

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, November 18, 2014

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, Will Elliott, Ken Willis, Glenn Bozar, Sue Sundell, Bob Cable, and John Gerardi. Also in attendance were the City of Upland's Public Works Director Rosemary Hoerning, resident Jane Willis and 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 welcomed back Director Willis after a short illness.

- 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 October 21, 2014.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting to report.
 - C. Administrative & Finance Committee (AFC) Meeting Minutes
Approve August 26, 2014 and October 28, 2014 meeting minutes.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for August 31, 2014 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
 - November 7, 2014 response to Mountain Drive project complaint
 - Valencia Elementary PTA letter of appreciation
 - Chino Basin Water Conservation District appreciation for Water Fair participation

Director Elliott moved and Director Bozar seconded to approve the consent calendar items as presented. Motion carried.

- 5. Board Committee – Delegate Report:
 - A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported the PVPA held their Annual Shareholder's Meeting the previous week. The board of directors did not change. Director Thomas will hold the same position of Vice President of PVPA for 2015. He will continue to sit on the real estate committee and the finance committee for PVPA as well.

 - B. Six Basins Representative Report** – Mr. Moorrees informed the Board that the Six Basins Advisory Committee met on November 18th. There was discussion about the Foothills Water Coalition which is comprised of local water agencies in the foothill communities that are united to

provide supplemental water from the San Gabriel Valley to the Inland Empire. The Board President, Ben Lewis, represents Six Basins at the Foothills Water Coalition meetings.

The draft Operating Safe Yield (OSY) was also discussed. It was recommended to adopt a 16,000 acre feet (AF) OSY, down from the current amount of 16,500 AF. Mr. Moorrees did not see much of a problem with this as SAWCo is unable to produce all of its rights in the basin. With the possible reduction in OSY SAWCo would stand to lose roughly 36 AF.

The draft CY2015 Budget and assessments were presented. The annual report costs increased to comply with the new Sustainable Groundwater Management Act. PVPA contributed \$150,000 which reduced the amount of the assessment for the year. This is the second year in a row that PVPA has contributed funds to reduce the assessment costs in Six Basins.

Director Thomas also asked that a methodology be put together for setting the appropriate reserves for the Six Basin budget. The final budget and assessment will be addressed at the Six Basins Board Meeting being held on November 19th.

A Strategic Planning Workshop was held after the Six Basins Advisory Committee. The calibration period from 1978-2012 for the model was provided and a graph indicating the develop yield for Six Basins and individual develop yield for the sub-basins was also provided as a tool to determine how to manage the basin better.

C. Chino Basin Representative Report – Ms. Layton reported that at the Agriculture Committee meeting a declaration was made in support of the retrospective look when it came to the recalculation of the safe yield. The Appropriative Pool preferred taking the prospective look which calculated the safe yield at 135,000 AF and suggests an annual review with a corrective mechanism. The safe yield amount under this look would be used going forward, not starting in 2010 as the retrospective look does, and would be reset in 2021.

At the October 23rd Board meeting the directors did not consider the prospective approach. The Peace agreements support the retrospective look and Chino Basin Watermaster has drafted a motion to support this look with safe yield recalculated to 130,000 AF starting in 2010-2011 and continuing at that rate in future years.

At the November 13th Appropriative Pool meeting the committee withdrew its Safe Yield Reset proposal. The Appropriative Pool recommended the Advisory Committee direct Watermaster to revise the draft motion, with assistance from the parties and pools' counsels, into a progress report that provides the basis for the different Safe Yield Reset options that have been developed, with a suggested schedule for resolution. The progress report would be subject to approval through the Watermaster committee advisory process. The Appropriative Pool directed the Appropriative Pool Chair and Legal Counsel immediately to approach the Agricultural Pool to seek resolution of the competing approaches, and bring such resolution to the Advisory Committee. The next Advisory Committee meeting will be held this Thursday, November 20th.

D. Administration and Finance Committee (AFC) Chairman's Report – Director Sundell stated that the two matters considered in the AFC meeting are included in the General Manager's Report.

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

6. General Manager's Report on Activities:

A. CY2015 Calendar – Mr. Moorrees brought the meeting schedule for 2015 SAWCo Board and Committee meetings, Annual Shareholder's meeting, Budget Workshop and Company Holidays to the Board for approval.

Director Sundell informed the Board that her term is up in April and she has a family obligation the same week the Annual Shareholder's meeting is scheduled. She requested the Annual Shareholder's meeting be moved to Tuesday, April 14th. The Board was in agreeance with the adjustment.

Director Sundell moved and Director Gerardi seconded to approve the meeting calendar for CY2015 with the Annual Shareholder's meeting moved to Tuesday, April 14th. Motion carried.

