

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
November 25, 2014

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:03 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, Ken Willis and Tom Thomas. Also in attendance were Upland resident Jane Willis, SAWCo's General Manager Charles Moorrees and Office Assistant Kelly Mitchell. Mr. Elliott presided.

1. Recognitions & Presentations – None.
2. Additions-Deletions to the Agenda – None.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
 - A. ***Regular Committee Minutes of September 30, 2014*** - Mr. Gerardi moved and Mr. Elliott seconded to approve the meeting minutes of September 30, 2014. Motion carried.
5. Planning & Operational Issues:
 - A. ***Telecom Lease Advisors – Proposed Purchase of Cell Tower Lease*** - Mr. Moorrees reported that Telecom Lease Advisors (TLA) approached SAWCo with an offer to buy the existing cell tower lease SAWCo has with Sprint at its Well 26 site.

TLA proposes two different offers. An offer to buy the lease up front would result in TLA providing a cash payment upon closing with no closing costs. They are offering \$328,889 to buy the lease out for 30 years and \$353,177 to buy the lease out for a 40 year term. TLA would then begin marketing the property to use their structure or any property owned by SAWCo with revenue distribution at 65%-75% [TLA 35%-25%]. After the term is complete, the easement would dissolve and revert back to SAWCo. At that time TLA may offer to buy another term.

TLA's offer with perpetual term is in the amount of \$382,644 with a \$53,755 incentive to make it perpetual. The offer includes site marketing services to attract additional wireless tenants with 75% of new rent to SAWCo with final approval by SAWCo.

Mr. Moorrees gave a breakdown of total amounts received with either proposal as well as total amount received when remaining with the current lease with Sprint in place. SAWCo would receive more funds retaining the current lease agreement.

Mr. Moorrees stated he preferred the steady income the current lease provides SAWCo.

Mr. Elliott moved to receive and file the information. There was consensus on the committee. This item did not need Board review or action.

- B. *Alternative Energy Study*** – Mr. Moorrees presented proposals provided by three engineering companies to evaluate alternative energy options at SAWCo’s 17th Street and Benson Avenue location to help off-set energy costs.

Mr. Moorrees recommended the committee review the proposals and make a recommendation to the Board to award preparation of a Feasibility Analysis for Alternative Energy Generation for SAWCo’s 17th Street and Benson Avenue site.

Mr. Elliott moved and Mr. Gerardi seconded to add the Alternative Energy Feasibility Study to the Budget Workshop held on December 3, 2014. Motion carried.

It was suggested Mr. Moorrees develop a matrix to show what each engineering company is including in their proposal for the upcoming Budget Workshop.

- C. *Draft CY2015 Capital Improvement Projects*** – Mr. Moorrees reviewed the “Draft” Capital Improvement Budget for CY2015 with the committee. Each item on the draft budget had a cost amount and a priority level.

Carry-over projects from CY2014 are the Chino Basin Recharge Pipeline, Well 25A Site Improvements, Cucamonga Crosswalls, Basin 6 Desilting, Treatment Plant Air Separation Pipeline, and New Billing Software Support.

Capital Improvement projects for CY2015 include the required update of the Water Master Plan and Urban Water Management Plan. Other Capital Improvement Projects include treatment options for the Domestic Tunnel, the Frankish Tunnel Pipeline Connection, the Cucamonga Valley Water District connection and pipeline replacements on Spring Terrace and Wildrose Lane.

Maintenance projects include floor covering replacement in the company office and meter replacements.

Minor Capital project include a field laptop, internet connection at the Forebay and a meter read Auto Gun with charger.

Administration projects include an increase in the amount provided to promote water conservation, a SAWCo history and facility video, Water Stock Database Software, Office and Yard Computer Replacement and Business Continuity System Hardware Installation.

6. Planning & Operational Update -

A. Project Status Report

- **Mountain Drive** – [\$170,000] – Complete pending the recording of the Notice of Completion and release of the retention funds.
- **Vista Drive** - [\$120,000 + \$12,300 = \$132,300] – Complete pending the recording of the Notice of Completion and release of the retention funds.

- **Well 25A-Site Improvements per City CUP – Carry Over CY 2014** – Changes to the panels for the walls have caused a delay in the project. Still awaiting a landscaping permit from the City of Upland.
- **WFA Pipeline Connection** – Near completion.
- **Basin 6 Desilting** – San Bernardino County Flood Control District (SBCFCD) is requiring separate environmental reports. Regulatory approval is still needed from Army Corps of Engineers, Department of Fish and Wildlife and Regional Water Quality Control Board. A letter was proposed to the governor of California to determine how SAWCo can obtain waivers from the regulatory agencies in light of the severe drought California is experiencing.
- **Cucamonga Basin** – Desilting project at crosswalls – Staff is meeting with the Department of Fish and Wildlife in December to visit the site and explain what the project will accomplish.
- **Water Rights Investigation** – Activity – To prompt the State Water Resources Control Board (SWRCB) to respond to the claims made by Mt. Baldy agencies SAWCo’s special counsel drew up a letter in response to the agencies claims and will be submitting it to SWRCB shortly. The committee requested a copy of the drafted response. They will review the response and email any corrections to Mr. Moorrees.
- **Chino Basin Recharge Pipeline** –The easement for this project was not on the agenda at the PVPA meeting and should go to the Board in December.
- **Frankish Tunnel Pipeline** – Staff is looking into energy grants to see if this project qualifies.
- **San Antonio Tunnel** – Emergency repair [Complete 9/25/2014] – The tunnel was cleaned out, however, the inspection found a boulder that is blocking the tunnel. National Plant Services will come in and try to dislodge the boulder. Once that is complete Shaft 9A will be closed off and the tunnel will be chlorinated.

7. Basin Issues & Updates

A. *San Antonio Canyon Watershed* – Discussed under the Projects and Updates, Water Rights Investigation.

B. *Chino Basin* – Approved assessment at \$129,061.

C. *Six Basins* – Approved CY2015 Meeting Calendar. Operating Safe Yield (OSY) moved to 16,000 acre feet (AF) from 16,500 AF. The assessment for 2015 will be at \$20/AF totaling \$27,660 for SAWCo based on OSY. This reduced assessment is due to a \$150,000 contribution from Pomona Valley Protective Agency (PVPA).

8. Committee’s Comments and Future Agenda Items – None.

Adjournment – Due to no further business the meeting was adjourned at 4:03 p.m. Motion carried.

Assistant Secretary
Charles Moorrees