

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
January 24, 2017

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:01 p.m. on the above date at the company office located at 139 N. Euclid Avenue, Upland, California. Committee members present were Will Elliott, John Gerardi, Ken Willis, and Tom Thomas. Also in attendance were Steve Corrington, Charles Snyder and Peter Hall with MIH Water Treatment, Inc., and SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Mr. Elliott presided.

1. Recognitions and Presentations – Mr. Moorrees recognized the meeting attendees; Steve Corrington, Charles Snyder and Peter Hall with MIH Water Treatment, Inc.
2. Additions-Deletions to the Agenda – Mr. Moorrees added Item 5E High Shortage Alert to the agenda. He also moved Item 5A to Item 5B and moved Item 5D to Item 5A.

Mr. Greg Ripperger entered the meeting at 3:02 p.m.

3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
 - A. ***Regular Committee Minutes of November 22, 2016*** – Mr. Gerardi moved and Mr. Willis seconded to approve the meeting minutes of November 22, 2016. Motion carried.
5. Planning and Operational Issues:
 - A. ***Well 31 Biological Treatment*** – Mr. Snyder gave a PowerPoint presentation about SAWCo's Well 31 biological treatment pilot plant. The preliminary capital cost budget is at \$4,071,900. Financing options through California Infrastructure Fund, LLP for 'Build-Own-Operate', Proposition 1 Match-Funding Grant Program, and Lease of Assets to SAWCo were discussed. The Match-Funding Loan requires a one year loan for construction and a separate seven year term loan.

Mr. Gerardi inquired whether or not using methanol is an option. Mr. Hall stated methanol is a cost saver that has been used in two different states but has not been approved in California by the Environmental Protection Agency. They will continue to push to be able to use it as it will drop about \$90/acre foot (AF) off the cost of the water produced. Mr. Snyder advised that removing one of the electron donors and reducing the flow will also result in cost savings.

Mr. Snyder described the different financing options and expanded on the Buy Own Operate option. SAWCo would need to take all of the water produced from Well 31 for a minimum of 250 days per year. There would be a minimum payment for fixed costs owed by SAWCo if they did not take this required

amount of water. If SAWCo wishes to purchase the treatment facility after a period of time they would be charged the amount it can be sold for at the time of purchase.

Justin Scott-Coe entered the meeting at 3:25 p.m.

Mr. Snyder explained the terms of the loan but Mr. Thomas commented SAWCo could use another lender for a lower rate.

Ms. Layton stated SAWCo is constrained by its water rights in the basin from which Well 31 draws its water. If SAWCo is able to pump their water rights from another source that is cheaper they are going to utilize the lower cost option. She then inquired what the costs are if SAWCo doesn't take water from Well 31 and if they are required to take a certain amount from this source. If SAWCo is required to take a certain amount they must then request that one of their entity shareholders take water from this location. Entity shareholders may decide they cannot or do not wish to take water from the Well 31 location.

The pricing structure for the treated water was calculated for 1,000 gallons per minute (gpm). Mr. Moorrees asked for the pricing structure for 1,600 gpm.

Ken Willis exited at 3:55 p.m.

Mr. Moorrees stated he would like the threshold for MCL's on both nitrates and dibromochloropropane (DBCP's) to be at 75%.

Steve Corrington, Pete Hall, and Charles Snyder exited the meeting at 3:59 p.m.

B. Water Master Plan – Mr. Ripperger circulated copies of the draft Capital Improvement Plan. The committee discussed various items on the plan. Hydraulic Model Calibration was changed from requiring within 8% to within 5%. There were concerns expressed in regards to low fire flow at 26th Street and Holly Drive. Other minor corrections were made to the plan.

Mr. Scott-Coe exited the meeting at 4:19 p.m.

Mr. Ripperger will take the suggestions and corrections and update the draft plan. He will also obtain prices for these items and forward them to the consultant for SAWCo's Water Rate & Fees Study.

Mr. Ripperger exited the meeting at 4:35 p.m.

C. California Urban Water Conservation Council (CUWCC) – Mr. Moorrees explained the CUWCC was formed in 1991 through a Memorandum of Understanding (MOU) regarding water conservation in California. SAWCo has been a signatory to the CUWCC's MOU since 2005.

