



MEETING AGENDA
for
AD HOC COMMITTEE FOR OFFICE FEASIBILITY
STUDY

July 10, 2019 @ 3:00pm
At Company Office 139 N. Euclid Avenue, Upland, CA

- Call to Order

1. Recognitions and Presentations:

2. Additions-Deletions to the Agenda:

3. Public Comments

This is the time for any shareholder or member of the public to address the committee members on any topic under the jurisdiction of the Company, which is on or not on the agenda. Please note, pursuant to the Brown Act the Committee is prohibited from taking actions on items not listed on the agenda. For any testimony, speakers are requested to keep their comments to no more than four (4) minutes, including the use of any visual aids, and to do so in a focused and orderly manner. Anyone wishing to speak is requested to voluntarily fill out and submit a speaker's form to the manager prior to speaking.

4. Approval of Committee Meeting Minutes

Regular Committee Minutes of June 12, 2019

5. Administrative Issues:

- A. Draft Request for Qualifications (RFQ)
Discussion and possible action

6. Closed Session:

None.

7. Committee Comments and Future Agenda Items:

- o This is the time for committee's comments and consideration on future agenda items relative to the interests and business of the company and its shareholders.

8. Adjournment:

The next AdHoc Committee Meeting will be determined

NOTE: All agenda report items and back-up materials are available for review and/or acquisition at the Company Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Friday [7:30 – 11:30 and 12:30 – 4:30]. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On July 5, 2019, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), on the public bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall), and on the Water Company's website.

SAN ANTONIO WATER COMPANY
AD-HOC MEETING
MINUTES
June 12, 2019

Item 4

An open meeting of the office relocation feasibility Ad-Hoc Committee for the San Antonio Water Company (SAWCo) was called to order at 3:02 p.m. on the above date at SAWCo's Company Office located at 139 N. Euclid Avenue in Upland, California. Committee Members present were Tom Thomas, Martha Goss, Teri Layton, Tommy Hudspeth, and alternate Jose Sanchez. Also in attendance were SAWCo's General Manager Brian Lee, and Senior Administrative Specialist Kelly Mitchell. Mr. Thomas presided.

1. Recognitions and Presentations: None.
2. Additions – Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes
Mr. Thomas moved and Ms. Layton seconded to approve the meeting minutes of July 10, 2017. Motion carried.
5. Administrative Issues:
 - A. ***Update on Status of Consolidating Company Office and Yard Facilities*** – Mr. Lee recapped what the Committee had previously accomplished. The best location for the new office and yard buildings was determined to be on SAWCo owned property at 17th Street and Benson Avenue. Concept drawings of the buildings were drafted.

Mr. Lee then reaffirmed the two main purposes of the Committee are to determine the office layout, such as structure and feel of office, and how to fund the project. Most of the funding will come from the sale of the southern portion of the property and the sale of the current office and yard facility. SAWCo has been in their current office for 90 years and have outgrown it. Mr. Lee would like to build facilities to last the next century.

The timing of the sale of SAWCo's current office and yard facility and the building of the new facility was discussed along with possible financing.

The Committee reviewed previous concept plans for the site and determined new plans should be drawn up. As such, a Request for Qualifications (RFQ) will be sent out to the architect responsible for drawing up the previous plans as well as several other local architects.

Mr. Lee stated he would schedule a July Ad Hoc Office and Yard Relocation meeting and in the meantime compile an RFQ with a list of architects and inquire with staff on thoughts for the new facility.

Mr. Hudspeth exited the meeting at 3:49 p.m.

Staff is aiming to secure an architect in 2019 and develop the site plan, floor plan, and conceptual renderings by early 2020. Plans for construction are projected to be completed by late 2020 with bidding and construction projected to take place in late 2021 or early 2022.
6. Closed Session: None.
7. Committee Comments and Future Agenda Items: The committee will meet in one month.

8. Adjournment:

There being no further business the meeting ended at 3:53 p.m.

Assistant Secretary
Brian Lee



San Antonio Water Company

Item 5A

Incorporated October 25, 1882
Serving the original Ontario Colony lands

A REQUEST FOR QUALIFICATIONS

TO PROVIDE ARCHITECTURAL AND LANDSCAPE ARCHITECTURAL CONSULTING SERVICES TO
THE SAN ANTONIO WATER COMPANY

PROJECT TITLE:

NEW OFFICE AND OPERATION YARD FACILITIES

RESPONSE DUE BEFORE 3:00 PM

ON **AUGUST 9, 2019**

Introduction

The San Antonio Water Company invites professional architects to submit a Statement of Qualifications (SOQ) to develop a Company owned property of approximately 120,000 Square feet located at 1723 North Benson Avenue, Upland California. Property development will include \pm 6,000 Square Foot (SF) office building, \pm 1,200 SF maintenance building and associated facility yard, public-employee parking and site improvements/landscaping.

