

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, November 17, 2015

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:00 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, Bob Cable, Sue Sundell, and John Gerardi. 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 and Presentations: Mr. Moorrees recognized meeting attendees Martha Goss and Donna Hawthorne.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees added the Cucamonga Crosswalls as Item 6G.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes October 20, 2015.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting to report.
 - C. Administrative and Finance Committee (AFC) Meeting Minutes
Meeting minutes of August 25, 2015 to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for September 30, 2015 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 Bernardino County Flood Control District letter of cost participation in Basin 6 environmental.

Director Elliott moved and Director Gerardi seconded to approve the consent calendar as presented. Motion carried with Director Glenn Bozar absent.

- 5. Board Committee – Delegate Report:
 - A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that the PVPA Annual Meeting was held on the first Wednesday of November. There were no changes to the PVPA Board. Director Thomas remained as vice president and chair of the Real Estate Committee.
 - B. Six Basins Representative Report** – Mr. Moorrees reported on the October 28th Advisory Committee meeting. A Strategic Planning Workshop was recommended for December. They will be maintaining the Operating Safe Yield (OSY) for 2016 at 16,000 acre feet (AF) with the ability to produce above allowable production if substantial rain and groundwater recharge is obtained.

SAWCo's share of the OSY is 1,147 AF and project to produce 700 AF this year. A maximum of 25% of SAWCo's OSY is able to be carried over to next year.

The 2016 Draft Budget was reviewed with assessment and reserve goals. The recommended assessment is \$20/AF. Wildermuth Environmental, Inc.'s contract expires in March 2016. Watermaster will be looking at renewal or sending out Request For Proposals from other companies. It was recommended an Ad-Hoc Committee review the contract at the December workshop.

The Department of Water Resources is not accepting the adjudicated basin boundaries submitted by Six Basins Watermaster in response to the Sustainability Groundwater Management Act (SGMA) as they are using the physical boundaries and not the adjudicated boundaries. Adjudicated basins are exempt from the SGMA but each agency is required to respond. Six Basins Watermaster cannot take the lead; the agency that will take the lead in responding will be chosen at a later date.

Director Glenn Bozar entered the meeting at 5:05 p.m.

- C. Chino Basin Representative Report** – Ms. Layton reported that the Safe Yield Reset process this year will delay the production of the Assessment Package past its usual November timeframe. An interim assessment of 50% of 2015 Appropriative Pool Admin and OBMP assessment figures will be charged in the interim. Once the 2016 Assessment Package is produced, the balance owed will be collected. SAWCo's 50% assessment fee is \$57,549.38.

The Appropriative Pool Volume Vote, which determines voting percentage allocated to each member agency, takes place after the Assessment Package. With the Assessment Package being delayed it was approved that a new interim Volume Vote can be calculated once all of the Water Activity Reports (WARs) are received. Although the official production will not have been approved at that point, it is not expected that it will change after that time. It is expected that all of the WARs will be received and the production database updated by early December.

The current Watermaster for Chino Basin is an appointed nine-member board. The current appointment expires in February 2016. In order to ensure no lapse in Watermaster appointment, a motion needs to be filed with the Court recommending the future appointment of a Watermaster. Additionally, the Appropriative Pool needs to indicate its direction on the manner in which the rotation of its representatives to the Board should be re-initiated by January 2016.

There are several member agencies that are unhappy with the governance of the Board. A 3 year appointment was agreed upon by the Appropriative Pool however, the Agriculture and Non-Agriculture Pools had agreed upon a 5 year appointment.

The cap on the supplemental water may be raised in preparation for Winter Water Availability.

- D. Administration and Finance Committee (AFC) Chairman's Report** – Items discussed at the PROC meeting are included in the General Manager's Report.
- E. Planning, Resources, & Operations Committee (PROC) Chairman's Report** – Nothing to report.
- F. Office Feasibility Study AdHoc Committee** – Ms. Layton reported on the November 5th meeting. Space requirements and possible locations were discussed. The zoning information for some of the locations were obtained. An email will be sent out verifying the date and time of the December Ad-Hoc Committee meeting.
- 6. General Manager's Report on Activities:
 - G. Crosswalls Project** – Mr. Moorrees stated he and Ms. Layton spoke at the San Antonio Heights Association (SAHA) Annual Meeting held the previous week. The main concern expressed by

attendees of this meeting was the delay in the Crosswalls project. These concerns have since been brought to the City of Upland Manager by representatives of the Heights.

