

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, November 19, 2013

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, 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 & Presentations: Mr. Moorrees directed the Board's attention to information about the Sea to Sierra Water Tour provided by the Water Facilities Authority (WFA) in April of 2014 on the dais. He offered that if any of the directors were interested in attending the tour to please email staff and they will make arrangements for them to attend.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees added Item 6G regarding the Chino Basin Watermaster minor representative election being held in December.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes October 15, 2013.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approve August 27, 2013 meeting minutes.
 - C. **Administrative & Finance Committee (AFC) Meeting Minutes**
No meeting to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for September 30, 2013 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 – None.**

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

- 5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that PVPA held their annual meeting the previous week in which Director Thomas carried the proxy. No new directors or officers were elected to the board. Director Thomas will continue as Vice President for PVPA for the upcoming year, Chair of the Real Estate Committee and member of the Finance Committee.
 - B. **Six Basins Representative Report** – Mr. Moorrees reported there was an Advisory Committee meeting on October 23rd. Six Basin's watermaster submitted a proposal to take the lead on the salt nutrient management plan. The parties disagreed with the watermaster taking the lead due to the

fact that the majority of it will be developed during strategic planning. Pursuant to a physical solution, an Operating Safe Yield (OSY) was established. It was recommended that the Board consider no change in OSY of 17,500 acre feet (AF) at next week's board meeting. Budget assessment for 2014 was presented at \$24/AF.

Director Thomas interjected with the information that PVPA has offered to contribute \$150,000 towards the Six Basins Watermaster Strategic Plan. With that cash influx Director Thomas believes that the proposed \$24/AF will be reduced to around \$20/AF.

Mr. Moorrees also reported that they are currently working to establish a baseline and unit cost to produce water and should have a water supply plan submitted to the watermaster by the end of the year. Assessments will be invoiced in January for the first year and in August for the second year. The next board meeting is scheduled for the following Wednesday at which the budget and OSY will be up for approval.

- C. **Chino Basin Representative Report** – Ms. Layton reported that the Appropriative Pool met the previous week and will be recommending to the Advisory Committee the approval of the Assessment Package as presented at the meeting. The Assessment Package was adjusted slightly and SAWCo's assessment total for the fiscal year 2013-2014 is \$119,931.44 which amounts to \$40.35/AF.

The members of the Overlying (Non-Agricultural) and Appropriative Pools have proposed the use of a substitute rate of 82% of Metropolitan Water District's (MWD) 2014 Tier 1 Untreated Rate for Physical Solution Transfers during the fiscal year 2013-2014. The 2014 MWD tier 1 Untreated Rate is \$593/AF; 82% of that rate is \$486.26/AF. SAWCo's current tier rate is \$492.23/AF. This represents a difference of \$5.97/AF. Last year the rate was 92% of MWD's rate and no water was purchased by the members. Ms. Layton stated that SAWCo sold 2,000 AF this year to Monte Vista Water District (MVWD) but if the rate next year for SAWCo water is higher, SAWCo may not sell any stored water.

In closed session the safe yield recalculation was discussed. A letter will be sent from the Pool's legal counsel expressing concerns with how the safe yield is being calculated. Also, Mr. Marty Zvirbulis will be developing a proposal for consideration regarding the new yield allocation discussion where Fontana desires to use their MS4 permit to receive credit for storm water.

The General Manager for the watermaster informed the Pool that under the Board rotation, the minor Board representative is due for a seat on the Board. He will be issuing letters. The vote will be by a volume vote. More will be discussed under the General Manager's report on the agenda today.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No report was given.

6. General Manager's Report:

- A. **Tolle Nursery – Ground Lease Extension** – Mr. Moorrees stated that this item is merely to extend the Tolle Nursery's ground lease for the easterly portion of property located on 20th Street. The lease would continue from November 1, 2013 to October 31, 2014.

