

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
November 28, 2017

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:01 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, Jose Sanchez and Tom Thomas. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, Accounting and Personnel Specialist Joni Ruggles and Senior Administrative Specialist Kelly Mitchell. Mr. Elliott presided.

1. Recognitions and Presentations – Mr. Moorrees advised JLR Insurance will be making a presentation on Agenda Item 5A once they arrive.
2. Additions-Deletions to the Agenda – Mr. Moorrees advised of the meeting date change for November 2018. The final meeting calendar for 2018 will be placed on the Board Budget Workshop agenda for approval.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
 - A. ***Regular Committee Minutes of September 26, 2017*** – Mr. Gerardi moved and Mr. Sanchez seconded to approve the meeting minutes of September 26, 2017. Motion carried.
5. Planning and Operational Issues:
 - B. ***Policy Guidelines for Water Service Agreements*** – Mr. Moorrees explained the reasoning behind offering Water Service Agreements (WSA) to municipalities. The main reason being they were not receiving their full entitlement by the end of the year but going over their entitlement monthly.

Calmat recently requested SAWCo transfer water to them in Chino Basin. Staff was unaware of their inability to do so since Calmat is not an appropriator in the basin. Calmat has requested to intervene in the basin as an appropriator in order to utilize the water. The request to intervene will go to the Court on December 15th for approval. Since then Bob Bowcock, a representative for Calmat, has requested a WSA with SAWCo.

Jason Reichert and Melissa Calabretta with JLR Insurance entered the meeting at 3:06 p.m.

- A. ***Employee Benefit Plan Renewal*** – Ms. Calabretta distributed copies of information regarding SAWCo renewing health, dental, vision and life insurance with their current providers. In addition to the health insurance renewal information for the grandfathered Health Net plan, figures were shown for some Affordable Care Act (ACA) plans with Blue Shield, Aetna, Anthem, United Health Care and Health Net that were somewhat comparable. Ms. Calabretta then explained some of the differences between ACA compliant plans and SAWCo's

grandfathered Health Net plan. Blue Shield, specifically, offered a plan that would save the company a considerable amount of money per month.

Mr. Reichert expressed some concern as it is believed that Blue Shield is lowering their costs to encourage enrollment so that they can sell the company at a higher price. If this is done, enrollment costs will certainly increase a great deal the following year and if SAWCo leaves their grandfathered plan to enter the ACA market they cannot go back.

Ms. Calabretta advised the Committee that the average increase for insurance renewal for SAWCo is at less than 10% which is stable. The ACA market renewal rates are not stable. The recommendation from JLR Insurance was to renew all benefits plans for another year.

Ms. Calabretta will put together a cost comparison for the grandfathered Health Net plan and Blue Shield to be included in the agenda of the upcoming Board Budget Workshop.

Ms. Calabretta handed out information on SB562 for single payer-healthcare in California.

Ms. Calabretta informed the Committee that carriers in previous years received a federal subsidy for participating in the ACA market. At the time healthcare carriers had to submit their costs for 2018 the president removed the federal subsidy. The carriers submitted their costs which included these subsidies. It is thought that the 2019 costs for ACA healthcare plans will be much higher.

Ms. Calabretta and Mr. Reichert exited the meeting at 3:52 p.m.

B. Policy Guidelines for Water Service Agreements (continued) – Mr. Moorrees recommended SAWCo continue with the current WSA's, developing them with minor shareholders would become more problematic administratively. The original intention for the WSA was to provide full delivery of entitlement each year; they are not needed to provide a onetime transfer of water.

Members of the Committee felt adding 'wholesale' into the current WSA's may better clarify the intention of the agreements.

Mr. Moorrees stated he would bring the policy to the PROC in January.

C. Cucamonga Crosswalls – Mr. Moorrees stated that in talking to the Army Corps of Engineers he was told they will try and issue the permit before the end of the year. He also spoken with Kevin Blakeslee to rectify the issue with the San Bernardino County Flood Control District (SBCFCD) retracting the waiver of the extraction fee as it was perceived to be a gift of public funds.

Mr. Thomas inquired whether or not SAWCo removing its requirement that the contractor reimburse them for their expenses on the project to date would SBCFCD waive the extraction fee. Mr. Moorrees replied yes.

Director Sanchez moved and Director Gerardi seconded to approve removing the requirement that the contractor reimburse SAWCo for their expenses on the project to date to allow for the SBCFCD to reinstate the waiver of extraction fee. Motion carried.

- D. 2016 Water Master Plan** – The Committee expressed their approval of the plan. Mr. Thomas inquired about the combining of facilities at 17th Street and Benson Avenue being left out of the plan. Mr. Moorrees stated it was agreed that would be left out.

Ms. Layton brought attention to page 3-8 where the total for water supply was incorrect. That data will be corrected in the final plan. Mr. Thomas suggested listing all corrections needed on one page, have the Committee approve it and then send it to the consultant. Staff will put the correction page together for approval.

- E. Water Supply Projection** – Mr. Moorrees explained that although staff projects water supply for CY2017 to be 15,738 acre feet (AF) they are recommending an increase in entitlement for CY2018 to 13,000AF. A smaller increase in entitlement is being recommended due to numerous factors such as a La Nina forecasted for CY2018, production in Six Basins has been reduced due to low water levels, current operating issues with Well 32 and the expected reduction in operating safe yield in the Chino Basin.

Mr. Moorrees recommended the Committee approve increasing entitlement to 13,000AF/YR (8.3%) effective January 1, 2018 and continue to address water supply projections in October for any future recommended adjustments greater or lesser than 5% for the calendar year.

Mr. Gerardi moved and Mr. Sanchez seconded the general manager's recommendation. Motion carried.

- F. Draft CY2018 Capital Improvement Budget** – Mr. Moorrees advised of the reduction in the amount needed for Item 13 (SCADA Software). He then reviewed each item on the budget with the Committee.

6. Planning and Operational Update -

A. Project Status Report –

- **Cucamonga Crosswalls** – The Army Corps of Engineers is stating they will issue the permit before the end of the year.

7. Basin Issues and Updates

- **San Antonio Canyon Watershed** – Staff met with the Local Agency Formation Commission (LAFCO) earlier in the day regarding the sphere of influence and the consolidation of Mt. Baldy and San Antonio Canyon Mutual Services and SAWCo's concerns with water rights. Ms. Layton will be sending LAFCO a letter with SAWCo's concerns on these matters.

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- *Chino Basin* – Nothing new to report.
- *Six Basins* – Nothing new to report.

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

Adjournment: –The meeting was adjourned at 4:23 p.m. Motion carried.

Assistant Secretary
Charles Moorrees