

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, December 15, 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, Sue Sundell, Glenn Bozar and John Gerardi. Also in attendance were Upland resident Jane Willis, The City of Upland Public Works Director Rosemary Hoerning, Monte Vista Water District's (MVWD) Public Affairs Director Justin Scott-Coe, 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 and Presentations: None.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees advised the Board of a term sheet on the dais for Item 6B.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes November 17, 2015.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approval of PROC Meeting Minutes of September 22, 2015.
 - C. Administrative and Finance Committee (AFC) Meeting Minutes
No meeting to report.
 - D. Ad Hoc Committee Office/Yard Relocation Meeting Minutes
Approval of Ad Hoc Meeting Minutes of November 5, 2015
 - E. Financial Statement
Comparative Income Statement and Balance Sheet for October 31, 2015 and year-to-date.
 - F. Investment Activity Report
Monthly Report of Investments Activity
 - G. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
 - H. Prominent Issues Update
Status summaries on certain on-going active issues.
 - I. Projects and Operations Update
Status summaries on projects and operations matters.
 - J. Groundwater Level patterns [Quarterly in April, July, October & January]
Tracking patterns of groundwater elevations relative to ground surface.
 - K. Correspondence of Interest

Director Elliott moved and Director Sundell 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 the PVPA's website is now up-to-date. The San Antonio and Thompson Creek Spreading Ground Operations and Maintenance Plan is being compiled. Wildermuth Environmental, Inc. (WEI) is assisting with the Plan. PVPA's attorney met with the City of Claremont in regards to a report completed years ago with the aid of a grant about the Thompson Creek Spreading Grounds. There is discussion about Congresswoman Judy Chu's push for the San Gabriel national recreational area. Portions of the proposed recreational area may be part of the spreading grounds.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the November 25th Board meeting. The 2016 Board and Advisory Committee meeting schedule was adopted along with the Operating Safe Yield (OSY) which remains at 16,000 acre feet (AF). SAWCo's share of the OSY is 1,147AF. Projected production by the end of the year is roughly 735AF which is 64% of the allowable production in the basin. SAWCo is allowed to carry over 25% of water not produced which means they will experience a loss of 125.25AF.

Currently, SAWCo owes the City of Pomona 206AF and 100AF that was transferred to MVWD from the City of Pomona as part of MVWD's entitlement. Staff transferred 206AF as part of SAWCo's CY2015 allocation of the OSY so as to not lose the 125.25AF that would not be carried over into CY2016.

A handout was provided for information about preparing for El Nino. An interim operating plan to address El Nino will be developed by the watermaster. The watermaster feels that one wet year will not cause rising groundwater in Pomona basin. To date, watermaster has better monitoring capability and analytical tools. Alternative strategy will be discussed at the December 16th workshop.

The budget and assessment for CY2016 was presented. Revenues assume a level of \$20/AF for major parties. The end of CY2016 reserves are estimated at \$300,000 in Operating and \$440,703 in Capital.

Director Thomas advised that PVPA contributed \$150,000 towards the completion of the Water Master Plan which brought the assessment amount from about \$26.50/AF to \$20/AF.

Mr. Moorrees advised SAWCo's total assessment based on Safe Yield allocation (1,383 or 6.7%) is \$27,660.

The Fifth Amendment for administrative services provided by WEI expires March 31, 2016. The Advisory Committee is scheduled to discuss the renewal of this amendment at the December meeting. The item is up for consideration at the January 27, 2016 Board meeting.

A letter was written in support of the potential regional recycled water supply program by Metropolitan Water District and interest in evaluating opportunities to obtain water from the project for recharge in the Six Basins.

- C. Chino Basin Representative Report** – Ms. Layton updated the Board on the Chino Basin Watermaster Safe Yield Reset Agreement. The December 18th hearing was continued to January 22, 2016. A notice of objection to filing pleadings through the watermaster and not directly to the court was filed by the attorneys for the Non-Agriculture Pool Committee. The attorney for watermaster filed a declaration to support the court's continuance and confirmation of filings through watermaster. It was asked that December 21, 2015 be the deadline to file and serve opposition papers to the watermaster's motion and January 14, 2016 be the deadline to file and serve reply papers in opposition of watermaster's motion. Jurupa Community Services District (JCSD) filed a non-opposition to the order continuing the hearing but they did not agree with the schedule and asked that the deadline to file and serve in opposition be extended to January 8, 2016. The City of Pomona, MVWD, and Cucamonga Valley Water District (CVWD) filed an objection to the order continuing hearing and joinder in the watermaster response. The City of Chino filed opposition to watermaster's request to shorten Chino's time to oppose the watermaster reset motion and to file new motions.

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

E. Planning, Resources, & Operations Committee (PROC) Chairman's Report – All items from the PROC meeting are included in the General Manager's Report.

F. Office Feasibility Study Ad Hoc Committee – Director Thomas reported the committee looked at a number of locations and determined 17th Street and Benson Avenue is the most viable option. The committee will meet again and tour the office and yard sites for local water agencies.

6. General Manager's Report on Activities:

A. Alternative Energy Generation Feasibility Study – Mr. Moorrees stated the final report for the study was included in the Board Meeting Packet. The engineer attended and provided his recommendation at the November PROC meeting. It was determined that it was feasible to use solar to offset the energy costs at Well 25A. The payback time would be roughly 9 years.

The PROC recommended the Board receive and file the Alternative Energy Generation Feasibility Study as presented.

Director Thomas commented that if SAWCo utilizes the Well 25A site for its new office building and yard facility, solar panels could be added to the roofs of those buildings to help offset electrical costs as well. Mr. Moorrees recommended the Board receive and file the study. Its findings can be utilized if/when an office building and yard facility are built.