Mr. Moorrees recommended the Board approve the extension of the Ground Lease for Tolle Nursery Co., Inc for another term of 12 months beginning November 1, 2013 through October 2014 for the Water Company property site located at 20th Street and Campus Avenue.

Director Thomas questioned whether this lease agreement allows for the space for the lease in the next agenda item. Mr. Moorrees replied that it does.

Director Elliott moved and Director Willis seconded to approve the General Manager's recommendation. Motion carried.

- B. **Verizon – Proposal to Lease Space for Communications Facility** – Mr. Moorrees reported that on the same site that Tolle Nursery is located on, the Water Company has received a request from CORE Development Services to lease a portion of this site for a Verizon communication facility. The proposal is for a lease area of 30 ft. x 30 ft. for equipment and antenna placement. The initial term would be for 5 years with 4 automatic renewable options for a total of 25 years. The proposed monthly rent amount is \$1,489 with a 10 % rent escalation per term.

Director Thomas questioned how the rent amount was calculated. Mr. Moorrees replied that when SAWCo had a communications facility installed at 17th Street and Benson Avenue for Sprint the initial amount for the lease was similar to the currently proposed lease. Director Thomas felt that a fairer price could be negotiated. Director Willis commented that removing the requirement that the tower resemble a tree could translate into a higher monthly rent amount.

After discussion the Board agreed to table the item and directed the General Manager to attempt to negotiate a higher monthly rental amount. It was also agreed upon that the appearance of the tower may be a sticking point with the City of Upland Planning Department. Director Thomas mentioned other tower site where like trees were planted around the tower to camouflage it. The Board felt camouflaging the tower was another issue for the General Manager to discuss with CORE Development Services.

Director Elliott moved and Director Gerardi seconded to table the item and for the General Manager to attempt to negotiate a higher monthly rental amount and rectify the issue of the towers appearance. Motion carried.

- C. **Budget Request to Replace Computer Client/Server** – Mr. Moorrees stated that staff anticipated the need to replace the existing client/server in 2014; however, now recommends acquiring the server in this budget year to facilitate the download of the new billing and accounting software. This will allow staff to operate parallel with the existing server to minimize disruption in administrative functions until the new billing and accounting software are up and running.

Director Thomas questioned if the current software would remain on the current server and the new software be loaded on to the new server. Mr. Moorrees replied yes, and stated that both old and new software would run concurrently until any glitches were worked out.

Mr. Moorrees recommended the Board agree with the PROC to appropriate \$35,000 in this calendar year for purchase of a client/server from the Depreciation and Obsolescence Reserve.

Director Gerardi moved and Director Sundell seconded to approve the General Manager's recommendation. Motion carried.

- D. **Water Conservation – Hillside Landscaping** – Mr. Moorrees reported that this item is to receive and file and was previously discussed at the PROC meeting. SAWCo investigated the issue of the hillside landscaping and run-off from Holly Drive East. It is an on-going issue with a resident that lives at the top of Holly Drive. The water runs off the property both to the east and to the west. The westerly run-off ends up in a gutter and then travels into the recharge basin. The easterly run-off flows off the hillside into the gutter and a portion of the water pools on 26th Street, the remaining water runs down the south side of 26th Street into the channel.

The biggest concern is with the damage to the asphalt on 26th Street which is not a San Bernardino County maintained road. Mr. Moorrees has spoken with the county in the past who stated they

would maintain the road if the right of way was dedicated to them. Currently, if the road needs repair the adjacent homeowners are responsible for the cost of repair.

The issue with water conservation and hillside run-off can be mitigated by drought tolerant plants and using drip irrigation systems to reduce water usage. SAWCo adopted Resolution No. 2003-05-01 which establishes the policy on the efficient use of available water supply and the applicable restrictions for the abuse or waste of water.

