

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, December 21, 2010

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:06 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Dr. Fred Gattas, Will Elliott, Mark Hill, Tom Thomas, and Robb Quincey. Also in attendance were SAWCo's Assistant Manager of Administration and Finance Teri Layton, and Office Assistant Kelly McGuire. Director Thomas presided.

- Call to Order
- Salute to the Flag
- 1. Recognitions & Presentations: Director Thomas thanked Dr. Gattas for the acknowledgment for years of service he presented Director Thomas at the City of Upland Council Meeting. Pictures were shown.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of November 16, 2010.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - C. Administration and Finance Committee (AFC) Meeting Minutes
Meeting Minutes of September 28, 2010.
 - D. Financial Statement
Income Statement and Balance Sheet for **October 31, 2010** 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 ongoing 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

Director Quincey 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 a meeting was held on December 1, 2010 in which they are still looking at deal points on the Allied deal in the City of Upland. Escrow has still not closed on the property. The PVPA also has property that the proposed San Bernardino County Trail will run along. The concern is whether the trail will have any negative impacts on the water quality below the San Antonio Dam. Director Thomas stated that the trail is designed to lead over to the San Antonio Channel which then would lead to Prado and join the Santa Ana River Trail. It goes right by the City of Upland Treatment Plant and right by the base of the San Antonio Dam.
 - B. **Six Basins Representative Report** – Ms. Layton reported that at the last Six Basins meeting the Board adopted the Operating Safe Yield for the 2011 Calendar Year which will remain at 17,500 acre feet (AF). The budget for 2011 was also approved at this meeting. The Administrative and Technical Services Proposals for Six Basins Watermaster will be sent to the primary board member. Information gathered will need to be submitted back to Six Basins by January 3, 2011.

Director Thomas stated that there is a grading form where different weights are given to different categories. There are roughly seven or eight proposals to consider. Rating forms will be collected from all the agencies involved. These figures will be combined and a relative cost proposal will be determined. The Executive Committee will then recommend to the Board a direction to take, whether it be to interview a few applicants or to hire a specific one.

- C. **Administration and Finance Committee (AFC) Chairman's Report** – Dr. Gattas reported that the AFC met on November 30, 2010. The items considered at the meeting were the ground lease with Tolle Nursery which was extended for one year. The record's retention policy was revised. Meter fees were discussed in which the methodology utilized by California Public Utilities Commission was considered. The termination of the current administrator for SAWCo's 401K Plan and utilization of another, lower cost, administrator was discussed. A conservation update was given in which it was noted that 23% of residential rebate funds were still available and the high efficiency clothes washer rebate dropped to \$85. Senate bill SB7x7 has a provision that 20% of water usage has to be decreased by the year 2020. This only applies to suppliers that have 3,000 end users and use

3,000 AF per year. SAWCo does not meet either of those figures and they may not be subject to the bill.

Ms. Layton stated that she spoke with CivilTech, SAWCo's consultant for their Urban Water Management Plan (UWMP), and they believe that SAWCo will have to comply with the bill.

D. Planning, Resources, and Operations Committee (PROC) Chairman's Report – No meeting held.

6. General Manager's Report:

A. Ground Lease Extension for Tolle Nursery Co., Inc. – Ms. Layton reported that, due to the time frame, at the most recent AFC meeting the committee voted to approve the lease extension of 12 months for Tolle Nursery Co., Inc. and have it ratified at this Board meeting.

The recommendation was that Board ratifies the Advisory Committee's approval to extend the Ground Lease for Tolle Nursery Co., Inc for another term of 12 months beginning October 1, 2010 through September 30, 2011 for the two Water Company property sites located at 17th & Benson and 20th Street & Campus Avenue.

Director Elliott moved and Director Hill seconded to approve the recommendation. Motion carried.

B. Records Retention – Ms. Layton reported that a records retention guide was compiled in 1993 and revised in 1997 but never went to the Board for approval. Staff felt it necessary for the guide to be approved by the Board as well have a resolution since it pertains to a policy decision. In 2007 a consultant prepared a records management plan for SAWCo which contained a slightly different retention guide. SAWCo took the information from the consultant and obtained additional information from their auditor and legal counsel and compiled the guide being presented.

Dr. Gattas moved and Director Hill seconded to approve the records retention schedule and Resolution No. 2010-12-05 as presented. Motion carried.

C. 401K Benefit Plan Administration – Director Thomas commented that Dr. Gattas gave an excellent report on this topic earlier in the meeting.

Director Thomas moved and Director Quincey seconded to ratify the Advisory Committee's recommendation to become sole sponsor and Trustee of its 401K Plan and to disengage association with the CMWCA and with SCMWCA as a sponsor of the plan and engage services with a Third Party Administrator. Motion carried.

D. CY2011 Administration & Operations Budget – Ms. Layton advised that a revised budget was placed on each Board members dais. Attention was brought to the addition of the water rates study at a cost of \$43,000 and the bottled water at a cost of \$10,000. Staff separated the accounting fees from the legal fees and noticed some fees were added twice. Correcting this freed \$30,000 worth of funds. Also, under the Facilities and Operations and Maintenance Expenses SAWCo had subtracted \$30,000 too little from the well rehabilitation portion of the budget.

It was recommended that the Board approve the proposed Administration & Operations Budget for CY2011 as revised.

Dr. Gattas moved and Director Hill seconded to approve the CY2011 Administration & Operations Budget as revised. Motion carried.

E. CY2011 Capital Improvement & Capital Outlay Budget – Ms. Layton directed attention toward the first item on the budget. She explained that the Forebay Improvement budget increased due to the fact that the expected start date of the project was in 2010. Problems with regulatory agencies have delayed the project and therefore it is projected that work will begin in 2011. Ms. Layton also pointed out that the Water Facilities Authority (WFA) waterline connection was deferred due to water quality concerns. The Water Rates Study was added to the budget as well as SAWCo's portion of the cost to install a control valve to the City of Upland's water treatment plant. Also added was the bottled water expense. Should the Board choose to adopt the budget, the bottom line would change by \$15,000 due to the addition of the treatment plant control valve.

Director Quincey commended SAWCo for facilitating the budget workshop earlier in the month. He found it a useful tool.

Director Thomas clarified that the Board was now voting to approve the Capital Improvement & Capital Outlay Budget with the additional expenses.

Dr. Gattas moved and Director Elliott seconded to approve the CY2011 Capital Improvement & Capital Outlay Budget as revised. Motion carried.

F. Project Status Report –

- **Yard Office Remodel** – The roof is complete and the interior drywall and painting is in progress.

- **Booster Line Relocation-1,000 LF of 14"** – Pending connection.
- **Well 25A-Drilling** – SAWCo has received a proposal to develop engineering plans and specifications for drilling the well.
- **Cucamonga Basin-Desilting project at crosswalls-** Pending execution of permit from the San Bernardino County Flood Control District (SBCFCD).
- **Water Rights Investigation-Activity** – A closed session will be held at the January Board meeting to discuss this item.

7. Closed Session – None.

8. Director's Comments and Future Agenda Items – Director Hill commented that he had forwarded an e-mail containing a website for grant opportunities to SAWCo's general manager. He felt SAWCo may qualify for some of them and felt it was worthy of a second look.

Adjournment: There being no further business, Director Thomas declared the meeting adjourned at 5:23 p.m.

Assistant Secretary
Charles Moorrees