Originally SAWCo utilized the CUWCC's Best Management Practices (BMPs) for their first Urban Water Management Plan. The BMPs were considered equal

to the Demand Management Measures (DMMs) in AB1420 which was a condition for water management grants or loans made to urban water suppliers at the time.

CUWCC is currently in the process of a restructure through a combination of bylaws, amendments, financial arrangements and other matters, including a name change of the council. Their purpose during the restructure is unclear.

When SAWCo was considered a “retailer”, their annual dues for CUWCC were paid for by the Inland Empire Utilities Agency (IEUA) and Metropolitan Water District (MWD). Now that SAWCo is considered a “wholesaler” they are no longer subsidized by IEUA and MWD for these dues totaling \$3,000.

Mr. Moorrees asked the committee to recommend the Board approve SAWCo removing itself from the CUWCC membership and develop its own DMMs and BMPs; and to present the Water Company’s draft DMMs and BMPs to the PROC for Board adoption.

Mr. Gerardi moved and Mr. Thomas seconded to recommend the Board approve SAWCo removing itself from the CUWCC membership and develop its own DMMs and BMPs; and to present the Water Company’s draft DMMs and BMPs to the PROC for Board adoption. Motion carried.

D. Holly Drive Reservoir – Mr. Moorrees advised the committee of a list of extra technical studies the Water Company’s environmental consultant is required to perform for the Holly Drive Reservoir construction project. These additional studies include air/quality/greenhouse gas, biology, coastal California gnatcatcher, cultural resources, noise, and hydrology. The total additional monies needed for the studies is \$23,900.

Mr. Moorrees request the PROC recommend the Board approve appropriating an additional \$24,000 for TKE to perform the additional environmental work for the 100,000 gallon Holly Drive Reservoir design from Depreciation & Obsolescence Reserves as appropriate.

Mr. Gerardi moved and Mr. Thomas seconded to recommend the Board approve appropriating an additional \$24,000 for TKE to perform the additional environmental work for the 100,000 gallon Holly Drive Reservoir design from Depreciation & Obsolescence Reserves as appropriate. Motion carried.

E. High Shortage Alert – Mr. Moorrees requested to remove the current High Shortage Stage water alert and move to a voluntary conservation stage. He asked that in May or June the water production numbers be looked at for a possible entitlement increase.

Mr. Thomas felt a reduction to the Moderate Shortage Stage was a better option. Mr. Gerardi concurred.

Mr. Gerardi moved and Mr. Thomas seconded to recommend the Board approve reducing the water alert stage to the Moderate Shortage Stage and review water production in May to determine whether or not an entitlement increase is reasonable. Motion carried.

6. Planning and Operational Update -

A. Project Status Report –

- **Crosswalls Project** – GRB Equipment is working on an agreement with Holliday Rock; it is contingent upon the relocation of a meter on Baseline Road.
- **Basin 6** – It has taken 4 months for the San Bernardino County to review the environmental documents.

7. Basin Issues and Updates

A. San Antonio Canyon Watershed – The next watershed meeting is scheduled for February.

B. Chino Basin – Ms. Layton reported on the storage issues Chino Basin Watermaster is attempting to get a ruling on. A Storage Agreement was put forward by Watermaster to resolve the issue prior to a ruling by the judge. SAWCo’s legal counsel, Tom McPeters, advised that in the Peace Agreement a limit was put on how much water each party is allowed to put in the basin. The limit of 500,000 AF has nearly been reached by the parties. Mr. McPeters advised SAWCo staff not to approve the agreement and to wait until the judge issues his ruling on the case.

C. Six Basins – The next meeting is scheduled for the following day. Water Utility Superintendent, Tommy Hudspeth, will be attending and will be considered for the alternate at the Annual Meeting.

8. Committee’s Comments and Future Agenda Items: – The committee was reminded of the meeting scheduled for February 3rd with the State Water Resource Control Board.

Adjournment: –The meeting was adjourned at 4:51 p.m. Motion carried.

Assistant Secretary
Charles Moorrees