

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, June 15, 2010**

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 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, Ken Willis, Tom Thomas, and Robb Quincey. Also in attendance were SAWCo's General Manager Charles Moorrees, and Assistant Manager of Administration and Finance Teri Layton. Director Thomas presided.

- Call to Order
  - Salute to the Flag
1. Recognitions & Presentations: Ms. Layton referenced a flyer for the San Antonio Canyon Watershed Clean Up Day taking place on July 10, 2010. Everyone was invited to participate and t-shirts for the event were given to the directors.
  2. Additions-Deletions to the Agenda: None.
  3. Shareholder-Public Testimony: None.

Director Mark Hill entered at 5:04 p.m.

4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of May 18, 2010.
  - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
No meeting minutes to report.
  - C. Administration and Finance Committee (AFC) Meeting Minutes  
Receive & file minutes of March 30, 2010.
  - D. Financial Statement  
Income Statement and Balance Sheet for April 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

Mr. Willis moved and Dr. Gattas seconded to approve the Consent Calendar Items as presented. Motion carried. (Mr. Quincey abstained from Item C)

5. Board Committee – Delegate Report:
  - A. **PVPA Representative's Report** – Mr. Thomas stated that PVPA is going through its very first audit with an outside CPA firm. The audit should be complete within the next two months. Also, the association is reviewing Thompson Creek property security. Mr. Thomas also mentioned that through historical research it was found that the United States Army Corps purchased 49.5 acres of land from PVPA to build a dam and paid \$11,000 for it.
  - B. **Six Basins Representative Report** – Mr. Moorrees reported that the Board approved the draft annual report on May 26, 2010 as well as a request from the City of Ontario to use the Watermasters' engineering firm Camp, Dresser, & McKee (CDM) for a study for spread grounds in pit 6.

Previously the engineering and technical committee recommended the Watermaster Board develop an Ad-hoc Committee to get a better understanding of the basin and its capacity for storage. The Watermaster Board was at odds with this request and thought that any of the data could be reviewed by the existing Engineer and Technical Committee.

In the past Watermaster's staff has encountered considerable difficulty in trying to schedule committee meetings. It was determined that the even months (4<sup>th</sup> Wednesday, 2:00 pm) could be permanently set aside for the Engineering and Technical Committee to meet.

A request for production well meter testing was made by Watermaster to the pumping agencies. Static level data request was also made on the production wells.

The next scheduled meeting is for the Engineering and Technical Committee on June 23, 2010 at 2:00 pm.

Mr. Thomas commented that the hope for the Ad-hoc committee was to look at more detail in the modeling done with regard to rising groundwater and losses to basins toward the south. The hope is that with the regular meeting schedule the Engineering and Technical Committee can tackle those issues.

- C. **Administration and Finance Committee (AFC) Chairman's Report** – Mr. Willis stated that there was a request from the Citizen's Patrol for a contribution. SAWCo contributes every year to the Citizen's Patrol, they provide patrolling of SAWCo's service areas and some of the water facilities. A future stock auction and water conservation ordinances in the City of Upland and San Bernardino County were discussed.

Dr. Gattas commented on SAWCo contacting shareholders that consumed more than 18,000 cubic feet in a two month billing cycle. He stated that out of eleven, seven had reduced water consumption on their next bill.

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

6. Administrative & Financial Issues:

- A. **Workers Compensation Insurance Renewal Proposal** – Mr. Moorrees stated that the purpose of the proposal is to renew the workers compensation insurance which is due by July 1, 2010. Two insurance companies had yet to provide quotes by the time of the meeting. Mr. Moorrees suggested the Board recommend approval for staff to work with the President of the Board to determine the best choice for the worker's compensation insurance carrier based on proposals received from SAWCo's broker.

Mr. Thomas stated that SAWCo is not the type of company that many insurance companies are willing to insure especially with field work and pipelines, etc. The two main carriers have been State Fund and Oak River. Quotes received from both companies are fairly similar. Oak River is slightly less money and will most likely be the choice. Claims are starting to go up but payrolls are down so the premiums are staying relatively flat.

There was consensus on the Board to move forward with Mr. Moorrees' recommendation.

