

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

February 24, 2010

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:07 p.m. on the above date at the company office located at 139 N. Euclid Ave., Upland, California. Committee members present were Bob Bowcock and Tom Thomas. Also in attendance were General Manager Charles Moorrees, Assistant Manager of Administration & Finance Teri Layton, Director Dr. Fred Gattas, City of Upland Public Works Director Anthony La, Ben Adlin and Dennis Welsh. Mr. Bowcock presided.

1. Recognitions & Presentations – None.
2. Additions-Deletions to the Agenda – Mr. Moorrees added an agenda item 5F a request from Cucamonga Valley Water District (CVWD) and San Gabriel Company dba Fontana Water Company to work with SAWCo on developing conveyance systems to get water from San Antonio Canyon to Cucamonga Basin.
3. Public Comments – Mr. Welsh stated he had no comment but was interested in the San Antonio Canyon water rights investigation. (Mr. Brandt entered the meeting @ 3:10 p.m.)
4. Approval of Committee Meeting Minutes – Mr. Thomas moved and Mr. Brandt seconded to approve the meeting minutes of October 28, 2009 as presented. Motion carried.
5. Planning & Operational Issues:
Water Master Plan – Final Draft – Mr. Moorrees commented that the final draft of the Water Master Plan does not have an executive summary. Mr. Moorrees presented the final draft in disk form for the Committee members to review. Mr. Thomas asked if the consultant was going to add an executive summary later. Mr. Moorrees replied that he plans on speaking with the consultant about it and if necessary he would put one together. Management will bring this issue back in April once the Committee has had time to review the final draft.

Monte Vista Water Service Agreement – Since developing Service Agreements with the Cities of Upland and Ontario, Monte Vista Water District (MVWD) inquired about the possibility of developing like agreement to transfer water based on their shareholdings. Recognizing the value of SAWCo's share and cost of water, they were successful in their bid in November of 2009 to attain additional shareholdings from SAWCo's stock auction. Their current shareholding totals 7.25 shares which equates to 18.77 acre feet of water entitlement. (Mr. Elliott entered the meeting @ 3:15 p.m.)

Mr. Moorrees reported his concern about having only Chino Basin water available for transfer to MVWD and a finite amount in our storage account with no opportunity to increase may warrant a conditional agreement to transfer water when available. Mr. Thomas suggested MVWD might be fine with an informal agreement as we have with past transfers and recommended the General Manager discuss the issue with them. If it is important to MVWD, Mr. Thomas suggested bringing the agreement to the Board for approval.

Reciprocal Agreement with the City of Upland/West End - Mr. Moorrees presented a reciprocal agreement with the City of Upland/West End stating this would help us to share our resources. There are times when both companies can't be at every basin meeting. Currently, Mr. Moorrees collaborates with City of Upland's Public Works Director Anthony La about issues and informs him about anything he might have missed at a meeting. This agreement would take one more step forward and authorize either company's representative the authority to make a decision or vote their shares if necessary. Mr. Thomas asked if the watermaster boards would accept this as a proxy. Mr. Bowcock answered yes.

Mr. Thomas stated this agreement would also be helpful in informal meetings such as Cucamonga Basin and Water Facilities Authority. Mr. Bowcock asked if SAWC's attorney has reviewed the agreement. This agreement has not as of yet been reviewed by the attorney. Mr. Bowcock stated he understands the idea but was hesitant to memorialize this agreement on paper given the current players. This is why Mr. Bowcock felt strongly that both legal counsels review the agreement. Mr. Thomas agreed that legal counsel should review the agreement. Mr. Moorrees stated he would run it by our respective legal counsels for comments and bring it back to the Board.

Mr. Bowcock cautioned the Committee to consider what this agreement would have on the 85/15 rule of Chino Basin. Monte Vista Water District currently uses their relationship with a mutual water company to have all the producers pay under the 85/15 rule. Fontana Water is going to start fighting this philosophy under the 85/15. This agreement may be seen as the camel under the tent and a reason to void the 85/15 rule.

