

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
September 30, 2014

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:04 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 SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton and Office Assistant Kelly Mitchell. Mr. Elliott presided.

1. Recognitions & Presentations – None.
2. Additions-Deletions to the Agenda – Mr. Moorrees added Item 5F, a proposed quitclaim on Mountain and 4th Street in Upland, California.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
 - A. **Regular Committee Minutes of July 29, 2014** - Mr. Thomas moved and Mr. Gerardi seconded to approve the meeting minutes of July 29, 2014. Motion carried.
5. Planning & Operational Issues:
 - A. **Tolle Nursery – Ground Lease Extension** - Mr. Moorrees reported that Tolle Nursery Co., Inc. currently leases SAWCo's 20th Street site as temporary staging for nursery operations as previously approved by the Board. The ground lease expires annually at the end of October. Per the agreement, Tolle Nursery Co., Inc. pays an annual rate of \$2,500 for use of the 20th Street and Campus Avenue site.

Mr. Tolle has requested continued use of only the 20th Street property for another 12 month term. Staff does not anticipate any operational interference for use of the 20th street property; however, the southeast corner is reserved for a potential cell tower lease with Verizon

Mr. Moorrees requested the PROC recommend extending the Ground Lease for Tolle Nursery Co., Inc for another term of 12 months beginning November 1, 2014 through October 31, 2015 for the site located at 20th Street and Campus Avenue and propose annual rental rate increase if any.

A 5% increase in the rental rate for this year was recommended by the committee.

Mr. Gerardi moved and Mr. Thomas seconded to recommend the Board extend the Ground Lease for Tolle Nursery Co., Inc. for 12 months from November 1, 2014 through October 31, 2015 for the 20th Street and Campus Avenue site with an increase of 5% in rental rate. Motion carried.

- B. *Alternative Energy Generation Feasibility Analysis*** – Mr. Moorrees presented information with regards to the increase in energy costs at SAWCo’s well sites due to the reduction in surface and subterranean water flows because of the drought. Energy costs have increased by 72% since 2011.

Staff met with representatives of Pacific Advanced Civil Engineering, Inc. (PACE) Advanced Water Engineering to discuss possible co-generation electric/gas conversion to offset energy costs for well motors at SAWCo’s 5-acre site on Benson Avenue and 17th Street. With no reservoir buffer available to deliver water during peak hours, these wells will operate 24hours/day, 7 days/week. Mindful that natural gas is already available at this site and that these wells use to operate on gas many years ago, conversion of Well 25A, Well 26, and Well 27A motors will enable using gas during peak hours to operate at a lower cost.

Discussions also included installing solar panels at the site to generate electricity to offset energy costs. Gas powered systems cannot be aggregated between the meters; however, the system of solar panels can aggregate the SCE meters for the three wells and on-site booster pumps.

PACE provided a proposal to prepare a Feasibility Analysis to evaluate the capital required and operational costs with respect to existing rates and to determine the return on investment for implementing the energy generation alternatives.

Mr. Thomas questioned why use PACE for the feasibility study and why it would take \$10,900 for it to be completed. Mr. Moorrees did a search for companies that provide these types of services. He originally received information from Premier Alliance who then referred him to PACE.

Mr. Gerardi asked if a Request for Proposal (RFP) was sent out for this item. Mr. Moorrees advised he did not send out an RFP. He stated he contacted an agency doing a large solar project in the desert area that he wishes to set up a meeting with to find out who they are using for their project and how well it is working.

There was consensus on the committee to have the general manager gather information on more companies who provide these types of services and bring the findings back to the committee.

- C. *Water Use and Supply Update*** – Mr. Moorrees updated the committee on shareholder water consumption as well as the current supply of water. Unfortunately, the figures show that overall shareholder consumption was higher during the fix six months of 2014 than the first six months of 2013. Additionally, shareholders have purchased additional shares to increase their entitlement.

Mr. Gerardi questioned whether staff has tried to relate high temperatures with water consumption. He felt it was a hot summer and increases in water consumption are expected in hotter weather. Mr. Moorrees stated that he can include temperature and rainfall for relativity.

Ms. Layton spoke with Tina Nelson about giving a presentation about water conservation and the drought at the upcoming San Antonio Heights Association Annual Meeting.

Mr. Gerardi inquired if there were regulations on the amount of grass or turf being installed in new homes being built. Ms. Layton stated that there is a San Bernardino County landscape ordinance. The County establishes landscape requirements for new home plans and should monitor drought tolerant plantings and grass being installed.

Ms. Layton stated that about a year or so ago the Department of Water Resources came out with their own landscape ordinance. Inland Empire Utilities Agency (IEUA) formed a landscape committee to align neighboring city landscape ordinances to avoid variances.

Ms. Layton handed out the Water Wise Homeowners Landscape Guide to all committee members as an information piece.

Mr. Elliott expressed his desire to see this agenda item on the upcoming Board meeting agenda. Mr. Moorrees agreed and added that he would include rainfall data.

Mr. Moorrees advised the committee that SAWCo is considering entering the High Water Shortage Alert stage. However, with the tunnel now cleaned out that may not be necessary. If water quality test results are good, staff will pursue putting the water back into the domestic system. Mr. Moorrees will email the board with the test results.