- B. **Consideration for Future Stock Auction** – Mr. Moorrees recommended starting the process of a stock auction in order to collect on outstanding water bills. Currently there are five shareholders with a combined 1.5 shares outstanding. Mr. Moorrees requested the Board approve the recommendation to start the stock auction process.

Dr. Gattas moved and Mr. Hill seconded the manger's recommendation. Mr. Quincey stepped out of the meeting during vote. Motion carried.

- C. **Resolution No. 2010-06-02 to Adopt Water System Master Plan** – Mr. Moorrees reported that the Executive Summary tells of the findings and discussions in the Water Master Plan. Its main focus was the source of water for SAWCo and efficient capture and use of its water rights. Increase storage capacity, reservoirs, maintenance, etc. were all included in the report. Also reported was the need for a change in the way the flows are measured in the canyon. New ways to modernize and measure the 60/40 split SAWCo has with Pomona. Increase interconnect with the City of Upland and develop new interconnect with the Cucamonga Valley Water District (CVWD). The need to develop a 26<sup>th</sup> Street zone due to existing static pressure and hillside development. At the water company's reservoir 12 and booster station additional cans were installed there for implementation of a future booster station to service that zone. Staff reviewed a recent proposal to develop Marble Canyon which would benefit from the new zone.

Mr. Quincey reentered the meeting at 5:15 p.m.

The costs for the improvements identified in the Master Plan were also included in the summary. First year estimated at \$421,000, second year estimated at \$731,000, third year estimated at \$1,500,000, fourth year estimated at \$960,000, and fifth year \$146,000. The Master Plan serves as a roadmap or a guide and can be modified as needed.

Mr. Thomas clarified that the Board will receive bound copies of the Master Plan after its approval.

Mr. Moorrees stated that he would also provide it on CD for the Board as well.

Mr. Elliott moved and Mr. Willis seconded to adopt Resolution No. 2010-06-02. Motion carried.

- D. **Citizens Patrol Contribution** – Mr. Thomas reported that the AFC and staff recommended a \$1,000 contribution.

Mr. Quincey moved and Mr. Willis seconded to approve the \$1,000 contribution to the San Antonio Heights Citizen's Patrol. Motion carried.

E. **Project Status Report** –

- **Urban Water Management Plan** – Awarded contract to Civiltec Engineering. Kick-off meeting pending.
- **Chronological History Documentation** – The professional service agreement has been executed with Rauch Communications. Interviews and documentation work has begun.
- **Well 27A Profile Analysis** – The production is still low. The water quality is expected to be better and those results are expected next day.
- **Boundary Survey** – Still pending survey of newly acquired property.
- **Cucamonga Basin-Desilting project at crosswalls** – Emergency Permit was denied by the Department of Fish and Game (DFG). SAWCo will go forward with standard permit requirements for a stream alteration permit. Still waiting to hear from Department of Water Resources (DWR) about a general permit. Hope to begin work by the Fall.
- **Forebay Improvements** – Environmental work is complete and waiting for instruction from San Bernardino County. Some hesitation in moving forward due to property owner opposition.
- **Water Rights Investigation** – A meeting was held on June 10<sup>th</sup> with the United States Forest Service (USFS) and their legal counsel. Representatives from Snow Crest Heights Improvement Association and Mt. Baldy Home Owners Association (HOA) as well as Barrett Canyon were in attendance. SAWCo's desire was to protect its water rights. The 1941 Agreement with the USFS issued 2 additional miners inches to the 1 miners inch they previously acquired to serve cabins. By 1953 the agreement was basically ignored as the USFS did not convey any water rights with the special use permits. In the early 1990's the Mt. Baldy HOA did a land exchange with the USFS that privatized their lot with no transfer of water rights. As a starting point, SAWCo offered to honor the 1941 agreement. USFS requested that each agency begin metering all of their water diversions and provide data on specific locations of water sources by the next meeting date. Additionally there are seven private cabins that will need individual license agreements. Currently waiting for two cabin owners to sign an agreement.

F. Closed Session – None

G. Director's Comments and Future Agenda Items – None.

Adjournment: Mr. Thomas announced that since there was no further business, the meeting was declared adjourned at 5:35 p.m.

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Assistant Secretary