Services to be provided include:

- Conceptual schematic plans and renderings,
- Work with Office Feasibility Study Ad Hoc Committee to develop approved schematic plans,
- Development of plans and documents to be used in bidding and constructing the project,
- Assistance with selection of furniture, fixtures and equipment,
- Participation in the review of bids and selection of construction company,
- Oversight and inspection during construction,
- Coordinating zoning approvals and permitting processes.

The Company's Office Feasibility Study Ad Hoc Committee is looking for an architectural firm to coordinate and guide the Company during development and construction of the new facilities at the Benson Street property.

Expectations for New Facility

The Company desires to construct a new office and yard facility that reflects over one hundred years of heritage and local history while providing modern conveniences and remaining flexible for future needs. The building façades should reflect a Spanish/Mediterranean style with rock, wood and glass as the primary elements. The Company desires to utilize local material for façade, but not necessarily for structural elements. The attached photos represent concepts that appeal to the Office Feasibility Study Ad Hoc Committee. The photos are intended only as a starting point.

Office elements include:

- A flexible 60-person Board Room (with dais) that can be used for other events or meetings,
- Lobby and front counter for customer service,
- 4 to 5 offices, two sized to include meeting tables,
- 5 to 6 cubicles for office staff,
- A 'quiet room' that allows for individual privacy when needed (e.g. nursing mothers),
- Elements typical of a business environment (record storage, computer server and associated space for printers and IT support, janitorial storage),
- A kitchen and break area,
- Appropriate number of bathrooms,

- Maintenance office (three desks located in a common area)
- Shower/locker area for field staff,
- Small parts storage and motor repair space.

Site elements include:

- Covered parking for staff,
- Secure parking for Company vehicles,
- Parking for visitors/customers,
- Storage of large material commonly used in the water industry,
- Landscaping that reflects the local history and environment, including recognition of the contribution citrus groves provided to the local economy. Xeriscaping is desired.

The Company desires to be environmentally conscience but LEED certification will not be sought. Green technology will be considered on a case-by-case basis. Ideally, a seven-year break-even is desired on any premium costs associated with alternative green material or element.

Budget

The preliminary budget for the project is \$4 million dollars.

Schedule

The anticipated duration of this agreement will be four years.

- Development and design are expected to take two years.
- Construction is anticipated to start in 2021.
- Occupancy is anticipated in 2023.

Property Inspection

All interested parties should contact Brian Lee, General Manager, SAWCo at (909) 982-4107 to schedule a time to view the property.

General Information

In 1882 Canadians George and William Chaffey purchased 8,000-acres of the Cucamonga Rancho, including the water rights, and established an irrigation colony which they named Ontario, in honor of their homeland. On October 25, 1882 they also established the San Antonio Water Company under the General Corporation Laws of the United States. Ranchero water rights established way back in the 1700's were transferred to the Company to support the newly established irrigation colony. The brother's vision was to develop a Mutual Water Company whose members shared equally in the locally available water supply.

The brothers sold irrigation colony land in 10-acre blocks, primarily intended for the booming citrus industry. Along with the land, the brothers sold shares in the Company, one share for each purchased acre. Each shareholder was entitled to a portion of available local water, distributed equally by the company amongst all the shareholders. The Company was responsible for distributing water on a non-profit basis to the shareholders.

Since 1882 the San Antonio Water Company has consistently provided water service to its shareholders. Although the local citrus industry has largely disappeared, the Company maintains delivery to current shareholders utilizing the same successful 'per share' distribution plan established over 135 years ago.

The Company does not import any water. Instead we are dependent on our local San Antonio Canyon and Cucamonga Canyon watersheds and downstream groundwater basins.

Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, the US Forest Service, the San Bernardino County Flood Control District, local quarries and the proud heritage of remaining grove irrigators.

The Company currently employs eleven staff divided between office (6) and field (5).

SOQ Requirements

The Statement of Qualifications shall not exceed the number of pages identified below excluding resumes, cover letter, dividers, front and back covers. No other documents will be reviewed. Please do not submit additional material. Responses to this RFQ shall be in the following order and shall include:

Executive Summary (2 pages maximum)

Summarize the contents of your firm's SOQ in a clear and concise manner.

Firm Background and Experience (4 pages maximum)

Brief description of the firm and subconsultants, if any, including the size of the organization, location of offices and relevant capabilities and resources in relation to the project. This section should include:

- I. Name and location of firm and offices. Specify principal place of business
- II. Brief history of firm and range of services offered
- III. Experience in developing office buildings and utility yards
- IV. Firm's local experience
- V. Procedures and/or policies associated with or related to work quality and cost control
- VI. Management and organizational capabilities

Experience of the Project Team (4 pages maximum, not including resumes)

Proposing firm shall identify the team to be assigned to the project, by name, including at a minimum the principal, project manager, key staff and any subconsultants. Proposing firm shall describe the project team's qualifications and experience related to this specific project:

- I. Describe proposed project organization, including identification and responsibilities of key personnel, including sub-consultants. Include only one- page resumes.
- II. Describe the experience of the Project Manager and the experience that the proposed personnel have working on past projects as a team.
- III. Describe project management approach to the work effort, locations where work will be done, responsibilities for coordination with the Company, and lines of communication necessary to maintain project on schedule.

