

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, December 18, 2012**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:04 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, Bob Cable 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

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

1. Recognitions & Presentations: Mr. Moorrees displayed a picture of the most recent City of Upland Council Meeting where Director Ken Willis was presented with a "Letter of Recognition" from SAWCo. A copy of the award that was presented to Director Willis was provided to the Board.
2. Additions-Deletions to the Agenda: Mr. Moorrees added Item 5F in regards to the Special Counsel billing audit meeting. Also added was Item 6E to inquire whether the Board wishes to have a Groundbreaking Ceremony for the Forebay Project.
3. Shareholder-Public Testimony: None.
4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of November 20, 2012.
  - B. Approval of Board Budget Workshop Meeting Minutes  
Special Meeting Minutes of December 6, 2012.
  - C. Administrative & Finance Committee (AFC) Meeting Minutes  
No meeting to report.
  - D. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
Receive & File Meeting Minutes of September 25 & October 9, 2012.
  - E. Financial Statement  
Comparative Income Statement and Balance Sheet for September 30, 2012 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
    - Letter of thanks from CORO

Director Gerardi moved and Director Elliott seconded to approve the Consent Calendar Items as presented. Motion carried.

5. Board Committee – Delegate Report:
  - A. **PVPA Representative's Report** – Director Thomas reported that PVPA owns the land adjacent to the Claremont Hills Wilderness Park and the City of Claremont has negotiated a lease with PVPA which will allow for an increase in their parking area. Three Valleys Municipal Water District (TVMWD) is doing a conjunctive use program where they will be spreading water on PVPA property. TVMWD is also planning to drill a new well.

- B. **Six Basins Representative Report** – Mr. Moorrees reported that at the most recent Six Basins Watermaster meeting they adopted the 2013 meeting calendar as well as the Operating Safe Yield at 17,500 acre feet (AF). The budget, with an assessment of \$30/AF was adopted as a result of a \$100,000 contribution from PVPA.
  - C. **Chino Basin Representative Report** – Ms. Layton reported that there was an Appropriative Pool Meeting on December 13<sup>th</sup>. Wildermuth Environmental, Inc. (WEI) discovered with their environmental analysis that the current projections indicate that the watermaster has sufficient recharge capacity to meet the future replenishment obligations identified in the 2010 Recharge Master Plan Update and the Appropriative Pool is recommending the Board adopt WEI's report and findings. WEI's contract with the watermaster was renewed for three years. The watermaster is currently in the process of updating their Recharge Master Plan Update. There is issue with the land use and surrounding cities attempting to gain credit for collection of storm water. The Overlying Non-Agriculture Pool will announce if they have water to sell by the end of the calendar year. This water will sell at 92% of Metropolitan Water Districts (MWD) untreated water price. There was a Steering Committee Meeting earlier in the day to work on the Recharge Master Plan Update.
  - D. **Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.
  - E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – Information discussed at this meeting is contained in the General Manager's Report portion of the meeting.
  - F. **Special Counsel Billing Audit Meeting** – Mr. Moorrees advised the Board that he, Director Thomas, and Director Gerardi met with Special Counsel and his partner the previous day to discuss their legal audit findings and what the strategy would be moving forward. Goals were identified for the upcoming year which included communicating on a more regular basis; quick conference calls would help determine how aggressive SAWCo wishes to be during times of litigation and will keep costs down.
6. General Manager's Report:
- A. **Resolution No. 2012-12-02 - Staggered Terms for the Directors** – Mr. Moorrees stated that at the November 2012 Board meeting the Board approved amending the Bylaws to allow for staggered terms for the Board as approved by Senate Bill 918 (SB918). In order to stagger the terms there is a need to draw lots at the upcoming Annual Meeting. This is a one-time process and rather than amend the Bylaws to note that, staff felt a resolution identifying the process would work better.  
  
Mr. Moorrees recommended the Board adopt Resolution 2012-12-02 staggered terms for the Directors that identify drawing of lots for the initial Board staggered terms at the 2013 Annual Shareholders/Organizational meeting.  
  
Director Elliott moved and Director Sundell seconded to approve adopting Resolution 2012-12-02, staggered terms for the Directors that identify drawing of lots for the initial Board staggered terms at the 2013 Annual Shareholders/Organizational meeting the. Motion carried.
  - B. **CY2013 Administration & Operations Budget** – Mr. Moorrees updated the Board on the changes to the Administration & Operations Budget that have taken place since the budget meeting occurred on December 13, 2012. SAWCo had planned to sell 1,000 AF of water out of Chino Basin but has since received a request for an additional 2,000 AF out of the same basin. These depreciation reserves will fund capital improvements and the asset management plan. The projected revenue for CY2013 is \$3,920,810. The projected general administration expenses include the cost to bottle SAWCo's water for a total of \$1,092,472. The total expected expenses are \$3,488,021.

