

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
October 9, 2012

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 Tom Thomas, Will Elliott, Ken Willis, and John Gerardi. Also in attendance were General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, and Lisa Morgan-Perales from Inland Empire Utilities Agency (IEUA). Mr. Willis presided.

1. Recognitions & Presentations –Mr. Moorrees introduced Lisa Morgan-Perales of IEUA who was present to answer any questions the committee had about Item 5A on the Agenda.
2. Additions-Deletions to the Agenda – None.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes –
 - A. Regular Committee Minutes of July 24, 2012 - Mr. Elliott moved and Mr. Willis seconded to approve the meeting minutes of July 24, 2012. Motion carried with Mr. Thomas abstaining.
 - B. No Committee meeting held on September 25 due to lack of quorum – Mr. Thomas noted he did attend the meeting.
5. Planning & Operational Issues:
 - A. Amendment to IEUA Regional Memorandum of Understanding (MOU) – Mr. Moorrees stated that SAWCo originally opted out of the Regional MOU due to its wholesale status. IEUA asked if SAWCo would sign an amendment to the MOU that was crafted to identify SAWCo as a wholesaler and that the retail parties would agree to allow SAWCo to participate.

SAWCo presented the idea of signing an amendment to the Regional MOU to the Board who requested review of the amendment prior to approval.

SAWCo is a member of the California Urban Water Conservation Council (CUWCC) which enables them to reference the Best Management Practices (BMP's) in its recent Urban Water Management Plan. Part of SAWCo's BMP's is to establish regional partnerships to encourage water conservation. Legal counsel saw no reason not to participate in the signing of the Regional MOU with the amendment.

Ms. Morgan-Perales reported that IEUA is an eight member agency that includes SAWCo, the City of Ontario, the City of Upland, Monte Vista Water District (MVWD), the City of Chino, the City of Chino Hills, Fontana Water Company, and Cucamonga Valley Water District (CVWD). Only three agencies have not

signed the MOU. SAWCo being one of them and another one hasn't signed due to filing their Urban Water Management Plan late. CVWD has not yet signed due to internal communication issues.

Ms. Morgan-Perales explained that the MOU is about regional collaboration in order to meet statute for the retail agencies. As a wholesaler SAWCo is not required to statutorily meet the 20% by 2020 reduction required by retailers. IEUA funds many of the conservation programs for the region and basin; as such SAWCo benefits in participating in the programs. In order for IEUA to assist all of its member agencies they have elected to form the Regional Alliance which the MOU formalizes. All water savings and recycled water generated by IEUA programs are added into their regional compliance. IEUA will report to the state on the regional compliance for all eight agencies. The reason IEUA would like SAWCo to be a part of the agreement is not only for grant and loan compliance, but also due to the fact that they are unable to count the amount of water savings that is being realized in SAWCo's service area. Also, a retail agency can comply in one of two ways with this statute. They can comply under a regional alliance or they can comply on their own.

Mr. Elliott moved and Mr. Gerardi seconded to recommend the Board execute the MOU amendment to establish regional alliance to comply with the Water Conservation Act of 2009. Motion carried with Mr. Thomas abstaining.

- B. Funding MOU with IEUA for Water Conservation Rebate Incentives – Mr. Moorrees stated that in staff's meeting with IEUA they discussed SAWCo's role as a wholesaler moving forward. Currently, IEUA administers water conservation programs for the Metropolitan Water District (MWD). They presented an option to develop an MOU with SAWCo to fund separately and collectively to these programs administered by IEUA. This option enables SAWCo to reach out to its wholesalers by using existing programs and staff for its administration without burdening existing staff for its implementation.

Mr. Moorrees recommended the PROC discuss options presented by staff and recommends 1) Meeting with representatives for the Company's wholesale customers, 2) Developing an MOU with IEUA to provide additional funding to Metropolitan Water District conservation rebate incentives that are administered by the IEUA, 3) Both options 1 and 2, and provide direction to staff moving forward and/or recommendations for Board approval.

Mr. Elliott moved and Mr. Gerardi seconded to put this as a report item on the agenda for the next Board meeting. Motion carried with Mr. Thomas abstaining.

Ms. Morgan-Perales exited the meeting.