D. California Association of Mutual Water Companies – Mr. Moorrees reported that the associations dealing with mutual water companies that SAWCo once belonged to are no longer in business. In 2013 the California Association of Mutual Water Companies (CalMutuals) was founded because of the need to bring together leaders of the industry and to give a voice to small water systems that serve residential, small business, farms, municipalities, and disadvantaged communities throughout the state. Recent assembly bills seem to have targeted mutual water companies.

Some of the legislative issues CalMutuals is involved in are AB2443 to amend the bill by adding provisions for any public agency that wants to sell recycled water in the service territory of a mutual water company. The most recent to advocate for the new water bond AB471 that mutual water companies are included as eligible applicants in the new water bond. As such, grant-writing expertise with CalMutuals is a valuable resource.

Staff believes it beneficial to become a member of this organization because of the commonalities associated with mutual water companies. In addition, the SAWCo will benefit from lobbying efforts by the association in upcoming regulatory issues.

Mr. Moorrees recommended the PROC review and discuss the benefits of membership in the California Association of Mutual Water Companies (CalMutuals) and recommend the Board include membership fees in this organization for the CY2015 budget.

Mr. Thomas stated that SAWCo's projected revenue for the year would put them in TIER B at an annual rate of \$2,500. He felt for that price it was worth trying for a year.

Mr. Thomas moved and Mr. Gerardi seconded to recommend the Board approve membership in CalMutuals for the CY2015. Motion carried.

E. Upland Oktoberfest – Mr. Moorrees explained that the City of Upland will host an Oktoberfest event from October 24th thru October 26th. The event is sponsored by the Cooper Museum and will be held in Downtown Upland. Former board member Mark Hill inquired if SAWCo wished to be a sponsor and host a booth at the event.

The committee felt donating cases of bottled water for the event would serve a better purpose than hosting a booth.

F. Proposed Quitclaim Mountain and 4th Street – Mr. Moorrees explained that SAWCo received a request from a developer to quitclaim an easement on the northeast corner of 4th Street and Mountain Avenue. Based on SAWCo's fee schedule the amount owed the water company to quitclaim the easement totaled \$1,200. The quitclaim will be sent to legal counsel for approval.

Mr. Gerardi inquired as to whether there was a use for the easement now or in the future. Mr. Moorrees replied there are no facilities on the property and there is no foreseen use for the easement. Mr. Gerardi also asked if this easement has a value that SAWCo is giving away.

The committee questioned if the collected amount would cover the cost of quitclaim. Ms. Layton explained that SAWCo has a fee schedule they are following but that staff would inquire with legal counsel what their estimated cost is for reviewing quitclaims to determine if the fees cover the costs. It was agreed that the discussion of established fees and perceived value would be discussed by the AFC.

Mr. Thomas moved the Board approve the quitclaim upon approval of legal counsel. Mr. Gerardi seconded the motion. Motion carried.

6. Planning & Operational Update -

A. Project Status Report

- **Tunnel** – Video was shown of the cleaning of the tunnel debris.
- **Cucamonga Basin – Desilting project at crosswalls** – The final initial study was submitted to the City of Upland. Army Corps of Engineers did not require a permit. The Department of Fish and Wildlife first requested a dredging permit

for \$67,000 but SAWCo is not dredging anything they are desilting so the requirement was waived.

- **Chino Basin Recharge Pipeline** – Mr. Moorrees will contact Ms. Rosemary Hoerning with the City of Upland to verify that the project is on the agenda for the upcoming PVPA meeting.
- **Frankish Tunnel** – Staff realized that with a connection to the Frankish Stamm Tunnel SAWCo can spread water.
- **Tyler Technologies Billing Software** – Utility Billing portion is complete. Currently working on the accounting software.
- **Classification and Compensation Study** – Employees were interviewed about their job duties. Staff is contacting RSG to get a status update.
- **Company Video** – Ms. Layton stated she sent out the Request for Proposal (RFP) to consultants for the water company video. Proposals are due by October 17, 2014.

7. Basin Issues & Updates

- A. **San Antonio Canyon Watershed** – Meeting was held the previous Wednesday. City of Pomona, SAWCo and California Rural Water Association attended.
- B. **Chino Basin** – No decision made on whether or not to use forecasting or retroactive figures for recalculating safe yield. A special meeting is being held on Thursday.
- C. **Six Basins** – Six Basins staff spoke about the monitoring wells. Drawdown level is at about 5 feet per year. Wildermuth Environmental, Inc. is trying to develop an alternative model in developing the data to determine the Operating Safe Yield in the basin. The draft budget will be discussed at the next meeting.

The next advisory committee meeting will be held on October 22nd.

8. Committee's Comments and Future Agenda Items – Mr. Thomas suggested that when scheduling next year's committee meetings that they be scheduled for the fourth Tuesday of the month rather than the last Tuesday of the month. There was no objection to the change by the committee.

Adjournment – Due to no further business the meeting was adjourned at 4:32 p.m. Motion carried.

Assistant Secretary
Charles Moorrees