Project Understanding and Approach (8 pages maximum)

Firm shall submit a Management Plan that demonstrates a preliminary understanding of the project by providing a clear and concise description of the project and major issues, based on the information provided in this RFQ. Management Plan shall detail:

- How the firm intends to manage their responsibilities and provide value engineering for cost control, risk identification and risk mitigation.
- Proposed project schedule showing critical dates and other information in sufficient detail to determine feasibility
- Firm's ability to work with groups and collaborate on decisions
- Firm's ability to advance innovative ideas
- Firm's technical capabilities and ability to perform timely
- Identify methods for:
 - Comprehensive architectural services for the project
 - Deliverables and Company approval
 - Construction administration
 - Analysis and consultation with Company to make key decisions

Past Projects (9 pages maximum)

Proposer shall provide project descriptions of up to three similar projects. Include the following information:

- I. Owner contact name and phone number
- II. Project team members
- III. Project size and description
- IV. Illustrative drawings / renderings / photographs of completed projects

Financial Proposal (3 pages)

Firm shall propose a financial arrangement regarding the architectural and engineering costs and fees for the professional services to be provided. Provide a statement of anticipated hourly effort, broken down by proposed tasks. Company anticipates a 'time and material' contract.

Including hourly rates for every staff and subconsultant expected to provide billable effort toward this project.

Other Pertinent Information (2 pages)

Consultant shall confirm professional liability insurance coverage of not less than \$1,000,000.

List and describe any litigation, arbitration or other alternative dispute resolution proceedings Architect has been involved in with an owner for any work performed within the past five years.

List and describe any action taken by any regulatory agency against Architect or its agents or employees with respect to any work performed within the past five years.

Exceptions to this RFP (1 page, if needed)

The Consultant shall certify that it takes no exceptions to this RFP including, but not limited to, the Consultant Services Agreement (attached).

Evaluation Criteria

The evaluation criteria and the respective weights that will be given to each criterion are as follows:

- a) 30% Understanding and approach to the work to be done
- b) 10% Experience of firm with similar kinds of work
- c) 30% Experience of staff for work to be done
- d) 20% Overall clarity and presentation of SOQ
- e) 10% Firm's Local Experience

Selection Process and Schedule

The Company will enter into negotiations with the top ranked firm. At this time, the Company contemplates the use of a Time and Material Not to Exceed contract for the services requested. Negotiations will cover scope of work, contract terms and conditions and attendance requirements.

After negotiating a proposed agreement that is fair and reasonable the General Manager will present the contract to the Company's Board for authorization to execute a contract with the most responsive firm.

Related Documents (attached)

- Company standard Professional Service Agreement (PSA)
- Concept Photos (1 page)

Submittal Requirements

One (1) executed original marked "ORIGINAL" in red ink and 6 copies of the SOQ shall be submitted. Emailed SOQs will not be accepted. Submit one electronic copy of the SOQ in PDF format. The Response shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.

The Response SOQ must be received no later than **3:00 p.m.** local time, on or before **August 9th, 2019** at the office of:

PROPOSAL – NEW OFFICE AND OPERATION YARD FACILITIES
San Antonio Canyon Water Company
139 North Euclid Avenue
Upland, CA 91786
Attn: Brian Lee

Failure to comply with the requirements of this RFQ may result in disqualification. Questions regarding this RFQ shall be submitted in writing to blee@sawaterco.com.



Representative Visual Concepts:



PROFESSIONAL SERVICES AGREEMENT
BETWEEN
SAN ANTONIO WATER COMPANY
AND
CONSULTANT

THIS AGREEMENT (“Agreement”) is made this **X**th day of **Y**, 2019, by and between San Antonio Water Company, a California Corporation, located in Upland, California, hereafter referred to as (“Client”) and **CONSULTANT**, a California Corporation, located in **Z**, California, hereafter referred to as (“Consultant”). This Agreement consists of the following terms and conditions, all exhibits and attachments, and any written and approved modifications hereto.

RECITALS

Whereas, Client requires professional engineering construction management services during construction of the Holly Drive Tank Site, Phase I in the San Antonio Heights, and

Whereas, Client and Consultant desire to enter into a contract for the provision of professional engineering construction management services subject to the terms and conditions of this Agreement.

Now therefore, in consideration of the promises and covenants hereinafter set forth, the parties hereto mutually agree as follows:

1. Scope of Services:

The scope of services to be provided by Consultant is as described in and attached hereto as Attachment “A” and entitled “Scope of Services.” The scope of services defines the specific work to be performed and the resulting work product(s) to be delivered. The corresponding schedule for performance of the work will be presented at the initial “kick off” meeting.