- C. MVWD request to partner in SAWPA's OWOW Grant Program – Mr. Moorrees reported that on September 4, 2012 MVWD asked if the City of Ontario and SAWCo would be willing to enter into an MOU regarding activating the Benson pipeline to deliver water from SAWCo to the City of Ontario and MVWD. MVWD plans to submit the project to the Santa Ana Watershed Protection

Agency (SAWPA) on the One Water One Watershed (OWOW) Grant Program as a regionally collaborative project and wanted to get SAWCo to partner.

Additional pipeline from the Water Company's Well facilities at 17th and Benson Avenue south would be necessary to connect to MVWD's existing waterline in Benson Avenue south of 17th Street. SAWCo agreed to provide the onsite chlorination facility required prior to delivery of water. The City of Ontario has a connection to this waterline for their delivery of water from SAWCo. Collaborative partnering is a key factor for the Grant application and would require a commitment of certain prorated funds to construct this project.

Mr. Gerardi questioned whether SAWCo would have to install new pipeline to complete the project. Mr. Moorrees stated they would need to install an estimated additional 800 feet of pipeline to complete the connection.

Mr. Moorrees stated that the MOU would go to SAWCo's legal counsel for review should the PROC decide to participate.

Mr. Gerardi inquired about the benefit this MOU would have on SAWCo. Mr. Moorrees replied that SAWCo would now be able to directly supply water to the City of Ontario; which they have been unable to do.

Mr. Thomas suggested a letter to the Granting agency showing SAWCo's support for the Grant project.

Mr. Willis moved to have the PROC recommend the Board approve the MOU subject to legal counsel review and prepare all the documentation. Mr. Gerardi seconded the motion. Motion carried with Mr. Thomas abstaining.

D. Well 25A – Additional Budget Appropriation – Mr. Moorrees updated the committee on the progress of the Well 25A installation. The equipment was being installed and it was hoped the Well would be up and running shortly.

Mr. Moorrees pointed out the fees to complete the well are in excess of the amount allocated to the project. The reason for the cost overrun was the site improvements required by the City of Upland. The site has already been vandalized. Completing the site improvements would help secure the site.

Mr. Willis inquired as to the cost to install cameras at all SAWCo sites. He recommended staff look into companies that provide that service. Mr. Moorrees stated that the Forebay site will have cameras.

Mr. Gerardi inquired as to why staff wished to allocate the additional funds now instead of at the time the site plans are approved. Mr. Moorrees would like to have the funds readily available so as not to extend the length of the project.

Mr. Willis questioned what account the funds would come from. Mr. Moorrees replied the Depreciation Reserve Fund.

Mr. Elliott moved and Mr. Willis seconded to recommend the Board approve the appropriation of \$275,000 from the Depreciation Reserves for continuation of the Well 25A project. Motion carried with Mr. Thomas abstaining.

6. Planning & Operational Update -

A. Three Valleys Water District (TVWD) Conveyance Options – Mr. Moorrees reported that he met with Rick Hansen from Three Valleys Municipal Water District (TVMWD) to discuss several possible alternatives for conveying water to TVMWD.

Mr. Moorrees explained to the committee the various alternatives discussed with Mr. Hansen to deliver water to TVMWD such as delivery through the Miramar Pipeline, SAWCo's new Well 25A, surface water delivery to Water Facilities Authority (WFA), Chino Basin Spread Line, wheeling through the City of Pomona's pipeline, and/or separate conveyance from TVMWD.

This item was for information only.

B. Project Status Report

- **Well 25A - Drilling** – Nearly complete.
- **Res 6 Interior & Exterior Recoating** – Completed.

7. Basin Issues & Updates

A. *San Antonio Canyon Watershed* – Nothing was discussed.

B. *Cucamonga Basin* – Nothing was discussed.

C. *Chino Basin* – Nothing was discussed.

D. *Six Basins* – Nothing was discussed.

8. Closed Session – None.

9. Committee's Comments and Future Agenda Items – Mr. Moorrees advised the committee of some activity in Marble Canyon. Field staff found SAWCo's lock to be cut and workers using SAWCo's hydrant without a hydrant meter. The workers were grading the land and looking for a spring to connect to or a place to drill a well for water supply. They had not cleared anything through SAWCo's office nor do they own water rights.

Adjournment – Due to no further business, Mr. Gerardi moved and Mr. Elliott seconded to adjourn the meeting at 4:05 p.m. Motion carried with Mr. Thomas abstaining.

Assistant Secretary
Charles Moorrees