

# SAN ANTONIO WATER COMPANY

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## MINUTES OF THE SAN ANTONIO WATER COMPANY

### Tuesday, December 20, 2011

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, Ken Willis, Dr. Fred Gattas, Will Elliott, Glenn Bozar, and Sue Sundell. Also in attendance were SAWCo's General Manager Charles Moorrees, and Assistant Manager of Administration and Finance Teri Layton as well as City of Upland Public Works Director Rosemary Hoerning and City of Upland Councilwoman Debbie Stone. Director Thomas presided.

- Call to Order
  - Salute to the Flag
1. Recognitions & Presentations: None.
  2. Additions-Deletions to the Agenda: Mr. Moorrees added a verbal report from Ms. Layton on the 2011 Stock Auction Results as Item 6F on the Agenda. Mr. Moorrees also placed budget documents on the dais for each board member to refer to during the meeting.
  3. Shareholder-Public Testimony: None.
  4. Consent Calendar Items:
    - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of November 15, 2011.
    - B. Approval of Board Budget Workshop Meeting Minutes  
Special Meeting Minutes of December 8, 2011
    - C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
No Meeting to Report.
    - D. Administration and Finance Committee (AFC) Meeting Minutes  
Receive & File Meeting Minutes of September 21, 2011
    - E. Financial Statement  
Income Statement and Balance Sheet for October 2011 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
      - CORO letter of appreciation 11/15/11.

Director Dr. Gattas 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 on the San Antonio Spreading Grounds, which is the area west of Upland going toward the San Antonio Channel, and the series of pits that have been mined. The northern most pit, Pit 6, has been owned by the City of Ontario and leased to Vulcan Materials for a number of years. It is no longer able to be mined. Water is now flowing into Pit 6. This helps with water recharge but Ontario is not happy with the Pit filling up. Meetings are scheduled between City of Ontario and San Bernardino County Flood Control District to rectify the issue. The water flowing into the pit is from Six Basins of which the City of Ontario does not have rights in.

Ms. Hoerning added that Vulcan Materials graded the area just north of Pit 6 and has the water coming in and filling up behind the pit. Water needs to get to a certain level before it can cascade over the gate at that location and go into Pit 6.

- B. **Six Basins Representative Report** – Ms. Layton reported on the November 23rd meeting stating that the 2012 Budget was approved. It included an increase in the assessment fee from \$18 per acre foot (AF) to \$20/AF. The total increase for SAWCo is \$2,766. The Operating Safe Yield (OSY) will remain the same at 17,500AF for the upcoming year.

Wildermuth Environmental, Inc. (WEI) was authorized to implement Phase I of the Strategic Plan in 2012 for a fee of \$225,000. Phase I will define the goals, the impediment to the goals, resources available to the stakeholders, and alternative means to remove the impediments.

Meeting dates were set for every 4<sup>th</sup> Wednesday of the month. The next meeting is scheduled for January 25, 2012 at 2:30 p.m.

- C. **Chino Basin Representative Report** – Mr. Moorrees reported that he did not attend the Appropriative Pool meeting. The Advisory Committee concurred with expanding the Turner Basin. They will be working with Inland Empire Utilities Agency (IEUA) and Chino Basin watermaster (CBWM) to contribute a portion of grant funding to help facilitate the project.

The Storage and Recovery Agreement for CBWM was submitted to the City of Upland to have approved. The Water Company does have existing storage in Chino Basin in the local supplemental account which is an accumulation of water unproduced.

There were discussion on accumulated operative reserves and limits set which mean there may be a credit for given on the assessment

Ken Willis completed his last term on the CBWM Board. A new director will be appointed at the January meeting.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – Dr. Gattas stated that there was nothing to report that is not included in the General Manager's Report.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No meeting to report.

6. General Manager's Report:

- A. **Employee Health Benefit Plan** – Mr. Moorrees reported that at the October meeting SAWCo insurance broker, JLR Insurance, provided the insurance renewal information to the committee to review the cost comparison analysis in order for the Committee to make an informed decision. It was the consensus of the committee to approve the benefit plan as presented with the caveat that in the future employee's may be required to increase participation to help defray cost. The current increase for SAWCo's insurance is at 8%. The industry standard is at roughly a 17% increase.

