

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, August 21, 2012

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, Will Elliott, Ken Willis, Sue Sundell, John Gerardi, Glenn Bozar, and Bob Cable. 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
- 1. Recognitions & Presentations: Mr. Moorrees announced that the San Antonio Canyon Watershed Committee is hosting a Clean-Up Day in Mt. Baldy with Cal Poly Students. The event will take place on September 29, 2012.

Mr. Moorrees announced that Tommy Hudspeth received his 25 Year Employee Service Award and Brandon Minor received an Employee Service Award for 5 years of working for SAWCo.

- 2. Additions-Deletions to the Agenda: Mr. Moorrees advised that the Planning, Resources, and Operations Committee (PROC) meeting minutes included in the Board Packet was for the June 19th meeting and should have been for the May 30th meeting. The correct minutes were placed on the dais prior to the meeting.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of July 17, 2012.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Approve meeting minutes of May 30, 2012.
 - C. Administration and Finance Committee (AFC) Meeting Minutes
No meeting minutes to approve.
 - D. Financial Statement
Income Statement and Balance Sheet for June 30, 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
 - LAFCo – SAWCo July 30, 2012 letter response to AB54 request.
 - Cucamonga Basin Study – SAWCo July 26, 2012 letter to CVWD response to WEI Study
 - Valencia Elementary School – Appreciation for bottled water donation.
 - Customer appreciation letter from Rose Palmer – regarding staff assistance for on-site leak.
 - Water Company comments to Chino Basin Recharge Master Plan.

Director Gerardi moved and Director Sundell 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 has been updating its website. After review from their legal counsel it should be completed and go live by their next board meeting. The berm construction has been completed. PVPA advanced the payments for the project and the Federal Emergency Management Agency (FEMA) will reimburse a portion of it to PVPA and Six Basins will pay back a portion to PVPA as well.
- B. **Six Basins Representative Report** – Mr. Moorrees reported that there is an Advisory Committee meeting the following day where they will be discussing the notification requirements for groundwater production facilities. The draft budget goals for the 2013 calendar year will also be discussed as well as a strategic planning workshop.
- C. **Chino Basin Representative Report** – Mr. Moorrees stated that there were no Appropriative Pool, Advisory Committee, or Board meetings during the month of August. There was a recharge master plan update meeting where members were introduced to the new general manager/chief executive officer of the Watermaster, Peter Kavounas, who will begin work in September. The meeting involved reviewing and commenting on the recharge master plan update. A copy of SAWCo’s comments was included under the consent calendar of the board packet.
- D. **Administration and Finance Committee (AFC) Chairman’s Report** – No meeting to report.
- E. **Planning, Resources, & Operations Committee (PROC) Chairman’s Report** – Director Willis reported that the PROC deferred the decision on the water recharge agreement with the City of Upland until the September PROC meeting. There was a verbal update on the Mt. Baldy Ski Area proposed water diversion and a review of existing agreement terms.

Director Elliott complimented Mr. Moorrees on his letter to the Cucamonga Valley Water District in regards to the concerns over Wildermuth Environmental, Incorporated’s Basin report.

6. General Manager’s Report:

- A. **Water Conservation – Inland Empire Utilities Agency (IEUA) Regional Alliance** – Mr. Moorrees stated that he wanted verbal approval from the Board to have IEUA work on an issue regarding SAWCo’s unwillingness to sign off on the Regional Alliance MOU. SAWCo participates in IEUA’s regional conservation workgroup on a bi-monthly basis with City of Upland, Monte Vista Water District, City of Ontario, City of Chino, Chino Hills, Fontana, and Cucamonga Valley Water District.

Apparently, some of the other water agencies felt that SAWCo received a lion’s share of the latest grant for the water irrigation sprinkler head program. This led to discussion of allocation as well as to pay to play. Considering that SAWCo does not contribute monetarily, our domestic customers pay MWD in their property taxes of which a portion is allocated to IEUA for water conservation programs.

The other issue regarding regional memorandum of understanding (MOU) is that SAWCo is now categorized as a “Wholesaler” in our latest Urban Water Management Plan. As such, the Water Company does not have to comply with AB1420 and the requirement to reduce its water consumption 20% by the year 2020. The MOU stated that all the members of the IEUA agreed to comply with the Assembly Bill 1420 (AB1420). Staff met with representatives of the IEUA to discuss our position regarding the MOU and monetary contributions to the Regional Alliance. Mr. Moorrees agreed to consider taking a proposed MOU to the Board for signing provided an amendment is added to show that SAWCo is a wholesaler. Additionally, staff will work with IEUA to develop a separate MOU to provide financial incentives or programs for its shareholders that are part of the regional alliance as its new role as a wholesaler.

At this time, Mr. Moorrees requested a verbal approval from the Board to move forward for IEUA to draft the amendment to the MOU for the regional alliance in regards to AB1420. Mr. Thomas commented he would like to see the amendment. Mr. Moorees advised that the amendment will be presented to the PROC in September. Mr. Elliott moved and Ms. Sundell seconded to approve moving forward in drafting an amendment to IEUA's regional alliance.

B. **Mid-Year Budget Review** – Mr. Moorrees reviewed the mid-term financial status and end of the year projections of the Company as it relates to budgeted Revenues and Expenditures for FY 2012. The Water Company is currently on track with revenues and expenses with no significant issues requiring budget modifications. Projected revenues are positive for the year's end. Mr. Moorrees pointed out that although we have stored water in the Company's Six Basins stored water account, we currently have no shareholder currently interested in buying this stored water; therefore we fell short in our projected revenues as a result of the sale of stored water. Mr. Thomas asked if there are any changes to the budget. Mr. Moorrees replied no.

C. **Project Status Report** –

- **Well 25A-Drilling** – SouthWest Pump has completed the drilling and test pumping. Project is pending site improvement plans approval and pump equipment design.
- **Forebay Improvements** – Plans and specs will be available next Friday and will include the requirements for the contractor to pull permits.
- **Water Rights Investigation – Activity** – The last request for information was sent to United States Forest Service (USFS). Our consultant has met with a representative from the States Water Resources Control Board (SWRCB) and our issue will be brought up to the SWRCB.
- **Cucamonga Basin Management Plan** – Wildermuth Environmental, Inc. (WEI) term sheet was rejected as the 2012 State of the Basin Report is not the report that the Company originally agreed to approve as more data is required to determine how the basin operates. A copy of the letter is under Consent Calendar Items in the Board packet.
- **Res 6 – Interior/Exterior Recoating** – Interior sand blasting has been completed. The contractor is now applying the interior primer coat.
- **WFA Pipeline Connection** – Draft alternatives have been reviewed and there is a meeting with the Department of Health pending. The “in lieu of” concept and draft agreement are being discussed.
- **Chino Basin Recharge Pipeline** – There is an additional permit request to the City of Upland for work in 24th Street.

There was a short session to “Meet & Greet” with the San Bernardino County Second District Supervisor, Janice Rutherford at 5:23

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

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, September 18, 2012 at 5 p.m.

Assistant Secretary
Charles Moorrees