Mr. Moorrees explained the process of getting the project moving from this point forward. A public hearing will be scheduled to address alternative haul routes. Mr. Moorrees suggests approving the current proposed haul route and once Upland Ford has completed building and is ready to bring cars for sale on the lot an alternate haul route will be used. This will allow time for a new environmental report to be approved for the second haul route while still allowing for the crosswalls to be de-silted. The Department of Fish and Wildlife and the San Bernardino County Flood Control District (SBCFCD) are willing to issue permits for the project but cannot do so until a public hearing is held and the City of Upland issues a notice of determination.

Mr. Moorrees questioned the Board whether or not SAWCo can move forward without the permit being issued. Director Thomas felt there are too many agencies involved, with portions of the project being in SBCFCD, Rancho Cucamonga and in Upland, to move forward without full approval. Director Bozar suggested bifurcating the project. Mr. Moorrees previously asked to bifurcate the project but was not given approval. Director Bozar offered to speak with the City of Upland planner about the project.

Martha Goss spoke about the critical nature of this issue. She stated emergency services are on high alert due to the anticipated El Nino. It is projected to be the largest El Nino in recorded history. There is fear that major flooding will occur due to the water downpour and desilting the Cucamonga Crosswalls will greatly alleviate possible flooding and damage. The fact that it works as a percolatory basin is a bonus to the support it provides in preventing flooding. This project should be treated as an emergency issue. Ms. Goss offered to go on a walking tour of the area with County employees and they've agreed to take part.

Director Gerardi thanked Ms. Goss for her concern and efforts put into this project. He commented that he felt if SAWCo moved forward with the project without the required permits the project could be halted by the authoritative parties. He assured her that SAWCo will do whatever is possible to fast track the project. He encouraged her to use whatever resources she had available to her to move the project forward as well.

Mr. Moorrees added that in the beginning he applied to the Department of Fish and Wildlife as an emergency status and was denied. They are, however, prepared to provide a permit to SAWCo.

- A. CY2016 Calendar** – Mr. Moorrees reported the calendar was previously brought to the AFC for recommendation to the Board.

Mr. Moorrees recommended the Board approve the calendar as presented unless modifications are recommended from the Board.

Director Gerardi moved and Director Willis seconded to approve the CY2016 Calendar as presented. Motion carried.

- B. Board Gift – End of the Year Luncheon** – Mr. Moorrees advised that in the past, the Board provided an end of the year gift to the employees. The Board had requested the AFC discuss this matter each year before the End of the Year Luncheon. The item was brought to the AFC in October with recommendation to approve. If approved, bonus will be disbursed at the End of the Year Luncheon.

Mr. Moorrees recommended the Board approve a \$1,250 bonus to employees, with a pro-rated amount for employees with less than one year of employment with the company.

Director Bozar moved and Director Willis seconded to approve the recommendation for a \$1,250 bonus to employees with a pro-rated amount for employees with less than one year of employment with SAWCo. Motion carried.

- C. Employee Handbook Update** – Mr. Moorrees reported that SAWCo’s current employee handbook was adopted on January 2008. In February staff presented recommendation of Board approval to update the Employee Handbook to remove some restrictions on the use of available leave and to add a category for Reduced Schedule Leave to permit a reduction in weekly work hours for personal health issues. Other policy issues and definitions were corrected and a new labor law was added.

In March 2015, the Board approved the AFC recommendations for the sick leave amendments to the Employee Handbook. Staff utilized RSG Consultants to assist with the handbook amendments and updates.

Mr. Moorrees recommended the Board agree with the AFC and receive and file the updated Employee Handbook.