For Facilities Operations and Maintenance without the depreciation reserves or the sale of stored water there would be a negative balance of \$49,461. This highlights that SAWCo's commodity rate

does not cover expenses. This line item is projected to be positive next budget year as the new commodity rate come into effect.

In conclusion Mr. Moorrees reported that for the CY2013 Revenues are projected to be 17% higher than CY2012 while CY2013 Expenses are projected to be 7.3% higher. He recommended the Board approve the proposed Administration & Operations Budget for CY2013 as presented. Director Elliott questioned whether any of the directors had contacted the general manager to voice any concerns over the proposed budget. Mr. Moorrees replied no.

Director Sundell moved and Director Elliott seconded to approve the proposed Administration & Operations Budget for CY2013 as presented. Motion carried.

- C. **CY2013 Capital Improvement & Capital Outlay Budget** – Mr. Moorrees updated the Board on the changes to the Capital Improvement & Capital Outlay Budget that have taken place since the budget meeting occurred on December 13, 2012. Director Elliott had previously asked if staff included construction management in the Forebay Project. Mr. Moorrees clarified that \$91,882 is budgeted for construction management which includes survey, geotechnical, and inspection services. The total Forebay Project budget is \$1,932,798. The final budget for the project does include a blower for the MIOX Sodium Hypochlorite Generator.

For the Water Facilities Authority (WFA) Pipeline Connection a contingency fee of \$6,450 was added to the cost for a total of \$66,450. Also included in the Capital Improvement & Operations Budget is the carryover of the System Map Update project at a cost of \$5,500.

In conclusion Mr. Moorrees reported that Capital expenditures will leave a balance of \$787,009 in Depreciation Reserves. As of September 30, 2012, the water company has a balance of \$4,074,026 million in Depreciation Reserves. Projected budget remaining for CY2013 is a positive \$432,789 which would be transferred to Depreciation Reserves at the end of the year. An additional \$958,000 may be added due to the potential sale of 2,000AF of stored water in Chino Basin.

Mr. Moorrees recommended the Board approve the proposed Capital Improvement & Capital Outlay Budget for CY2013 as presented.

Director Cable moved and Director Gerardi seconded to approve the proposed Capital Improvement & Capital Outlay Budget for CY2013 as presented. Motion carried.

D. **Project Status Report** –

- **Cucamonga Basin – Desilting project at crosswalls** – The environmental study is complete. Staff is still waiting for the conditional use permit from the City of Upland. The site plan needs some modifications and will then be submitted to the City of Upland Planning Department for approval. A temporary stockpile site was sought and the information was sent to the San Bernardino County Flood Control District (SBCFCD). Some of the letters from the Department of Fish and Game and the Army Corps of Engineers may have expired which would cause them to need to be reissued. This project will most likely begin in 2013.
- **Forebay Improvements** – SAWCo has a signed Professional Services Agreement with Civiltec Engineering for construction management and with CHJ for geotechnical support. The final proposal from MIOX is expected shortly. A notice to proceed has been issued to SAWCo's electrical contractor to relocate the electrical facilities. A construction agreement has been submitted with Sancon Engineering for the high density polyethylene liner for the Tunnel as well as with National Plan Services for cleaning.
- **Water Rights Investigation-Activity** – A draft letter is being generated to Judy Chu, the new congresswoman representative for SAWCo's district, for assistance with the United States Forest Service (USFS) regarding water rights. Director Thomas stated that most of SAWCo's facilities are in Gary Miller's district and that staff should have a follow up meeting with Mr. Miller as well.

- **WFA Pipeline Connection** – The Memorandum of Understanding (MOU) has been reviewed by SAWCo and it has gone back to the WFA for revising. The final MOU will go to SAWCo's Board and WFA's Board in January 2013. Construction will begin in 2013.
- E. **Forebay Groundbreaking Ceremony** – Mr. Moorrees displayed a picture of what the proposed groundbreaking ceremony would look like and inquired as to whether or not the Board is interested in having a groundbreaking ceremony for the Forebay Project. Staff is considering inviting the City of Upland Mayor, supervisor Janice Rutherford, and Pacific Hydrotech to join staff and the Board at the event. Also under consideration is the purchase of 11 shovels for the event. Other invitations, should the Board desire, would go out to SAWCo's entity shareholders such as the City of Upland, the City of Ontario, Monte Vista Water District, and TVMWD. Director Thomas recommended inviting all the Upland Council members.

There was consensus on the Board that a groundbreaking ceremony for the Forebay Project would be an excellent idea. Staff was asked to circulate an e-mail to secure a date and time for the event. Director Sundell recommended checking with the contractor about providing some amenities such as the shovels and portable toilets.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Mr. Moorrees advised the Board that he will be on vacation from Monday, December 24, 2012 thru Tuesday, January 1, 2013.

Adjournment: There being no further business, Director Thomas declared the meeting adjourned at 5:39 p.m.

Future Meetings:

- The next regular Board Meeting will be on Tuesday, January 15, 2013 at 5 p.m.

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Assistant Secretary  
Charles Moorrees