

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, December 17, 2013**

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, Sue Sundell, John Gerardi, Glenn Bozar and Bob Cable. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, and Accounting and Personnel Clerk Joni Ruggles as well as the City of Upland Public Works Director Rosemary Hoerning. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions & Presentations: Mr. Moorrees brought the Board's attention to their dais where a copy of the California Department of Public Health (CDPH) online board workshops was placed. He stated that if any board member was interested in the classes offered to please contact the office. Also on the dais was a letter to the Chino Basin Watermaster confirming SAWCo's appropriate pool representation as well as a letter from CORO thanking SAWCo for sponsoring their most recent conference.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees made a correction on Item 4A stating that the Board Meeting Minutes being approved are from November 19, 2013. Also, in the November 19<sup>th</sup> minutes on page two, Item C in the third paragraph second sentence it should read Marty Zvirbulis. Mr. Moorrees would also like to add to Item 6C information on the Forebay vandalism that may affect the 2014 budget.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes November 19, 2013.
  - B. Approval of Board Budget Workshop Minutes  
Special Meeting Minutes of December 4, 2013
  - C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
No meeting to report.
  - D. Administrative & Finance Committee (AFC) Meeting Minutes  
Approve September 24, 2013 meeting minutes.
  - E. Financial Statement  
Comparative Income Statement and Balance Sheet for October 31, 2013 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 – None.

Director Bozar moved and Director Elliott seconded to approve the consent calendar as amended by Mr. Moorrees. Motion carried.

- 5. Board Committee – Delegate Report:
  - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that PVPA met and had a considerable amount of discussion on the presentation made by Holliday Rock with regards to the mining done on PVPA land that is leased to them. They are trying

to work with the City of Claremont on a mining plan for the San Antonio Spreading Grounds. There are concerns with making a larger pit and the possibility of the slope causing less water to be captured. An Engineering Committee meeting will be held later in the week to go over the information and possibilities.

- B. **Six Basins Representative Report** – Mr. Moorrees reported there was a Board meeting on November 27<sup>th</sup>. The Operating Safe Yield (OSY) was adopted and will remain the same as last year. Director Thomas interjected that he made the motion at the meeting and the OSY was lowered to 16,500. The CY2014 budget and assessment was also adopted at \$22 per acre foot (AF). This assessment amount was made possible by the contribution of \$150,000 from PVPA.
- C. **Chino Basin Representative Report** – Ms. Layton reported that on December 10<sup>th</sup> the Appropriative Pool met to discuss the City of Fontana's (Fontana) motion and development of the Vulcan pit for collection of storm water for recharge. Legal counsel for Chino Basin Watermaster facilitated the meeting and listed the issues by separating them into two matters. One is the Fontana motion which deals with allocation language from 2010 Recharge Master Plan Update being deleted and the defaulting of storm water credit going to OSY. This deals with only MS4 credit. The other issue is the Vulcan Pit project which is not a MS4 project and deals with capturing storm water and recycled water in the basin. The notes were distributed recently and feedback was due back to Watermaster by end of day today. A second meeting will be held Friday, December 20<sup>th</sup> at 1 p.m.

The Appropriative Pool held the minor appropriator's election for Watermaster board appointment and Arnold with Santa Ana River Water Company was elected. SAWCo lost by a small margin.

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 with a list of questions. The Fontana motion was also discussed in closed session. They are looking at just the conservation portion of the MS4 project. Storm water that comes into the basin is currently divided up equally among those parties that have OSY. Fontana is a party to the watermaster but they do not have OSY in the basin.

In January 2014 there will be a vote for the minor representative on the Advisory Committee.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – The items discussed at the most recent AFC meeting are included in the General Manager's Report.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No report was given due to no meeting being held.

6. General Manager's Report:

- A. **CY2014 Calendar** – Mr. Moorrees asked if there were any questions or changes to the proposed CY2014 Calendar included in the Board packet. If none, Mr. Moorrees recommended the Board approve the CY2014 Calendar for meetings as presented.

Director Gerardi moved and Director Bozar seconded to approve the CY2014 Calendar as presented. Motion carried.

- B. **Health Benefit Plan** – It was noted that four of the Board members were present at the AFC meeting where the Health Benefit Plan was discussed in detail. Mr. Moorrees reported that SAWCo has one of the few plans that is being grandfathered in with the new Affordable Care Act (ACA) coming in CY2014. As long as SAWCo doesn't make changes of more than 5% they can maintain their grandfathered status. The increase in fees for the upcoming year is 8.62% as presented by JLR Insurance at the AFC Meeting. Some health plans had fees increase by as much as 84%. Dental, Vision, and Life Insurance plans will have no increase in fees for 2014.

Mr. Moorrees recommended the Board agree with the AFC to renew SAWCo's current health plan with Healthnet.

Director Sundell commended SAWCo's insurance brokers for doing a wonderful job keeping staff and the Board updated on the new ACA laws and changes.

Director Elliott moved and Director Sundell seconded to approve the General Manager's recommendation of renewing SAWCo's current health insurance plan with Healthnet. Motion carried.

- C. **"Draft" CY2014 Revenues, Administration & Operations Budget** – Mr. Moorrees stated that this is the budget that the Board reviewed and discussed at the Board Budget Workshop on December 4<sup>th</sup> with some changes. Mr. Moorrees reviewed the changes that were made.

In the revenue section of the budget, staff averaged out five years for revenues for sales projection. However, there is a new line item titled "Water Sales Municipal" which covers the agreements SAWCo has with the City of Upland, City of Ontario, and Monte Vista Water District (MVWD). SAWCo charges these agencies their full entitlement every month regardless of water delivered. At the end of the year the account is reconciled and any water not utilized but charged to the agencies is transferred out of one of the basins. This guarantees almost 78% of SAWCo's revenues. Factoring this in, the line item increased from \$2.5 million presented at the Budget Workshop to \$2.7 million.