During the term of this Agreement, Client may request subsequent and related engineering services at its discretion. Such services to be performed by Consultant shall be stated in a separate “Letter of Authorization” setting forth the specific work to be performed, the resulting work product(s) to be delivered, the corresponding schedule for performance of the work, the compensation terms for the work to be performed, and signed by Client and Consultant. The provisions of this Agreement shall be incorporated into the Letter of Authorization by specific reference.

2. Professional Services Charges:

Client agrees to pay for services provided by Consultant each month, as charges accrue and applicable invoices are received, in accordance with the Consultant’s current schedule of hourly rates, as defined in and attached hereto as Attachment “B.” Charges shall not exceed **\$0** for the services and deliverables referenced in Attachment “A” or any subsequent and related Letter of Authorization without prior written approval by the Client and written concurrence by the Consultant. For other services, which may be requested by Client, compensation to Consultant shall be as mutually negotiated in writing between both parties and set forth in a Letter of Authorization. The Consultant’s current schedule of hourly rates would be the basis for negotiating such compensation. Any changes to the Consultant’s schedule of hourly rates must be submitted to Client in written form prior to

any negotiation for services to be billed at rate(s) other than those shown on Attachment "B".

3. Independent Contractor Status:

In performing its services under this Agreement, Consultant is an independent contractor to the Client. No other relationship exists between Consultant and Client. Consultant and Client also agree that Client has no contractual relationship with any Sub-Consultants who are engaged solely by Consultant to perform supporting services and who shall be in all respects the responsibility of Consultant.

4. Standard of Care:

Consultant's services shall be conducted, within the limits prescribed by this Agreement, in a manner consistent with that level of care and skill ordinarily exercised by members of the same professions currently practicing under similar conditions within the surrounding regional area of the State. No other guarantee, warranty, or representation, either express or implied, is included or intended herein or in proposals, contracts or reports. Client agrees to provide Consultant prompt written notice of any defect or suspected defect in its services.

5. Delays:

Neither the Client nor Consultant shall be liable for delays in or failures to perform services caused by circumstances beyond their reasonable control, including, but not limited to, acts of God, acts and/or omissions by federal, state and local government authorities and regulatory agencies, strikes, riots, civil unrest, war, lockouts, and accidents. For delays in providing services hereunder, resulting from actions or inactions of Client or third parties, Consultant may be given an appropriate time extension and may be compensated for those delay related costs of labor, equipment and other direct costs incurred by Consultant and clearly caused by circumstances beyond Consultant's control.

Client acknowledges that delays related to processing of properly and fully completed permit applications, the subsequent approval of permits or required reviews by governmental agencies are beyond the direct control of Consultant. However, Consultant agrees to diligently pursue any such required reviews and approvals for any item(s) of work within Consultant's scope of services, but makes no warranties and Client waives any claims against Consultant relating to the timeliness or the success of approvals of permit applications or required agency reviews which are properly and fully prepared and pursued under this Agreement.

6. Breach of Agreement:

If the Consultant defaults in the performance of any of the terms or conditions of this Agreement, It shall have ten (10) calendar days after receipt of written notice of such default in which to cure the default by rendering a satisfactory performance. If Consultant fails to cure the default within the specified time, the Client shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled.

7. Termination/Suspension of Services:

Either party may terminate or suspend this Agreement at any time upon fifteen- (15) calendar day's written notice. Upon termination or suspension, the Client shall compensate Consultant for all authorized services performed up to the date of termination or suspension. Said compensation shall include payment for completed tasks and

payment of applicable hourly rates as indicated in Attachment "B" for all uncompleted tasks. Payment will be made within thirty calendar days of receipt of an invoice for all authorized services performed and all expenses directly attributable thereto, including, but not limited to, any previously acknowledged cancellation charges by Sub-Consultants and/or contractors, if any. In the event that the period of Client initiated suspension exceeds one hundred and eighty-two calendar days; the Consultant's fee shall be equitably adjusted by mutual agreement prior to the resumption of services.

8. Notice:

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing same in any United States Post Office, registered or certified, postage prepaid, addressed to:

San Antonio Water Company
139 No. Euclid Avenue
Upland, CA. 91786
(909) 982-4107 // Fax (909) 920-3047

Consultant
Consultant's Address
Consultant's City, State and Zip
Consultant's Phone Number

9. Ownership of Documents:

Unless expressly agreed otherwise, Client is the owner of all final documents, including, but not limited to, reports, investigations, written analysis, plans and specifications and opinions of cost generated by Consultant within the scope of services. Consultant is the owner of all other documents, including, but not limited to, all proposals, draft documents and other written communications generated within the scope of services. Consultant may retain copies of all final documents owned by Client. However, any reuse of the final documents by the Client for other than their specific intended purpose shall be at the sole risk of the Client and without liability or legal exposure to the Consultant.

