

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
November 27, 2012

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:15 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, and John Gerardi. Also in attendance were General Manager Charles Moorrees and Assistant Manager of Administration and Finance Teri Layton. 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 July 24, 2012 - Mr. Gerardi moved and Mr. Thomas seconded to approve the meeting minutes of October 9, 2012. Motion carried.
5. Planning & Operational Issues:
 - A. Forebay Improvement Project – Mr. Moorrees stated there is an addendum to extend the bid for the general contractors to December 4th to review the geotechnical report. The two bids for electrical contractor were opened earlier in the day. The low bid was KSM Electric at \$260,382.82. The engineers estimate did not include mobilization and was well below what the bids came in at.

Mr. Gerardi expressed concern for the engineers estimate being so low as he should be responsible for understanding the work including work that needs to be done that adds to the cost of the project. Mr. Gerardi then questioned if SAWCo provides the engineers estimate in the advertisement for bid.

Mr. Moorrees responded that the engineers estimate for the entire contract was provided but the project is being bid with general contractor, electrical contractor and miox system separately.

Mr. Gerardi felt there was such a discrepancy between the engineers estimate and the amount of the bids that it should be looked in to.

Mr. Moorrees explained that the mobilization was not included in the engineer's estimate. Item #18 alone was estimated at \$75,000 and the low bid came in at \$195,768.24; a more than \$120,000 difference.

Mr. Gerardi pointed out that for Item #19 the engineer estimated \$50,000 with bids coming in at \$14,000 and for Item #20 the engineer estimated \$45,000 with bids coming in at \$17,000. He encouraged staff to express this concern to the

engineer who presented the estimate and get an explanation as to why there was such a variance from the estimate amount to the bid amounts.

Mr. Thomas motioned that the committee recommend to the Board utilizing KSM Electric for the project pending satisfactory response by the engineer and acceptance of that response by the general manager and concurrence by the Board of Directors at the December 6, 2012 Board Budget Meeting. Mr. Gerardi seconded the motion. Motion carried.

Mr. Moorrees then spoke of the mixed oxidant sodium hypochlorite generation system (MIOX). SAWCo's current system is an older system. The newer system, called the Vault System is not as maintenance intensive as SAWCo's current system. It produces .004% solution whereas the current system produces 11% and causes calcification. It also has nearly four times more capacity to treat the water.

There was consensus on the committee to recommend the MIOX bid for approval by the Board.

Mr. Thomas inquired about the general contractor bids on the Forebay Improvement Project. Mr. Moorrees responded that SAWCo went to bid with six contractors; four attended the mandatory pre-bid meeting. General contractor bids will be opened on Tuesday, December 4, 2012 at 10 a.m.

- B. Water Facilities Authority (WFA) – Memorandum of Understanding (MOU) – Mr. Moorrees stated that attached to the MOU will include the final drawing which was just received but has yet been reviewed by the WFA. Construction is postponed until after the MOU has been approved by the board which Mr. Moorrees believes will happen in January of 2013 concurrent with the WFA Board approval. Mr. Moorrees has made some changes to the MOU and SAWCo's legal counsel is reviewing the document for changes and recommendations as well.

The sources that SAWCo will be delivering to the WFA are not only from SAWCo's new Well 25A but also Well 26 and Well 27. Mr. Moorrees stated SAWCo will take ownership of the meter as they will be the billing party.

Mr. Moorrees took issue with an item in the MOU that was recently added which states that WFA will invoice the entities for their share of the treatment, maintenance, and capital replacement costs pertaining to the groundwater supplies delivered to them through the plant. Originally, to his understanding, there were to be no fees passed on to the receiving parties.

Mr. Moorrees recommended the committee review the MOU and staff comments and recommend the Board approve the proposed MOU subsequent to legal review.

- C. "Draft" Capital Improvement Budget CY2013 – Mr. Moorrees presented a draft budget for capital improvement projects in 2013. Mr. Moorrees explained that

there are five projects included in the budget that are carryover from CY2012. One of which is the Forebay Facility Improvement Project which has a strong possibility of going over the current budgeted amount. Mr. Moorrees explained the listed carry-over projects, capital projects and maintenance projects to the committee.

Additionally, Ms. Layton explained the desire for a budget to include new billing software due to the current system going to a 'dotnet' (.net) program which will cost more money to convert. Ms. Layton is hoping to get the accounting and billing software all in one program. Staff is currently researching this item.

6. Planning & Operational Update -

A. Project Status Report

- **Water Rights Investigation – Activity** – Mr. Moorrees explained that special council discovered a 1948 document that shows the United States Forest Service (USFS) knew about the water rights issue but failed to address the issue.

7. Basin Issues & Updates

A. *San Antonio Canyon Watershed* – Mr. Moorrees stated there is a meeting scheduled for the following Wednesday.

B. *Cucamonga Basin* – Nothing was discussed.

C. *Chino Basin* – Ms. Layton stated that the watermaster did not meet the previous week but will meet on Thursday with regards the topic of storm water in regards to the master plan update.

D. *Six Basins* – The Operating Safe Yield (OSY) of 17,500 acre feet remains the same for the upcoming year. The assessment for 2013 has yet to be determined.

8. Closed Session – None.

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

Adjournment – Due to no further business the meeting was adjourned at 4:47 p.m.

Assistant Secretary
Charles Moorrees