Added under General and Administrative Expenses, Mr. Moorrees requested a quote to provide a venue and services should SAWCo choose to physically surface the water rights in Mt. Baldy. The quote received was in the amount of \$15,000. Staff will present the item to the committees for direction and Board approval.

Under Facilities and Operations and Maintenance Expenses (FOME) there was a change to the Water Resource Management (Basin Assessments) line item. The last payment for non-agriculture water purchase in the amount of \$73,731 was previously not included. The total FOME is 7% more than the previous years' budgeted amount but less than what is projected to be used.

Mr. Moorrees concluded that the revenues projected are 8% higher and expenses are expected to be 1.3% higher than 2013. It is anticipated that with the correction in Reserve and Savings Funds, the Depreciation and Obsolescence Reserves will soon match what is shown on the Annual Report for depreciation. Positive balances from this point forward will be utilized to facilitate funding Capital Improvements and Asset Management Plan.

Mr. Moorrees recommended the Board approve the proposed Revenue, Administration and Operations Budget for CY2014 as presented.

Director Gerardi asked Mr. Moorrees to elaborate on the Irrigation Water Subsidy line item of the FOME report. Mr. Moorrees answered that SAWCo had old clay pipelines in the City of Ontario that delivered irrigation water to customers' groves. The grove lands were developed leaving only a couple remaining irrigators. It was not economically feasible for the water company to continue repairing the leaks on the lines. As such, an agreement was made with the remaining irrigators that if they connected to the City of Ontario's water line, SAWCo would subsidize the difference between the City of Ontario's water rate and SAWCo's water rate.

Director Elliott moved and Director Cable seconded to approve the Revenue, Operations and Administration budget for CY2014. Motion carried.

- C.a. **Added Report on Forebay Vandalism** - Mr. Moorrees first reported on the break in and theft that took place at the Forebay the previous week. Two pictures of the damage were shown. The door

locks were jammed, the skylight was broken as well as the bars that prevent someone falling in from the skylight. Some copper wiring, hardware, stainless steel stripping and the contractor's tools were taken. Repairs will be made and security bars will be installed beneath the skylight to prevent future illegal entry. A video security system has been purchased and will be installed later in the week.

Mr. Moorrees also reported that the service yard has been victim to break-ins through a hole in the fence. A lot of scrap metal has been stolen. Since discovering this, the fence has been repaired and in some areas replaced. Video security is being considered for this site as well.

Director Gerardi inquired as to who was liable for the materials stolen and the damage done to the Forebay. Mr. Moorrees explained that because it was done during construction it's generally covered under the contractor's builder's risk insurance and the responsibility of the contractor. SAWCo's insurance is not affected by the break-in and theft at the Forebay; the only thing affected is the timeline for the project.

Director Bozar inquired if SAWCo would create an additional barrier near the skylight. Mr. Moorrees responded no; but expansion metal will be used in place of the original bars that were under the skylight. Director Bozar also inquired about whether the building was lit and what the Sheriff's comments were. Mr. Moorrees replied the building was not energized at the time but is now and the Sheriff felt it was just scappers that broke-in. Staff has gone to the Fontana station to submit a written request for more patrolling of the area.

- D. **“Draft” CY2014 Capital Improvement & Capital Outlay Budget** –Due to the Forebay Improvement project continuing through the beginning of 2014, \$50,000 carry-over is being included in the Capital Expenditures. This will alter the Capital from \$1.49 million to \$1.54 million. The total will be \$1.7 million instead of \$1.6 million.

Mr. Moorrees mentioned that the rollout gate for the office was recommended with a higher clearance at \$18,000. This still fits within the budgeted amount.

Director Willis moved and Director Sundell seconded to approve the Capital Improvement and Capital Outlay Budget CY2014. Motion carried.

E. Project Status Report –

- **Cell Tower** – Mr. Moorrees met with Core Development, a consultant for Verizon, who anticipates the project will begin in six months. Staff provided options to Core Development and negotiations on the terms should be made shortly.
- **Well 25A – Site Improvements per City CUP** – Currently working on the bid documents. A construction agreement is in place for the perimeter wall. TKE will provide a proposal for surveying the site improvements.
- **Forebay Improvements [CY2013 Budget \$1,932,798]** – Rock is being installed around the facility this week. The site is paved and the wrought iron fence is currently being installed. Preliminary start up of the Miox system will take place at the end of the week. Mid January will be the final start up of the Miox system.
- **City Treatment Plant Surface Water Delivery – Dissolved Air Issue** – Mr. Moorrees reported that this item is in the budget for 2014. TGG Analyzers are going to be installed at the treatment plant this week. Operationally this will allow the City of Upland staff ability to modulate the valve to maintain air saturation to at or below 120 percent.
- **Water Rights Investigation- Activity** – No word has been received from the legal counsel for the State Water Resources Control Board (SWRCB). Michael Gagan is meeting with Fran Spivey-Weber, the chair on the SWRCB, tomorrow to discuss this matter.
- **ADA Ramp** – Project complete.
- **WFA Pipeline Connection** – SAWCo is hopeful that the item will be presented at the WFA TAC Meeting in January. If the item is not presented then, it will be in March.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Elliott expressed interest in the CDPH pamphlet of courses. Mr. Moorrees will ensure that the Board courses offered in the pamphlet is scanned and emailed to the Board members.

Director Elliott also commended staff on the effort put forth to present the budget.

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, January 21, 2014 at 5 p.m.

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Assistant Secretary  
Charles Moorrees