

MINUTES OF THE SAN ANTONIO WATER COMPANY  
PLANNING, RESOURCES, and OPERATIONS COMMITTEE  
January 28, 2014

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:09 p.m. on the above date at the company office located at 139 N. Euclid Avenue, Upland, California. Committee members present were Ken Willis, John Gerardi, and Tom Thomas. Also in attendance was SAWCo's General Manager Charles Moorrees. Mr. Willis presided.

1. Recognitions & Presentations – None.
2. Additions-Deletions to the Agenda – Mr. Moorrees added Water Supply Information to New Shareholders as agenda Item 6B.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
  - A. Regular Committee Minutes of October 29, 2013 - Mr. Gerardi moved and Mr. Willis seconded to approve the meeting minutes of October 29, 2013. Motion carried.
5. Planning & Operational Issues:
  - A. ***Disposition of motors and Model A truck*** – Mr. Moorrees presented a proposal to consider the disposition of the Model A truck that is currently parked at the Water Company's Yard facility. The truck was rigged with a hoist to pull well and booster motors but has not been used since the 1970's. It has been moved from one location to another with its final resting place at the Yard facility.

Mr. Moorrees asked the committee to recommend disposing the truck as it is more of an impediment in the small Yard facility. The Committee asked if there was a possibility of restoring the truck. Mr. Moorrees stated that in his research a restored Model A would fetch between \$19,000 and \$53,000. The question was posed, if the Water Company kept the truck how would it be used. There may be an interest from the historical community to preserve the truck.

Mr. Gerardi stated that he knew someone that may be interested in restoring the truck. The Committee recommended that Mr. Moorrees email facts about the Model A to the Board for a response to see if they had knowledge of anyone interested in restoring the truck as well as placing it on the Water Company's website.

- B. ***19<sup>th</sup> Street Development in Upland – TR# 18667*** - Mr. Moorrees updated the committee on the proposed development plans and required relocation of the Water Company's 18" irrigation waterline which traverses north and south through the property. Staff has requested to have the new water line exit north across 19<sup>th</sup> Street as a benefit to SAWCo due to the condition and depth of the old steel waterline.

There was some discussion as to the cost borne by the Water Company. The committee directed the manager to discuss the issue with the developer to pick up that cost as part of the total waterline relocation. There may be some issue with the old line being a hazard for the tract of homes because of the old line being so deep in the ground. If the developer is already cutting the street for the project it may behoove SAWCo to have the waterline work done at the same time through the developer.

Mr. Moorrees also stated that the developer requested SAWCo quitclaim their existing blanket easement for the pipeline and replace it with a specific easement recorded on the tract map.

Discussion ensued regarding protecting SAWCo's superior rights to the San Bernardino County and the City of Upland.

Mr. Gerardi moved and Mr. Thomas seconded to recommend the Board approve the quitclaim of the existing waterline easement in exchange for the specific easement noted on the tract map for the new relocation. Motion carried.

**C. Water Supply – Drought Contingency options** - Mr. Moorrees reported that 2013 was the driest year in 119 years. The back to back dry years have reduced SAWCo's ability to deliver water to its shareholders. Water deliveries reduced to 14,806 AF (10.66%) in 2012 and to 13,582 AF (18.05%) in 2013. The established entitlement for shareholdings is based on a 10 year average of water that SAWCo is able to produce out of its existing groundwater basins, Tunnel and surface water flows. Tunnel flows have dropped 66% and surface flows have dropped 8% compared to 2011.

Due to reduced water delivery as a result of the last two years of drought conditions, Mr. Moorrees provided the committee with some drought contingency options as follows:

1. Reduce shareholder's entitlement 18% from an annual of 16,573.85 AF to 15,590.557 AF to take effect March 1, 2014 and to remain effective until flows increase to a more constant average rate. This amount is based on what was delivered the previous year.
2. In accordance to the adopted Resolution No. 2006-06-03, implement the "Moderate Shortage Stage". This would entail strict watering times, odd/even irrigation schedules for those with odd or even addresses, street overspray and run-offs to be addressed within 72 hours. Fees for non-compliance will be applied in accordance with the adopted schedule.

Mr. Thomas agreed with this stage of the resolution without the odd/even day restrictions for irrigation.

3. In more dire instances whereby water is not available, explore options to negotiate purchase of unused Tier 1 delivery (\$593/AF) from shareholder entities that could be delivered via the WFA.

Mr. Moorrees advised the committee recommend to the Board reducing the entitlement by 18% beginning March 1, 2014 and implementing the Resolution Drought Contingency Plan for “Moderate Shortage Stage” without the odd/even irrigation days.

Mr. Willis moved and Mr. Gerardi seconded to approve recommending the Board reduce the entitlement by 18% beginning March 1, 2014 and implementing the Resolution Drought Contingency Plan for “Moderate Shortage Stage” without the odd/even irrigation days. Motion carried.