Except as provided in Section 10, "Confidentiality", Consultant agrees that all project documents shall not be made available to any individual or organization, private or public, without the prior written consent of the Client.

10. Confidentiality:

Consultant and Client shall hold confidential all business or technical information obtained from the other or its affiliates under this Agreement and shall not disclose such information without the other's written consent except to the extent required for (1) performance of services under this Agreement; (2) compliance with professional standards of conduct for preservation of the public safety, health and welfare; (3) compliance with any court order or other legitimate governmental directive; and/or (4) protection of the disclosing party against claims or liabilities arising from performance of services under this Agreement. The parties' obligations hereunder shall not apply to information in the public domain or information lawfully acquired on a non-confidential basis from others.

11. Insurance:

Consultant agrees to maintain Comprehensive General Liability, Automobile Liability plus Errors and Omissions policies against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the services hereunder by the Consultant, its officers, employees, agents, invitees and subcontractors. An insurer admitted to conduct business in the State with an A.M. Best & Co. rating of at least B+7 must issue these policies. Insurance endorsements shall be furnished to the Client within seven (7) days following the execution of this Agreement by both parties.

Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached thereto, the protection offered by the Liability policy shall name the Client, its officers, directors, employees, and agents as additionally insured.

The Consultant shall maintain the following limits of liability:

- General Liability: \$1,000,000 per occurrence for bodily injury, personal injury, and property damage.
- Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- Errors and Omissions: \$ 1,000,000 in the aggregate.

The Client, its officers, directors, employees and agents shall not be responsible for any claims in law or equity occasioned by failure of the Consultant to comply with Section 3700 of the State Labor Code. By execution of this Agreement, the Consultant certifies to the following:

“I am aware of and will comply with Section 3700 of the State Labor Code which requires every qualifying employer to be insured against liability of Workers’ Compensation or to undertake self-insurance before commencing any services hereunder.”

For any claims related to this Agreement, the Consultant’s insurance coverage, as evidenced by an endorsement to its policy, shall be primary insurance as respects the Client, its officers, directors, employees, and agents. Any insurance or self-insurance maintained by the Client, its officers, directors, employees, and agents shall be excess of the Consultant’s insurance.

All such insurance shall bear an endorsement or shall have attached a rider whereby it is provided that, in the event of expiration or proposed cancellation of such policy, the Client shall be notified by registered mail, postage prepaid, return receipt requested, not less than thirty (30) calendar days before expiration or cancellation is to become effective.

12. Limitation of Liability:

- A. Neither the Client nor Consultant shall be liable for indirect or consequential damages, incurred by either or by their subsidiaries or successors except as stated in Section 13A, applicable to Consultant.
- B. In addition to the limitations provided in Section 12A and notwithstanding any other provision herein, Consultant’s liability shall be limited to bodily injury/death, property damage and economic loss (hereinafter collectively referred to as “Loss”) caused by the negligence of Consultant, its officers, employees, agents, invitees, and subcontractors hereunder.

13. Indemnity:

- A. Consultant agrees to indemnify, and hold harmless Client, its officers, directors, employees and agents, to the fullest extent permitted by law from and against any and all actual or alleged loss, cost, damage, expense and liability (including reasonable attorneys’ fees and other costs of defense and/or settlement), for bodily injury/death, property damage and economic loss arising from the negligent acts, errors or omissions or the willful misconduct of Consultant, its officers, employees, agents, invitees or subcontractors in the performance of services rendered under this Agreement.

- B. Client agrees to indemnify and hold harmless Consultant, its officers, employees, agents, invitees, and subcontractors to the fullest extent permitted by law from and against any and all actual or alleged loss, cost, damage, expense and liability (including reasonable attorneys' fees and other costs of defense and/or settlement), for bodily injury/death, property damage and economic loss arising from the negligent acts, errors or omissions or the willful misconduct of Client, its officers, directors, employees, and agents, contractors or subcontractors in matters relative to this Agreement.

14. Right of Entry and Property Responsibility:

Client shall grant, or cause to be granted at Client's expense, free access to any property upon which services are to be performed. The Client shall notify the owners and possessors of such property, whether they are lawfully or unlawfully in possession, that Client has granted Consultant free access to such property. Client shall secure permission and any permits necessary to allow Consultant free access to such property at no charge to Consultant unless otherwise specifically agreed to in writing.

Consultant shall be responsible for its own activities at the property including the safety of its employees, subcontractors, agents and invitees, but shall not assume control of or responsibility for the property.

15. Severability:

Any provisions of this Agreement held in violation of any law or ordinance shall be deemed stricken and all remaining provisions shall continue valid and binding upon the parties. Client and Consultant shall attempt, in good faith, to replace any invalid or unenforceable provisions of this Agreement with provisions which are valid and enforceable, and which come as close as possible to expressing the intention of the original provisions.

