

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, March 13, 2012**

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, Dr. Fred Gattas, Ken Willis, Will Elliott, Sue Sundell, and Glenn Bozar. 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 Councilwoman Debbie Stone. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions & Presentations: Director Thomas announced that Councilwoman Debbie Stone was in attendance.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees questioned deleting Item 6C, however Director Thomas felt a brief update was needed and therefore the item was not deleted.

*(Director Brian Brandt entered the meeting at 5:07 p.m.)*

- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of February 21, 2012.
  - 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 January 10, 2012
  - D. Financial Statement  
Income Statement and Balance Sheet for January 2012 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 on-going 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 Elliott moved and Director Dr. Gattas 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 there hasn't been a meeting since SAWCo's February Board meeting. The next scheduled meeting is being held Wednesday, March 14<sup>th</sup> at 5 p.m.
  - B. **Six Basins Representative Report** – Mr. Moorrees reported on the most recent meeting where accounting for transfers of carryover rights was discussed. A Strategic Planning workshop was held where a matrix was presented for each agency to identify their needs and wants. It was then reviewed by each of the agencies present including water supply and demand summaries for each agency.

The committee also discussed the watermaster's groundwater modeling program called HyrdoDave and how it pertains to data sharing among the participating agencies. It was clear that some agencies are apprehensive about what information they would like to share with outside agencies.

The next Six Basins Board meeting will be held on March 28<sup>th</sup> at 2:30 p.m. which has resulted in a need for SAWCo to alter its PROC meeting schedule. Another Strategic Planning workshop is scheduled immediately following that Board meeting. The Advisory Committee is scheduled to meet Wednesday, April 25<sup>th</sup> at 2:30 p.m.

- C. **Chino Basin Representative Report** – Mr. Moorrees reported that the Appropriative Pool meeting was held on March 8<sup>th</sup>. SAWCo's water transactions to Monte Vista Water District (MVWD) were recommended for approval at this meeting. Also approved at the meeting was Wildermuth Environmental, Incorporated's Material Physical Injury Analysis for the City of Ontario for Local Storage Agreement application. The Annual Audit was approved for receive and file. The Cash Reserve Policy was approved as well as the Restated Judgment as the "Official" Copy of the judgment. An engineering report was provided for the installation of extensometer to monitor subsidence as a result of Desalter Pumping operations. The recharge total for February was 327 acre feet (AF) for a current total of 5,861 AF. The search for a replacement Chief Executive Officer (CEO) is on-going with a proposal for a consultant to help with the search being prepared. A closed session was held regarding the Paragraph 31 motion by the Overlying Non-Ag. A closed session telephone conference on the same topic took place prior to today's SAWCo Board meeting in which new terms to be submitted were discussed. An Advisory Pool meeting is scheduled for March 15<sup>th</sup>.

Director Thomas pointed out that Ken Jenske is currently the Acting General Manager for Chino Basin watermaster.

- D. **Administration and Finance Committee (AFC) Chairman's Report** – Director Dr. Gattas stated that the AFC will go back to bi-monthly meetings. Deferred to the end of the year will be the discussion about the end of the year bonus and the employee contributions.

Mr. Moorrees reported that staff presented to the committee a work in progress in developing a rate study and asset management plan going out 25 to 50 years to renew, rehab, or replace assets and their maintenance interval timeframes that included a proposed financial strategy to fund it which may or may not result in a rate increase.

- E. **Planning, Resources, & Operations Committee (PROC) Chairman's Report** – No meeting to report.

6. General Manager's Report:

- A. **Change in PROC Calendar meeting dates** – Mr. Moorrees explained that because Six Basin's Watermaster meetings are scheduled at just one half hour prior to SAWCo's PROC meetings, it is necessary to alter the days on which that committee meets.

Mr. Moorrees recommended the committee meet every other month on Tuesdays instead of Wednesdays at 3:00 p.m. from this point forward.

Director Brandt moved and Director Sundell seconded to approve the manager's recommendation to the Board. Motion carried.

- B. **FY2011 Audit Report and Management Letter** - A copy of the audit report from Bowen, McBeth, Inc. and the management letter was given to all Board members.

