Booster line relocation – 1,000 LF of 14"** – Currently under construction by Norstar Plumbing.
- **Tunnel Pipeline Improvement** – Complete. The lining of the tunnel pipeline will be completed in 2011.
- **Well 25A-Drilling** – This project has been delayed and carried over to next year. SAWCo is working with a hydrogeologist and engineering firm to get a proposal to develop the engineering plans and specs for the drilling at 17th Street and Benson Avenue.
- **Urban Water Management Plan** – Kick off meeting was held. The Federal guidelines for developing the plan with respect to Senate Bill SB7x7 have not been received. The consultant is looking to see if SAWCo is required to abide by it.

- **Chronological History Documentation** – Project should be completed by the Christmas Holiday.
- **Cucamonga Basin-Desilting project at crosswalls-** The SBCFCD needs approval for the haul route that has been established to remove the silt equipment. A letter of authorization from Holliday Rock to use that route is requested by the county. SBCFCD also wants approval from the City of Upland to allow the trucks to come out of 20th Street and Campus Avenue.
- **Forebay Improvements** – Mr. Moorrees spoke with the director of planning who stated a target date of February 3, 2011 for the project to go to a public hearing at planning commission. Director Thomas suggested SAWCo introduce themselves to County Supervisor Janet Rutherford for future help with this project since she is succeeding Paul Biane.
- **Water Rights Investigation-Activity** – Mr. Blake Slater signed the License Agreement. A meter will be installed shortly. Mr. Paul Ridgeway has obtained an attorney and is now stating that they have rights through the United States Forest Service. Mr. Moorrees spoke with the Deputy U.S. Forest Supervisor, Marty Dumpis, who indicated that they were issued a permit for conveyance only and it conveys no water rights. Mr. Moorrees requested Mr. Dumpis submit a letter to that effect.
- **Cucamonga Basin Management Plan** – Mr. Moorrees scheduled a meeting with Wildermuth Environmental, Inc. (WEI) and SAWCo's special counsel to discuss issues with the plan. A developed yield was created based on production since 1984. Unfortunately, they did not have West Ends production figures, they also had to make corrections on Cucamonga Valley Water District's (CVWD) production and all water spread by SAWCo in Basin A in 2000 was not accounted for. WEI found that the Basin is not in overdraft.

(Director Quincey exited the meeting at 5:43 p.m.)

Director Thomas stated that SAWCo needs to stand firm on everything being in the report the way it should be and the terms and conditions are acceptable to them. Updating the plan is a good thing but it needs to be done the right way.

Mr. Moorrees stated that if you list out the benefits for modernizing the judgment the way it is being ushered at this time creates five benefits for CVWD and zero for SAWCo. He also relayed that Robert DeLoach, the general manager of CVWD, will be leaving his position in January 2011.

7. Closed Session – None.
8. Director's Comments and Future Agenda Items – Director Hill advised that longtime shareholder Maggie Stewart recently passed away.

Adjournment: Director Thomas declared the meeting adjourned in memory of Maggie Stewart at 5:45 p.m.

Assistant Secretary
Charles Moorrees