16. Assignments and Third-Party Beneficiaries:

This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement shall be made without written consent of the parties to this Agreement. Any attempt by Consultant to assign or otherwise transfer any interest in this Agreement without the prior written consent of the Client shall be void.

This Agreement shall not create any rights or benefits in any person or entity other than Client and Consultant, nor is it intended to create any third-party beneficiaries to it.

17. Governing Law and Remedies:

Unless otherwise provided, this Agreement shall be performed and construed under the laws of the State of California without regard to that State's conflict of laws provision. In the event of any claim, dispute or other matter in question between the parties, Client and Consultant agree to submit the matter to binding arbitration in accordance with the then-existing rules of the American Arbitration Association. Arbitration shall be held in westerly San Bernardino County, California unless otherwise agreed to by the parties hereto. Before the invocation of such arbitration, or promptly after the invocation of such arbitration, if such invocation is reasonably needed to protect either party against the running of a statute of limitations or similar defense, the parties shall meet to discuss, in good faith, the possible resolution of the matter without formal proceeding. Either party may ask for the use of non-binding mediation with a third party or other alternative dispute

resolution procedures, which shall be pursued in good faith until either party determines them to be unlikely to produce a resolution.

18. Attorneys' Fees:

In the event of mediation, arbitration or litigation between Client and Consultant arising out of the Agreement, each party shall be entitled to all reasonable costs and attorneys' fees to the extent that party prevails.

The signatories to this Agreement represent that they have the authority to execute this Agreement on behalf of the parties first named above.

San Antonio Water Company:

Consultant:

Brian C. Lee
General Manager/CEO

Consultant's Authorized Executive
Executive's Title

Date

Date



City Manager's Office
Telephone (909) 931-4106
Facsimile (909) 931-4301

July 9, 2019

Brian Lee, General Manager
San Antonio Water Company
139 N. Euclid Avenue
Upland, CA. 91786

Subject: Proposed Implementation of a New Centralized Office Headquarter Building Facility

Dear Brian:

As discussed, the City has concerns about the construction of the new Centralized Office Headquarter Building given the existing maturity of the service area and limited growth of the San Antonio Heights Community. Upland is concerned a new Office Headquarter facility may be perceived by the public as not an essential facility in comparison to other physical plant structures, which are needed for the delivery of water to your various customers. This perception may be further heightened, given the recent significant rate adjustments that were implemented last year. I believe the implementation of this new facility could present strong and critical responses within the Upland community.

Sufficient public outreach and project marketing should be undertaken to understand the climate and project acceptance by the community. The City has expressed verbally our concerns regarding the subject project and understand the funding used will be one-time money and not rate revenue. However, the concerns do include the recent significant increase to water rates, which contributed to the City need to increase its customer rates to insure there is adequate revenue to meet operational and capital investment requirements.

I believe it is essential to demonstrate the need for the investment of these funds in a new office versus applying the money to needed capital improvements to reduce the need for future rate adjustments. At this time, I believe most of the discussion has occurred internally and with the Board on office design elements and project costs. I am not sure how much public outreach has been undertaken to determine whether there will be potentially negative public concerns over the proposal?

I believe it is important to insure the company's capital improvements and facility rehabilitations are well documented and appropriately addressed. Finally, I think SAW Co should develop a business case demonstrating that this is the best use of funds on behalf of the shareholders versus investing in other needed company assets.

Should you like to discuss this, please contact me at (909) 931-4102.

Sincerely,

Rosemary Hoerning, PE, PLS, MPA
Interim City Manager

cc: Tom Thomas, SAW Co. President
Debbie Stone, Mayor

City of Upland

460 North Euclid Avenue, Upland, CA 91786-4732 • (909) 931-4100 • Fax (909) 931-4123 • TDD (900) 735-2929 • www.ci.upland.ca.us

GENERAL MANAGER'S CORNER

OFFICE SPACE



When originally constructed over 90 years ago, the Company's office, sitting at the corner of Euclid and Laurel Avenues near the packing houses, represented easy access for citrus growers. Time marches onward and in 2019 the largest number of Company shareholders are now located within the San Antonio Heights, some distance down a 'slightly' busier Euclid Avenue.

Additionally, as the number of accounts and shareholders grew (along with drinking water regulations), so did Company staff. What use to be spacious back in the 1930's is now undersized.

Recognizing our growing pains, in 2015 the Board began researching options for relocation. The Company-owned property on Benson Avenue just south of 18th Street was determined to be the best candidate for a new office and facility yard.

During our research we learned that the City of Upland was interested in part of the Benson property for a new reservoir. The City has agreed to purchase the southern portion of our property at the appraised value of \$1,720,000. Escrow is anticipated to close later this year. The funds from this transaction will help pay for the cost of our new facility on the remainder of the site. Additional funds for the new office would also come from the sale of our current office on Euclid Avenue and our Operations Yard on 1st Street.