Mr. Moorrees recommended the Board review, comment, and receive and file the FY2011 Audit Report and Management Letter as prepared and submitted by the firm of Bowen, McBeth, Inc.

Director Elliott moved and Director Dr. Gattas seconded to receive and file the 2011 Audit Report and Management Letter. Motion carried.

- C. **Nominees for the position of Director of the Company** – Director Thomas reported that typically they would refer to what the City of Upland Council recommended for the slate of directors. However, the council has not come to an agreement on the slate.

Mr. Moorrees inquired as to whether SAWCo would have the proxy prior to the Annual Shareholder's Meeting or if Director Willis would bring the proxy to the Annual Meeting. Director Thomas stated the timing would be tight.

- D. **Cost of Living Adjustment** – Mr. Moorrees reported that annually the Consumer Price Index (CPI) is presented to the AFC for review and approval. The CPI is based on the Bureau of Labor Statistics which showed an increase in the cost of living by 2.1%. After some discussion the committee agreed to alter staffs salary ranges by an increase of 2.5%.

Mr. Moorrees recommended the Board approve the recommendation by the AFC to increase the existing salary ranges by 2.5%.

Director Dr. Gattas stated that he was under the impression that the committee had agreed to a 2.4% salary range increase. Mr. Moorrees presented that the recommendation was at the pleasure of the Board. With that, Dr. Gattas suggested altering the manager's recommendation to show a 2.4% adjustment instead of a 2.5% adjustment.

Director Dr. Gattas moved and Director Brandt seconded to approve a salary range increase of 2.4%. Motion carried.

- E. **Holly Drive Water System Assets & Easements** – Mr. Moorrees reported that he and Director Dr. Gattas attended a meeting with the Holly Hills Home Owners Association (HOA) to present the facts regarding the water system assets and easements. SAWCo requested the HOA advise them on whether they are willing to transfer over the assets and easements or be responsible for maintaining them. He also reported an issue with the existing capacity of their reservoir to provide for sustain fire flow. The HOA was made aware that fire flows are not guaranteed and would need an additional 60,000 gallon reservoir to meet emergency and fire flow requirements.

Mr. Moorrees asked that the HOA send a response letter to SAWCo's request. The response is included with the Board packet. They agreed for the water company to take over the assets.

Director Elliott moved and Director Willis seconded to accept the transfer of assets and procure the easements as required and direct the manager to respond accordingly to the HOA. Motion carried.

- F. **Project Status Report -**

- **Well 25A-Drilling** – Pictures of the work were presented. Drilling operations began March 3<sup>rd</sup>. The conductor casing had to be extracted after reaching about 58 feet due to a cave in. They will need to start drilling the well over again, reinstall the conductor casing and pour slurry to stabilize the hole.
- **Forebay Improvements** – The final plan check approval and approval for permits will be submitted by Thursday.
- **WFA Pipeline Connection** – Project is near completion. Final plan for installation is expected by the end of April.
- **Chino Basin Recharge Pipeline** – An application has been submitted to Los Angeles County Flood Control District and with the Army Corps of Engineers for comments. The process has already been initiated for the City of Upland permit.

- **Res 6 – Interior/Exterior recoating** – The initial field evaluation was not favorable. There is a possibility the item may need to be taken back to the Board for authorization due to lead content in the paint. And other structural issues.
- **Website Update** – Final adjustments are being made. The website should go live by the end of the week.
- **Document Imaging** – Phase II involving the scanning of maps is in process.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Willis inquired as to the amount of money spent each year in reservoir maintenance. Mr. Moorrees confirmed that more than 1 million dollars a year is spent on reservoir maintenance but could be reduced if SAWCo was able to do the maintenance on regular intervals.

Director Elliott praised staff on the quality of the reports and meeting minutes presented. Ms. Layton made it known that Ms. Kelly McGuire is the person responsible for the minutes and deserved the credit.

Mr. Moorrees advised the Board that there will be a closed session at the Organizational Meeting in April on the Water Rights Investigation.

Adjournment: There being no further business, Director Thomas declared the meeting adjourned at 5:50 p.m.

Future Meetings:

- Organizational Meeting will be on Tuesday, April 3, 2012
- Board Meeting will be on Tuesday, April 17, 2012 at 5 p.m.

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Assistant Secretary  
Charles Moorrees