Country Club Villas - At the December 2009 Board meeting the Manager advised the Board that the Company's existing easement reservation on the Country Club Villas for its Wells 2, 3, 24 and Booster 9 facilities located north of 16th Street and west of Tanglewood does not encompass the actual facilities.

This property is owned by the Matreyek Trust who has agreed to accommodate our quest to establish and record the necessary easement documents for our existing facilities. As such, their engineers of record, Andreasen Engineering, Inc. provided a proposal to survey the well site areas and prepare the necessary legal descriptions easement deeds for recordation in the amount of \$7,500. Mr. Elliott moved and Mr. Brandt seconded to recommend the Board authorize the Manager to survey and develop easement deeds for recordation of its Well & Booster facilities at Country Club Villas, and appropriate \$8,000 from Savings. Motion carried.

Office Electrical - In and around 1929 the Water Company separated from the Ontario Power Company located Ontario. Subsequently, the Water Company constructed the existing office building located at 139 N. Euclid Avenue in Upland.

With development of new technology, the electrical system requirements have increased at this address. Also, there are several issues with the current wiring and electrical panel that have caused circuits to overload and trip.

Staff solicited proposals from three local electrical contractors to replace the existing 100 amp service with a 200 amp service, separating work stations and utilities with individual circuits, rewiring existing substandard wiring and adding convenience circuits as follows:

R & R Electrical and General Contractors, Inc.	\$ 9,825
Cooney Electric, Inc.	\$11,600
DAP Electric, Inc.	\$15,750

Mr. Moorrees recommended contracting with R & R Electrical and General Contractors, Inc. Mr. Thomas suggested authorizing \$11,000 to include contingencies. Mr. Bowcock asked if anyone knew R & R Electrical's work. It was suggested checking with Matt Winter, City of Upland's Inspector to verify prior work. Mr. Brandt moved and Mr. Elliott seconded recommending to the Board to authorize the Manager to contract with the lowest responsible bidder to replace the Water Company's electrical systems as required and appropriate up to \$11,000 from Savings. Motion carried.

5. Addition to Agenda - Request from CVWD and Fontana to develop conveyance systems from San Antonio Canyon to Cucamonga Basin – Mr. Moorrees reported he met with CVWD's General Manager Robert DeLoach and Michael Whitehead, President of San Gabriel Water Company dba Fontana Water to look at potential projects between the respective water companies to enhance supplies in the San Antonio Canyon area to Cucamonga Basin. The contributions from these water agencies would be more monetary. Mr. Moorrees stated that these improvements are listed in our master plan and a few of these projects are scheduled for this year. He recommended moving cautiously if the Committee is

interested in working with these agencies and would want to make sure the benefits are directly related before engaging other agencies. The Upland master plan is also looking at this area for development.

Mr. Elliott suggested postponing this issue until June. Mr. Thomas recommended sending a letter indicating we are in the midst of updating our master plan. Mr. Moorrees stated he would add we may engage in this conversation in future time.