Our Office Feasibility Study Ad Hoc Committee, dormant during sale negotiations with the City, will begin meeting again later this year. Please check our website for updates as we move forward on this exciting project.



GENERAL MANAGER'S CORNER

What the Heck is Nitrate?

Nitrate is a natural salt created through both biologic and geologic processes. Natural Nitrates are created by the biological reduction of animal waste ammonia (e.g. urine and manure). Nitrate is one of three macronutrient components of fertilizer, along with Phosphorous and Potassium. Plants utilize Nitrates for leaf production and growth. Animals eat the plants, and the cycle continues. Nitrate is a critical component in the 'circle of life'.

As a salt, Nitrate readily dissolves and can be found in both ground and surface waters. High concentrations of animal waste (think cows... moo!) can create localized high concentrations of Nitrate in water sources. Wastewater treatment and single home septic systems also contribute Nitrate to water bodies, which can be a health concern.

High dietary consumption of nitrate can cause methemoglobinemia, an inability of red blood cells to transport oxygen for necessary bodily functions. Methemoglobinemia is often referred to as 'blue baby syndrome', because infants are particularly vulnerable and a lack of oxygen in the body can lead to a blue tint to the mucus membranes. Because of this public health concern and Nitrate's ubiquity, this compound is included in the primary standards for drinking water constituents.

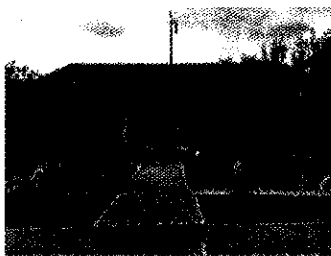
Laboratory testing measures Nitrate as milligrams per liter (mg/L) and report it as 'Nitrogen in the form of Nitrate' (nitrate-N). A typical reporting would look like, '1.2 mg/l Nitrate-N;'. Federal regulations limit the amount of Nitrate in drinking water to 10 mg/l Nitrate-N.

The average measure of Nitrate in SAWCo water for 2018 was 0.81 mg/l Nitrate-N. Given that the source water for SAWCo comes primarily from the San Antonio Canyon watershed, low measurements of Nitrate are not surprising. San Antonio Canyon lacks significant housing developments, large ranches or farming operations, the biggest contributors to high Nitrate in water sources.

We are proud of the water quality in the San Antonio Canyon watershed and will remain vigilant, working with Canyon stakeholders to ensure our water remains wholesome. Protecting our high-quality source water will help maintain the quality of life within San Antonio Heights, the City of Upland, San Antonio Canyon and surrounding areas.

Brian Lee

Office History of the Water Company



**139 N. Euclid Avenue
Upland CA**

On February 18, 1928, the Company celebrated its 46th year in business by moving its office to 2019 North Euclid Avenue, located in the City Ontario. Years later, a portion of Ontario was annexed by Upland and the address of the office was changed to 139 N. Euclid Avenue. Although the address changed, we have continued to conduct business in the same building for the last 91 years. The office has morphed over that time.

Numerous landscape changes have occurred, including the current artificial grass and drought tolerant plants. We have added a ramp for compliance with the Americans with Disabilities Act (ADA). Modernizations include improvements to the electrical system, the addition of a hot water heater and a variety of heating, ventilation and air conditioning improvements. The interior has undergone updated painting, flooring, office furniture replacement and computer networking.

The Company has installed gated parking for the security of personnel and an added building alarm system. Unfortunately, there continues to be limited parking for our customers and vendors. The building's concrete walls are unreinforced, lacking seismic structural integrity and reducing energy efficiency. While the Company has made improvements over the years to our building, we are running out of room. Current issues include limited room for our technological equipment. Additionally, the operations yard facility is located away from the office, reducing productivity.

The current office has served its useful life for the Company and after 91 years it's again time to consider a change and fully modernize operations, improving customer service and employee productivity. The Company is planning a new facility located at 17th and Benson that will be closer to our customers. The sale of both the old office and yard site will fund most of the cost of the new building.

