

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
September 26, 2017

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 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, and Tom Thomas. Also in attendance were City of Upland Public Works Director Rosemary Hoerning, and SAWCo's Special Counsel Fred Fudacz, 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 Ms. Hoerning and Mr. Fudacz.
2. Additions-Deletions to the Agenda – Mr. Moorrees advised he was going to have the closed session take place immediately following Item 4A.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
 - A. ***Regular Committee Minutes of July 25, 2017*** – Mr. Gerardi moved and Mr. Thomas seconded to approve the meeting minutes of July 25, 2017. Motion carried.
8. Closed Session: The meeting went to closed session for a discussion on water rights at 3:02 p.m.

Closed session ended at 3:33 p.m. Mr. Moorrees was advised to arrange a meeting with the State Division of Water Rights by the committee.

Mr. Fudacz exited the meeting.

5. Planning and Operational Issues:
 - A. ***Tolle Nursery – Ground Lease Extension*** – Mr. Moorrees presented Mike Tolle of Tolle Azalea and Rose Company's request for a one year extension on his lease at the corner of 20th Street and Campus Avenue in Upland, California. Staff questioned whether or not the committee is in agreement to increase annual rent by the Consumer Price Index (CPI) when renewing this lease. Mr. Tolle is aware of the suggestion of using the CPI and is not opposed to the idea. The most beneficial time to use the CPI is three months prior to the renewal of the lease.

The committee felt it reasonable to utilize the CPI when renewing the lease agreement. Mr. Moorrees stated he would present the figures at the next Board meeting.

Mr. Gerardi moved and Mr. Thomas seconded to approve the Tolle Nursery ground lease one year extension utilizing the CPI adjustment. Motion carried.

- B. *Holly Drive Reservoir – Engineering Budget Increase*** - Mr. Moorrees explained the initial scope for the Holly Drive reservoir was to design a 100,000 gallon reservoir. It was to be constructed adjacent to the existing reservoir. Later it was learned that this design would not meet storage for required fire flow and that a 240,000 gallon reservoir or two 120,000 gallon reservoirs was required.

The modification in design requires revision to the existing work and new work associated with environmental, structural, and civil design. The budgetary amount for the revised work items total \$45,070.

Mr. Moorrees requested the committee recommend the Board approve the increase of \$45,070 in the current engineering budget and appropriate funds from Depreciation & Obsolescence Reserve as appropriate.

Mr. Gerardi moved and Mr. Thomas seconded to approve the general manager's recommendation. Motion carried.

- C. *Resolution 2017-09-02 Authorizing Application for Certificate of Consent*** – Mr. Moorrees explained the recent change in SAWCo's workers compensation insurance through the newly formed Joint Powers Insurance Agency (JPIA) JPRIMA through CalMutuals requires securing the Certificate of Consent from the Director of Industrial Relations.

Mr. Thomas inquired as to why this information wasn't stated in the quote. Mr. Moorrees figured SAWCo would be covered under general certificate of consent of JPRIMA. Mr. Thomas felt if SAWCo wasn't assuming any of the risk by securing the certificate of consent he is not against it.

There was consensus on the committee to have Mr. Moorrees inquire further with JPRIMA and bring the final information to the Board for approval.

- D. *Municipal Entitlement Adjustments for Supplemental Water Delivery*** – Mr. Moorrees reiterated that the Water Service Agreements (WSA) for the City of Upland, the City of Ontario and Monte Vista Water District (MVWD) were executed and in effect on July 1, 2017. These agreements relieved the constraints of monthly entitlement delivery and the Tier 2 rate for municipal deliveries.

For the first six months of the year the WSA's were not in effect and when the municipals exceeded their monthly entitlements they were charged the Tier 2 rate. As such, Ms. Hoerning is requesting this water purchased at the Tier 2 rate not be included as part of their entitlement delivery.

Mr. Moorrees requested the PROC recommend the Board approve the request to exclude supplemental water delivery during the first six months of this year by the City of Upland, City of Ontario, and MVWD from their annual entitlement delivery.

Mr. Gerardi moved and Mr. Thomas seconded to approve the general manager's recommendation. Motion carried.

E. Monte Vista Water District – Supplemental Water Delivery Rate – Mr. Moorrees explained that the current water service agreements took effect on July 1, 2017. These agreements eliminated monthly entitlement delivery restrictions but prohibited entities from receiving more water delivery than their entitlement in a calendar year unless it is available. MVWD has requested SAWCo deliver supplemental water at a negotiated rate of \$600 per acre foot (AF) for the remainder of the year if available.

Mr. Thomas moved and Mr. Gerardi seconded to recommend the Board approve the negotiated rate of \$600/AF for delivery of available supplemental water to MVWD for the remaining calendar year. Motion carried.

6. Planning and Operational Update -

A. Project Status Report –

- **Reservoir 4** – Cleaning of the reservoir is now complete and it is currently being lined. Staff saved nearly \$50,000 by using a different liner.
- **Cucamonga Crosswalls** – Nationwide permit is delayed due to the individual handling it being on an extended leave of absence. If the permit is not received before October 15th the project will be delayed until 2018. Staff is also waiting for the signed memorandum of understanding from the San Bernardino County. Also, the consultant from Altum Group that SAWCo has been working with is leaving the company.
- **Water Rights Investigation** – SAWCo has requested a copy of the information that the United States Forest Service provided to the State in regards to diversions. The monument manager deferred the request to the deputy forest supervisor. Staff has not received a response at this time.
- **Water Master Plan** – Ms. Layton has been meeting with individual agencies to find what their concerns and conceptual ideas are for future water deliveries.
- **I-10 Freeway Corridor Improvement** – San Bernardino County Transportation Authority and CalTrans are looking at putting express lanes and high occupancy vehicle lanes between the county line and the I-15 freeway. In order to continue with the project, they will have to relocate and extend a pipeline casing that SAWCo has at Council Avenue.

7. Basin Issues and Updates

- **San Antonio Canyon Watershed** – Nothing was discussed.
- **Chino Basin** – Ms. Layton reported on the desalter replenishment obligation. It was recommended that the Appropriative Pool have more time to allow them to come to a unanimous decision.

Evaporated losses of 4.2% for water spread April through October and 1.5% for water spread November through March is going to the board for approval. If it passes it will be applied to all supplemental water starting October 1st of this year.

September 26, 2017

- *Six Basins* – The meeting originally scheduled for the following day has been cancelled.
- *Cucamonga Basin* – Nothing was discussed.

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

Adjournment: –The meeting was adjourned at 3:57 p.m. Motion carried.

Assistant Secretary
Charles Moorrees