Director Gerardi moved and Director Cable seconded to receive and file the updated Employee Handbook. Motion carried.

- D. Employee Benefit Plan Renewal** – Mr. Moorrees stated SAWCo’s healthcare plan is currently with HealthNet. HealthNet is one of a select few that still offer Grandfathered plans not affected by health care reform and will maintain its grandfather status regarding the Affordable Health Care Act into CY2016.

At the October AFC, the Water Company’s insurance broker, JLR Insurance, provided an update on SAWCo’s current health insurance with respect to options within the Affordable Care Act. JLR Insurance advised against making any changes to the plan.

Health insurance is set to increase by 17.93%, life insurance is set to increase by 6.7%, and dental insurance is set to have no increase. Vision insurance renewal information has yet to be received. It is past the deadline to inform about a rate increase so SAWCo expects no increase in vision insurance.

Mr. Moorrees recommended the Board agree to renew the current sponsored health, life, dental and vision insurance plans as presented.

Director Thomas commented on how surprised he was at the costs that employees would incur if SAWCo moved to a Covered California Plan. The cost for out of pocket expenses were quite high.

Director Bozar moved and Director Sundell seconded to approve the renewal of SAWCo’s current health, life, dental, and vision insurance. Motion carried.

- E. Replace Office Flooring** – Mr. Moorrees reported this is a budgeted item that was not sent to the PROC prior to the Board meeting in an attempt to complete the project before the end of the year. Worn out rolled carpet in high traffic areas has created a tripping hazard. Staff would like to replace the rolled carpet with carpet tiles for easier replacement of worn areas and update the current vinyl flooring.

SAWCo received three quotes for replacement of the carpet and vinyl in the office. Trend West Flooring had the lowest bid of \$6,271.00.

In order to remove the existing flooring and install new flooring, the existing modular furniture installed by G/M Business Interiors in 2007 needs to be removed. Staff received a proposal from

G/M Business Interiors to disassemble the workstations and furniture, store them for 2 days and reassemble them once the new flooring is installed for a total of \$5,236.80.

Mr. Moorrees recommended the Board approve G/M Business Interiors quote to disassemble, store and reassemble the office cubicles and furniture for \$5,236.80; award the contract to Trend West Flooring in the amount of \$6,271.00 to remove and replace office flooring; and appropriate \$1,508 of additional funds from Operating.

Director Willis moved and Director Elliott seconded to approve the general manager's recommendation of \$5,236.80 to GM Business Interiors to disassemble, store and reassemble the office cubicles and furniture; \$6,271.00 to Trend West Flooring to remove and replace the office flooring; and the appropriation of \$1,508 in additional Operating funds to complete the project. Motion carried.

F. Project Status Report -

- **Water Master Plan** – Strategic Plan meeting scheduled with the consultant for Monday, November 23rd.
- **Urban Water Management Plan** - Guidelines for the Urban Water Management Plan from the State of California have been released. This will carry over to 2016.
- **Alternative Energy Feasibility Study** – The engineer on the project will make a recommendation at the next PROC meeting.
- **City Treatment Plant Surface Water Delivery** – Dissolved Air Issue – Completed pending calibration.
- **Basin 6 Desilting** – San Bernardino County has agreed to pay their portion of the project. This project will be carried over to 2016.
- **Water Rights Investigation** – Activity – Mr. Moorrees has again requested a meeting and briefing as to where the State is with SAWCo's investigation request.
- **Frankish Tunnel Pipeline** – Complete.
- **Edison Pond Expansion Study** – A kick off meeting with Canon Engineering is scheduled for Friday, November 20th.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Mr. Moorrees commented the PROC agenda has a draft CIP project list that will be reviewed.

Adjournment: Seeing no further business the meeting was adjourned at 5:53 p.m.

Future Meetings:

- A Board Budget Workshop is scheduled for Tuesday, December 8, 2015 at 9:30 a.m.
- The next Board Meeting will be held on Tuesday, December 15, 2015 at 5:00 p.m.

Assistant Secretary
Charles Moorrees