**Proposed 2020 CIP
Domestic Water System**

Project	Justification	Priority	Project Cost Est	Design (1.2%)	2017 Construction Cost	2020 Construction (88%) adjusted for inflation
2 - Glendale Road between Mountain and Park	2017 Master Plan	High	\$ 41,822	\$ 5,019	\$ 33,680	\$ 36,803
5 - Cliff near Eudice Crescent and Cliff	2017 Master Plan	Med	\$ 56,008	\$ 6,721	\$ 45,105	\$ 49,287
6 - Terrace Drive w/ Park	2017 Master Plan	Med	\$ 7,761	\$ 931	\$ 6,250	\$ 6,830
9 - Primrose, north of 25th	2017 Master Plan	Low	\$ 11,548	\$ 1,386	\$ 9,300	\$ 10,162
10 - Linda, north 24th	2017 Master Plan	Low	\$ 57,741	\$ 6,929	\$ 46,500	\$ 50,812
11 - Sierra, Modesto to San Antonio/Crest	2017 Master Plan	Low	\$ 47,059	\$ 5,647	\$ 37,898	\$ 41,412
12 - Master Plan/Asset Mgmt Scheme	Timely	High	\$ 140,000	\$ 14,000	\$ 105,943	\$ 114,787
8 - W 25th Street, Electric to Mountain	2017 Master Plan	Low	\$ 170,350	\$ 14,287	\$ 96,953	\$ 105,943
13 - UVWMP	State	High	\$ 0	\$ 50,000	\$ 0	\$ 0
1 - New Well on Site 19	2017 Master Plan	High	\$ 1,308,789	\$ 157,055	\$ 1,054,000	\$ 1,151,734
7 - Well #15 Replacement	2017 Master Plan	Med	\$ 785,273	\$ 94,233	\$ 632,400	\$ 691,041
3 - Domestic Water Meter Replacement (1215 meters/15yrs)	Timely	Med	\$ 364,500	\$ 0	\$ 0	\$ 364,500
4 - SCADA PLC Controller Replacement	Timely	Med	\$ 200,000	\$ 0	\$ 0	\$ 200,000
14 - Crosswall Enviro Mitigation	Permit	High	\$ 310,434	\$ 37,252	\$ 250,000	\$ 273,182

Yearly Total	\$ 647,008	\$ 646,777	\$ 651,387	\$ 650,176	\$ 661,660
Five Year Average	\$ 651,401				
3% Yearly Inflation	100%	103.0%	106.1%	109.3%	112.6%

Irrigation System

Project	Justification	Priority	Project Cost Est	Design (1.2%)	2020 Construction (88%)
3 - Water Meter Replacement (15yrs)	Timely	Med	\$ 200,000	\$ 0	\$ 200,000
4 - SCADA PLC Controller Replacement	Timely	Med	\$ 200,000	\$ 0	\$ 200,000
9 - Master Plan/Asset Mgmt Sched	Timely	Med	\$ 80,000	\$ 80,000	\$ 0
5 - San Antonio, 22nd to Res 4	Timely	High	\$ 306,818	\$ 36,818	\$ 270,000
8 - Campus Ave /16th to 18th	Timely	Med	\$ 613,636	\$ 73,636	\$ 540,000
2 - Edison Pond Expansion	2017 Master Plan	Med	\$ 239,957	\$ 28,795	\$ 193,243
6 - Frankish Tunnel Improvements	Timely	Med	\$ 113,636	\$ 13,636	\$ 100,000
7 - 23rd St /San Antonio to Campus	Timely	Med	\$ 1,073,864	\$ 128,864	\$ 945,000
1 - 34-inch pipeline Electric Ave to Res8	2017 Master Plan	Med	\$ 422,190	\$ 50,663	\$ 340,000

Company

1 - Consolidated Campus	Justification	Priority	Project Cost Est	Design (1.2%)	2020 Construction (88%)
	Timely	Med	\$ 4,375,000	\$ 525,000	\$ 3,850,000

Yearly Total	\$ 647,008	\$ 646,777	\$ 651,387	\$ 650,176	\$ 661,660
Five Year Average	\$ 651,401				
3% Yearly Inflation	100%	103.0%	106.1%	109.3%	112.6%

Five Year Average
\$ 621,206

Capital Improvement
High Level Budgeting Guidelines

Domestic System	Number		Per facility replacement cost	Facilities cost	Design Life	Cost per year
Wells	3	ea	\$ 1,000,000	\$ 3,000,000	25	\$ 120,000
Reservoirs	7,560,000	gallons	\$ 1.25	\$ 9,450,000	80	\$ 118,000
Booster Stations	6	ea	\$ 400,000	\$ 2,400,000	40	\$ 60,000
Intakes	2	ea	\$ 400,000	\$ 800,000	40	\$ 20,000
Pipelines	133,256	lf	\$ 200	\$ 26,651,200	80	\$ 333,000
TOTAL YEARLY CIP BUDGET						\$ 659,000

Irrigation System	Number		Per facility replacement cost	Facilities cost	Design Life	Cost per year
Wells	7	ea	\$ 1,000,000	\$ 7,000,000	25	\$ 280,000
Reservoirs	3,000,000	gallons	\$ 1.25	\$ 3,750,000	80	\$ 47,000
Booster Stations	3	ea	\$ 400,000	\$ 1,200,000	40	\$ 30,000
Intakes	2	ea	\$ 400,000	\$ 800,000	40	\$ 20,000
Pipelines	112,967	lf	\$ 200	\$ 22,593,400	80	\$ 282,000
TOTAL YEARLY CIP BUDGET						\$ 659,000

TOTAL COMPANY YEARLY CIP BUDGET \$ 1,318,000

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