Director Elliott moved and Director Gerardi seconded to approve receiving and filing the Alternative Energy Generation Feasibility Study as presented. Motion carried.

B. Crown Castle – Cell Tower – Mr. Moorrees reported Crown Castle, who has another cell tower agreement with SAWCo at a different location, proposed leasing a cell tower site on the Water Company's property at Reservoir 6. Crown Castle proposed a rent amount of \$2,000/month to which staff responded the market rent to be \$2,500/month. The response from Crown Castle was to consider splitting the difference at \$2,250/month. Mr. Moorrees advised that there is no electrical at the site and Crown Castle would be responsible for bringing it to the site.

Mr. Moorrees recommended the Board approve the request by Crown Castle and authorize the General Manager to negotiate the terms.

Director Bozar moved and Director Gerardi seconded to approve the request by Crown Castle with authorization for the General Manager negotiate the terms at \$2,250 per month. Motion carried.

C. Basin 3 Spread line – Mr. Moorrees stated that in looking for an alternative haul route for the Cucamonga Crosswalls project it was determined that the best one began near the processing area just south of the San Antonio Dam moving westerly to the Southern California Edison access road directly to 22nd street. This route, however, requires crossing water flowing for recharge to Basin 3 from the Frankish Tunnel and San Antonio Creek.

To mitigate this problem Mr. Moorrees had the construction company currently working on the Frankish Tunnel project convey the flow in a 15" HDPE pipeline. Staff believes eliminating the surface flows and conveying the flow within a pipeline will be critical in moving forward with the alternative route proposal to facilitate the crosswalls project.

Mr. Moorrees recommended the Board agree to ratify the capital expense used to route the Company's spread water line within a pipeline at a cost of \$23,970 and appropriate funds from Depreciation and Obsolescence Reserves.

Director Elliott moved and Director Sundell seconded to approve the recommendation to appropriate \$23,970 from Depreciation and Obsolescence Reserves for the 15" HDPE pipeline installation. Motion carried.

- D. Draft CY2016 Administration and Operations Budget** – Mr. Moorrees reported that this budget was presented at the Board Budget Workshop held one week prior to the Board Meeting. He addressed some of the highlights. A negative variance was presented. Mr. Moorrees provided some ways to mitigate and reduce the negative variance.

The projected revenues for 2016 are \$3,734,928 based on the sale of stored water. A rate analysis is being looked into as well as a possible increase in the supplemental water rate and/or an assessment on shareholdings. Mr. Moorrees also mentioned that to-date the City of Upland has utilized only about 40% of its entitlement. Mr. Moorrees suggested dropping the amount allotted for Cucamonga Basin Judgment from \$40,000 to \$20,000 to move closer to a balanced budget.

The General Administration Expenses total 1,083,122 and the Facilities Operations and Maintenance Expenses total \$2,747,346. Mr. Moorrees suggested reducing the conservation budget \$10,000 as the total amount allocated for 2015 was not depleted. He also mentioned the amount for the Basin 6 desilting may be cut in half should CVWD partner with SAWCo to complete the project. Due to the likelihood of CVWD's participation in the Basin 6 project the budgeted amount was reduced to \$60,000. Mr. Moorrees also recommended reducing the legal budget for Cucamonga Basin to \$35,000.

Including the reductions in the budget recommended by Mr. Moorrees and the Board of Directors the CY2016 Budget for Administration and Operations would be positive at \$9,460. Mr. Moorrees recommended the Board approve the draft CY2016 Budget for Administration and Operations as revised.

Director Gerardi moved and Director Willis seconded to approve the draft CY2016 Budget for Administration and Operations as amended. Motion carried.

- E. Draft CY2016 Capital Improvement and Capital Outlay Budget** – Mr. Moorrees stated the expenses shown on the original agenda item will be updated to include the changes that were approved during the meeting. He explained the budgeted amount for the Tunnel UV Treatment was simply a placeholder. He then explained the process SAWCo is taking to bring the Tunnel back online.

An email will be sent out by Mr. Moorrees with all of the revisions to the budget in red.

Mr. Moorrees recommended the Board approve the draft CY2106 Capital Improvement and Capital Outlay Budget as revised.

Director Bozar moved and Director Sundell seconded to approve the draft CY2016 Capital Improvement Budget and Capital Outlay Budget as revised. Motion carried.

F. Project Status Report -

- **Water Master Plan** – Staff met with the president CivilTech Engineers .A scope of task has been created. Anticipated completion time of November 2016.
- **Urban Water Management Plan** - Staff met with the president CivilTech Engineers .A scope of task has been created. Anticipated completion time of November 2016.
- **City Treatment Plant Surface Water Delivery** – Dissolved Air Issue – Waiting for significant flows to calibrate the stand pipe.
- **Basin 6 Desilting** – The jurisdictional delineation is being worked on. Completion and filing of the document should be by April 2016.
- **Cucamonga Crosswalls** – The Notice of Determination has been filed. The streambed alteration agreement has been executed by the Department of Fish and Wildlife. Pre-construction meeting is tentative for January 15, 2016.
- **Water Rights Investigation** – Activity – No word from the State Water Resources Control Board.

- **Frankish Tunnel Pipeline** – Complete pending final retention.
- **Edison Pond Expansion Study** – Canon Engineering will have a draft by February. The City of Pomona is in agreement on participating in this project.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Thomas wished everyone a Merry Christmas and Happy New Year.

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

Future Meetings:

- The next Board Meeting will be held on Tuesday, January 19, 2016 at 5:00 p.m.

Assistant Secretary
Charles Moorrees