The general manager recommended the Board approve the proposed CY2012 benefit projections using Healthnet as presented.

Director Dr. Gattas moved and Director Sundell seconded to approve the manager's recommendation. Motion carried.

- B. **CY2012 Administration & Operations Budget** – Changes were made to the budget document after the Board packet was mailed out. Mr. Moorrees provided updated spreadsheets to each Board member and pointed out what changes had been made.

Director Sundell moved and Director Dr. Gattas seconded to approve the corrected CY2012 Administration and Operations Budget. Motion carried.

- C. **CY2012 Capital Improvement & Capital Outlay Budget** – Mr. Moorrees stated that the only difference between this budget and the one that was presented at the Budget Workshop held on December 8<sup>th</sup> was where the non-capital expenses were shown. They were not included in last year's budget.

Director Willis moved and Director Bozar seconded to approve the CY2012 Capital Improvement and Capital Outlay Budget. Motion carried.

- D. **Employee Time off Benefits** – Mr. Moorrees reported that the AFC met immediately before the Board meeting to discuss employee benefits and what prudent action they could take to try to defray some of the costs. The recommendation from the AFC at this time is to eliminate the existing policy of a 50% pay out of sick leave accrued above 384 hours option effective January 1, 2012. Staff has received an opinion from SAWCo's personnel attorney which states the change can take effect at the beginning of the next calendar year.

The AFC also agreed to meet monthly thru March to discuss existing employee benefits and policies make recommendations to the Board to be effective by the 2013 Calendar Year.

Director Elliott moved and Director Sundell seconded to approve the AFC recommendation to eliminate the existing policy of a 50% buy back of sick leave accrued above 384 hours option effective January 1, 2012. Motion carried.

- E. **Project Status Report** –

- **Reservoir 6 – 100,000 Gallon Tank Installation** – This reservoir is located on Mountain Avenue just east of the dam. The reservoir has been completed pending testing and department of public health approval. The tank should be operational before the end of 2012.
- **Well 25A – Drilling** – This project has already been advertised for bids. The pre-bid meeting is being held in January as well as the bid opening and job award.
- **Cucamonga Basin** – Desilting project at crosswalls – The Conditional Use Permit (CUP) process is still on-going. The Environmental Initial Study is complete pending review by the general manager. Cucamonga Valley Water District (CVWD) is responsible for 2/3 of the cost for this project.
- **Forebay Improvements** – Expecting a permit by the end of January 2012.
- **December 2010 - Storm Repairs in SA Canyon** – Project is complete. Ms. Layton has submitted the final documentation to California Emergency Management Agency (Cal EMA).
- **Water Rights Investigation** – Activity – A meeting is scheduled for January.
- **Cucamonga Basin Management Plan** – Finalizing the spread figures with WEI after which the final report will be submitted.
- **Feasibility Study – Edison & Tnl Ponds [Consev. Levee]** – The final conclusions were completed and will be brought to the PROC in January for recommendation to receive and file with the Board.

- F. **2011 Stock Auction Results** – Ms. Layton reported on the third stock auction SAWCo held. There were five shareholders, each with liens on ¼ share of stock. The auction was held on December 13, 2011 in SAWCo's Boardroom. Five bidders stayed to watch the bids being opened and hear the announcement of the winning bidder(s). Twenty-nine entities bid on stock with a total of 93 bids received. All shares went to the highest bidder, Bijan Badihian. Three of the shares went for \$7,500, one for \$8,000, and the other for \$8,500. The nearest bid was \$7,010 and the lowest bid was \$2,172.01.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: None.

Adjournment: There being no further business, Director Thomas declared the meeting adjourned at 5:34 p.m.

Future Meetings:

- Board meeting on Tuesday, January 17, 2012 at 5 p.m.
- PROC meeting on Wednesday, January 25, 2012 at 3 p.m.

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Assistant Secretary  
Charles Moorrees