- B. Board Gift** – Mr. Moorrees reported that this item was discussed at the AFC meeting where it was recommended the Board present a gift to its employees in the amount of \$1,250 as in previous years. The Board Gift is traditionally handed out at the End of the Year/Christmas Luncheon.

Director Cable moved and Director Sundell seconded to approve the Board gift of \$1,250 to each employee to be presented at the End of the Year/Christmas Luncheon. Motion carried.

- C. Quitclaim Charges** - Mr. Moorrees reported that a quitclaim was recently presented to the Board for approval. The quitclaim was brought to the Board by the PROC who had questioned whether the fees charged for quitclaims were sufficient to cover costs and whether or not there was a value to the easement that is being relinquished. These questions were referred to the AFC for discussion.

At the October AFC meeting the committee recommended increasing the minimum quitclaim charge to \$1,500 with any additional charges borne by the Developer.

With regard to the value of the easement being relinquished, the AFC recommended that SAWCo remain silent but review future easements on a case by case basis.

Mr. Moorrees recommended the Board agree with the AFC and approve increasing the standard quitclaim fee to \$1,500 minimum with any additional costs paid for by the Developer.

Director Elliott moved and Director Willis seconded to approve the general manager's recommendation adding the amending of the policy manual to reflect the change. Motion carried.

- D. Employee Health Benefit Plan** - Mr. Moorrees advised the Board of the costs for medical, life, dental and vision insurance for 2015. Costs were increasing 3.82%, 8%, 0% and a projected 4% respectively. SAWCo's insurance broker presented this information to and answered questions from the AFC at the most recent AFC meeting.

Mr. Moorrees recommended the Board agree with the AFC recommendation to maintain existing coverage under Healthnet for medical insurance, Guardian for life insurance, Delta Dental for dental insurance and Blue Shield for vision insurance.

Director Gerardi moved and Director Bozar seconded to approve the general manager's recommendation. Motion carried.

E. Project Status Report –

- **Mountain Drive – [\$170,000]** – Complete pending the recording of the Notice of Completion and release of the retention funds.
- **Vista Drive - [\$120,000 + \$12,300 = \$132,300]** – Complete pending the recording of the Notice of Completion and release of the retention funds.
- **Well 25A-Site Improvements per City CUP – Carry Over CY 2014** – Changes to the panels for the walls have caused a delay in the project. Still awaiting a landscaping permit from the City of Upland.
- **WFA Pipeline Connection** – Near completion.
- **Basin 6 Desilting** – San Bernardino County Flood Control District (SBCFCD) is requiring separate environmental. Regulatory approval is still needed from Army Corps of Engineers, Department of

Fish and Wildlife and Regional Water Quality Control Board. A letter was proposed to the governor of California to determine how SAWCo can obtain waivers from the regulatory agencies in light of the severe drought California is experiencing.

- **Cucamonga Basin** – Desilting project at crosswalls – Staff is meeting with the Department of Fish and Wildlife in December to visit the site and explain what the project will accomplish.
- **Water Rights Investigation** – Activity – To prompt the State Water Resources Control Board (SWRCB) to respond to the claims made by Mt. Baldy agencies SAWCo's special counsel drew up a letter in response to the agencies claims and will be submitting it to SWRCB shortly.
- **Chino Basin Recharge Pipeline** – Director Thomas stated the easement for this project was not on the agenda at the PVPA meeting and should go to the Board in December.
- **Frankish Tunnel Pipeline** – Staff is looking into energy grants to see if this project qualifies.
- **San Antonio Tunnel** – Emergency repair [Complete 9/25/2014] – The tunnel was cleaned out, however, the inspection found a boulder that is blocking the tunnel. National Plant Services will come in and try to dislodge the boulder. Once that is complete Shaft 9A will be closed off and the tunnel will be chlorinated.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Elliott questioned the outcome of the asphalt driveway complaint in the San Antonio Heights. Mr. Moorrees reported that though SAWCo did not cause the cracks in her driveway they would resurface only the portion of the complaint.

Director Elliott also commented on the meeting minutes and how clear and articulate they are. Mr. Moorrees replied he would pass the word along to Ms. Kelly Mitchell who transcribes the minutes.

Director Thomas commented on the CORO Luncheon that he, Director Sundell, Director Gerardi, Director Bozar and general manager Mr. Moorrees attended. The new blue initiative was spoken about at the luncheon which encourages water conservation.

Mr. Moorrees commented that SAWCo will be starting a new campaign titled "Save Our Water". He will be presenting information at the San Antonio Heights Association Annual Meeting and distributing a blue ribbon sticker depicting a water droplet being held up by hands.

Adjournment: There being no further business the meeting adjourned at 5:30 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, December 16, 2014 at 5:00 p.m.

Assistant Secretary
Charles Moorrees