Director Willis suggested SAWCo send an official letter to all shareholders who are affected by the run-off to set up a meeting to discuss the problem and possible solutions. Mr. Moorrees stated that the run-off is coming from the home of the Holly Hills Homeowners Association President. At the upcoming San Antonio Heights Association Annual Meeting Mr. Moorrees plans to make the suggestion of a meeting to the Holly Hills HOA Board.

Director Thomas inquired if there was an engineering solution to the run-off problem. Mr. Moorrees stated that there is a detention basin on the east side of Holly Drive. Mr. Moorrees believes a French drain may work to direct the flows into the detention basin. Director Thomas suggested sharing in the cost with the residents to correct the problem. Mr. Moorrees thought the issue was something to discuss with the San Bernardino County Flood Control District (SBCFCD).

It was agreed that discussing the issue with SBCFCD to determine the best solution and meeting with the affected parties was the best route to take.

- E. **Board Gift – End of the Year Luncheon** – Mr. Moorrees advised that in 2012 the Board agreed to have this item taken before the AFC for recommendation and then to the Board for approval. Mr. Moorrees apologized for not presenting the item to the AFC and declared that if the Board desired he would take the item to the November AFC meeting for recommendation. He did advise the Board that deferring the item to the AFC would delay the approval to mid December. The Board Gift is traditionally handed out at the End of the Year/Christmas Luncheon held at the beginning of December.

Director Sundell felt it was important to continue the tradition of presenting the Board Gift at the End of the Year/Christmas Luncheon. As the chair of the AFC she did not feel it necessary to defer the item to the committee level. As such Director Sundell moved and Director Elliott seconded to approve the Board Gift in the amount of \$1,250. Motion carried.

F. Project Status Report –

- **ADA Ramp – SAWCo Office** – The railing and the rock veneer is currently being installed.
- **City Treatment Plant Surface Water Delivery – Dissolved Air Issue** – SAWCo met with the City of Upland to discuss physical and operational solutions. SAWCo is waiting for WMI to provide the cost to install monitoring devices at the treatment plant and a design to help move the dissolved air further up the pipeline.
- **Well 25A – Site Improvements per City CUP** – The site improvement plans have been approved and the bid documents are being worked on. Selective bids will be requested shortly.
- **Forebay Improvements [CY2013 Budget \$1,932,798]** – The Miox system flooring is being coated and the Miox system should be installed the following week. The doors have been installed and the roof should be installed the next week. The domestic pipeline is being flushed to allow for connection to the existing lines. Completion is expected prior to year's end.
- **System Map Update** – Completed.
- **Water Rights Investigation- Activity** – Staff is waiting to hear back from the City of Pomona for support.
- **WFA Pipeline Connection** – The deadline to submit for approval at the WFA Advisory Committee in November has passed. The item will not go before the WFA Advisory Committee until January of 2014. Director Thomas stated that Three Valleys Municipal Water District (TVMWD) is installing a pipeline for recharge of imported water that will come through an area where SAWCo has wells

and wondered if staff had been contacted about tying into their wells. Mr. Moorrees replied that staff had not been contacted.

- **Chino Basin Recharge Pipeline** – Design will be carried over until next year.

G. **Chino Basin Minor Appropriative Pool Representative** – Mr. Moorrees reported that according to the Chino Basin Watermaster Board rotation schedule the minor appropriative pool representative will occupy an appropriative pool seat on the Board for 2014-2015. There will be an election for this minor representative on December 12th at 9 a.m. Ms. Layton will carry the proxy to Chino Basin.

Mr. Moorrees recommended the Board approve Director Tom Thomas as the primary with Director John Gerardi as the alternative to sit as a minor representative for the appropriative pool in 2014-2015 for the Chino Basin Watermaster.

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

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Adjournment: There being no further business the meeting adjourned at 5:45 p.m.

Future Meetings:

- The next Regular Board Meeting will be held on Tuesday, December 17, 2013 at 5 p.m.
- A Budget Workshop of the Board is scheduled for December 4, 2013 at 9 a.m.

Assistant Secretary
Charles Moorrees