6. Planning & Operational Update -

Project Status Report

- **Purchase of 46.82 Acres from S.A.L.T.** – Mr. Moorrees reported that this purchase is currently in escrow. TKE has been requested to provide a better legal description on the Title report to make sure we are getting everything we agreed to and make it easier to read.
- **City Plant 5 Delivery System Modification** – Construction complete - Taylor Construction
- **Well 27 A Profile & Analysis** – Project start 2/16/10 – BESST, Clear Creek Assoc. & General Pump Company. BESST will profile the Well and Clear Creek Associates will analyze the aquifer. It may also be necessary to profile the adjacent Well #26 to obtain more data. If the water can still be produced but the water quality is poor, we may need to consider the possibility of delivering it for treatment [i.e. the Water Facilities Authority].
- **Boundary Survey - Facilities** – TKE completed survey of Tunnel Ponds, Edison Ponds, Reservoirs #1, #6, #7, and #8. We are finding that a lot of the facilities are not within the property lines.
- **Cucamonga Basin – Desilting Project at Crosswalls** – This project is on hold due to the storms and the like hood that a warm rain would melt the snow and a deluge would come down Cucamonga and destroying the work. Mr. Thomas asked if this work would be done in the summer. Mr. Moorrees replied yes. There is a certain fee that the contractor would have to pay to take the silt out which will require the Board of Supervisors to waive.
- **Basin 6** – There was a diesel spill in Basin 6 last weekend. Mr. Moorrees stated he still has not received the water quality result after numerous requests. Mr. Bowcock asked if the Regional Water Quality Control Board has done an investigation. Mr. Moorrees stated he did not know but they were present at the site of contamination. Mr. Bowcock stated we should get a copy of that investigation. Mr. La reported that the City of Upland has taken an interest and will share their findings with SAWC. Mr. Thomas observed the County hazmat being present at the site on Saturday before the spill.
- **Forebay Improvements** – The County is doing an environmental and we have been informed that we have to wait until May to see if a certain lily is blooming. After that it will go to Building and Safety with the floor plan. It has already gone through Traffic and we will have access on Mountain Road. Mr. Moorrees presented a proposed picture of the Forebay Improvements that will be featured in the upcoming newsletter.

7. Basin Issues & Updates

- A. *San Antonio Canyon Watershed* – Mr. Moorrees gave a brief background of this issue. There have been cabins built that do not have rights to the water. We are attempting to mitigate the situation by offering a license agreement. Two individuals, Mr. Slater and Mr. Ridgeway, with separate homes have been contacted to sign the license agreement. If we don't get this signed soon, we will have to respond in writing. The U.S. Forest Service has some appropriation of the water in the canyon but we have been informed that those rights did not get conveyed with the Special Use Permits issued by the USFS. Because of this information, Mr. Moorrees will be contacting the individual water agencies. Mr. Bowcock asked if this information from the Department of Justice was received in writing. Mr. Moorrees replied no. Mr. Bowcock suggested requesting this information in writing.

Mr. Bowcock asked how the properties trade in Mt. Baldy. Mr. Moorrees explained that the certain properties were purchased as part of the Shaw deed as with Mr. Slater and Mr. Ridgeway. Apparently, the San Antonio Canyon Mutual Services (SACMS) had a certain time frame to put in the infrastructure when the tract developed but it never did. So the homeowners are claiming SACMS should provide them water. However, they are not shareholders in SACMS and that is

the problem. Mr. Bowcock stated he would like to see a copy of their title insurance when they transferred title on any of these properties because if they were silent on water rights the insurance company may be responsible.

- B. *Cucamonga Basin* – Mr. Moorrees reported that Wildermuth is doing a segmented approach to the study in order to understand the hydrology of the basin. We are moving cautiously so we do not agree to figures that may change the judgment. Our cost share will be approximately \$49,000. Mr. Moorrees reported that when he reviewed the cost sharing agreement he added that this study would respect the parties' right to the decree. CVWD changed it to read consideration. Their motives are not clear as to why the change and Mr. Moorrees stated it causes him to move cautiously.

Cucamonga Basin MOU's – SAWC is trying to develop a memorandum of understanding (MOU) with San Bernardino County Flood Control on managing the Cucamonga Wash which includes the crosswalls, Basin 3 and Banyan Basins. Mr. Moorrees reported not hearing anything back on this issue.

Basin 6 – SBCFCD construction – Mr. Moorrees reported staff is checking on this project on a regular basis. We are not sure when this is expected to be done.

- C. *Six Basins* – There was nothing new to report on Six Basins.

- D. *Chino Basin*- Mr. Moorrees reported that there is a contention on the water that was sold from non-ag and did not elaborate. He informed the Committee of the new elections to Chino Basin Watermaster Board and advisory committee. The Assistant Manager-Finance Manager of Chino Basin Watermaster resigned and CVWD offered to utilize their staff.

8. Closed Session – None.

9. Committee's Comments and Future Agenda Items – None.

Adjournment – Due to no further business, the meeting was adjourned at 4:10 p.m.

Assistant Secretary