**D. Chino Basin – Notice of Available Overlying Non-Ag Water** - Mr. Moorrees reported that, due to the Peace II Agreement, stranded water from the Overlying Non-Agriculture Pool is made available to the Appropriative Pool through the Chino Basin Watermaster.

By December of each year, the members of the Overlying Non-Agriculture Pool are required to notify Watermaster of the amount of water each member shall make available for purchase by the Appropriative Pool members. SAWCo is a member of the Appropriative Pool.

Based on the calculation of 50% Operating Safe Yield and 50% production, the Water Company’s available water to purchase is 110.943 AF. This water is available based on a reduced import water price of \$486.26/AF. The Water Company’s current tiered rate is \$492/AF.

Mr. Thomas questioned whether SAWCo could purchase the water at the lower rate and later sell it to a shareholder for the tiered rate. Mr. Moorrees agreed that can be done but the purchase of the water was not budget for the calendar year.

Mr. Thomas moved and Mr. Gerardi seconded to recommend the Board approve the purchase of the 110.943 AF at a total cost of \$53,946.92. Motion carried.

6. Planning & Operational Update -

**A. Project Status Report**

- **Forebay Improvements** – The project is complete. A final job walk is scheduled for Friday. The skylight and other minor items still need to be installed or corrected. One of the modules on the disinfectant system failed and a new one has been received to replace it.
- **Well 26 – Rehabilitation-Replacement Pump** – General Pump has pulled the pump.
- **Well 32 – Rehabilitation-Replacement Pump** – General Pump has pulled the pump. A deviation study will be done to see if a vertical turbine can be used. It was discovered that while only 300 to 400 gallons per minute are being pumped, changing the pump may bring in as much as 500 gallons per minute.
- **Well 25A – Site Improvements per City CUP** – The project has been advertised for bid. The bid opening is scheduled for February 7<sup>th</sup> with the award of the project on February 18<sup>th</sup>.
- **WFA Pipeline Connection** – WFA is requesting the ability to shut off SAWCo wells. Staff is considering the idea of a solenoid operated valve that WFA can

connect to their telemetry system to utilize. The valve will alarm SAWCo that there is no flow so the well can be shut off. Plans have been submitted to the WFA for inclusion in the March Technical Advisory Committee and subsequent Board meeting.

- **Basin 6 Desilting** – Pending proposal from consultant for project management and permits from regulatory agencies. The Governor’s declaration of a drought emergency may pave the way for this project to begin this year.
- **Cucamonga Basin – Desilting project at crosswalls** – Pending proposal from consultant for project management and permits from regulatory agencies. The Governor’s declaration of a drought emergency may pave the way for this project to begin this year. Pending meeting with City of Upland staff.

B. **Water Supply Information to New Shareholders** – Mr. Moorrees presented that at the October 29, 2013 advisory committee meeting there was some discussion on SAWCo’s ability to provide fire protection to the residents in the domestic area. When asked if the residents are aware of this issue, Mr. Moorrees stated that it is identified in the “Will-Serve” letter for new development. However, the point was raised that this knowledge was not shared with any new shareholders through sale of homes and share transfers. The committee suggested legal counsel draft a letter to be included in paperwork mailed during stock transfers for Board approval.

As a response to the committee’s request, Mr. Moorrees presented a letter that uses the language from the “Will-Serve” letter, which has been vetted by legal counsel, and customized it for the purpose required.

There was consensus on the committee to recommend the letter for Board approval.

7. Basin Issues & Updates

A. *San Antonio Canyon Watershed* – No update was given.

B. *Chino Basin* – No update was given.

C. *Six Basins* – No update was given.

8. Committee’s Comments and Future Agenda Items – Mr. Willis passed out a summary topic of Water and Wastewater privatization that is currently being used by the City of Rialto and one that may be a recognized option for the City of Upland. He proposed a water summit to talk about the City of Upland’s water future. He suggested inviting the general public to hear the proposal from the private company the City of Upland is considering using to run their water department. After the presentation, have experts talk about the proposal and what the real outcomes will be.

Discussion continued about the affect privatizing the City of Upland’s would have such as a 114% increase in rates for Upland customers and the possible effects on SAWCo.

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Mr. Thomas suggested taking the information they have and turning it into a position paper. The position paper could be used as a lead into to a water conference to get the facts circulated.

Mr. Moorrees explained that he is familiar with the “Rialto Model” and that although SAWCo has the expertise to engage in that role, he is opposed to the idea on the premise that, albeit legal, he felt it was unethical and that developing a “finance authority” is just a structure to funnel monies from the City of Upland’s Water Department to the City of Upland’s General Fund. It all comes down to the tax payers paying for it in a round-about way.

There was consensus on the committee to develop a position paper on the topic.

Adjournment – Due to no further business the meeting was adjourned at 4:23 p.m.

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Assistant Secretary  
Charles Moorrees