

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, April 17, 2018**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:00 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, Sue Sundell, John Gerardi, Jose Sanchez, and Gino Filippi. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag

Director Bob Cable entered the meeting at 5:01 p.m.

1. Recognitions and Presentations: Mr. Moorrees recognized Mr. Steve Sentes, Executive Director of Chino Basin Water Conservation District (CBWCD) in attendance.
2. Additions-Deletions to the Agenda: Mr. Moorrees deleted the closed session portion of the meeting due to special counsels' absence. In its place Mr. Moorrees will give a brief oral report.

Item 6G, an oral update on personnel items, was added to the agenda.

3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of March 22, 2018.
- B. Planning, Resources and Operations Committee (PROC) Meeting Minutes  
Meeting minutes of January 23, 2018.
- C. Administration and Finance committee (AFC) Meeting Minutes  
No meeting to report.
- D. Financial Statement  
Comparative Income Statement and Balance Sheet for February 28, 2018 and year-to-date.
- E. Investment Activity Report  
Monthly Report of Investments Activity
- F. Water Production  
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- G. Prominent Issues Update  
Status summaries on certain on-going active issues.
- H. Projects and Operations Update  
Status summaries on projects and operations matters.
- I. Groundwater Level patterns [Quarterly in January, April, July, and October]  
Tracking patterns of groundwater elevations relative to ground surface.
- J. Correspondence of Interest
  - SWRCB Complaint Dismissal letter dated April 9, 2018

Director Gerardi moved and Director Elliott seconded to approve the Consent Calendar as presented. Motion carried.

5. Board Committee – Delegate Report:

- A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas attended the most recent PVPA meeting held April 11<sup>th</sup> and advised there is very little spreading taking place as there hasn't been significant rain.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the March 28<sup>th</sup> Board meeting for Six Basins. The CY2017 Annual Report was adopted by the Board. Watermaster received a request from Vulcan Materials to become a Party to the Judgment. Watermaster’s legal counsel is to prepare a response to the request. A report on the MS4 permittees collaboration was provided by the City of Pomona.

A Strategic Plan Workshop was held after the Board meeting providing the schedule and status of the Plan implementation and the baseline scenario. Based on the Programmatic Environmental Report (PEIR) Program, a new baseline will need to be re-established for each party based on the last 10 years.

Director Thomas commented on the findings that wells located near each other can have very different water levels. Mr. Moorrees replied SAWCo is experiencing just that with its Well 25A.

- C. Chino Basin Representative Report** – Ms. Layton reported staff is still awaiting a draft settlement agreement. On March 29<sup>th</sup> the six parties filed a status report to the court regarding settlement negotiations. They plan to obtain approval of the settlement agreement from other members of the Appropriative Pool. They also intend to obtain support or non-opposition of the Watermaster, the Agricultural Pool and the non-Agricultural Pool. The target completion date for this and to finalize and execute the settlement agreement is May 31, 2018. On April 2<sup>nd</sup> the Agricultural Pool filed a motion to designate the Agricultural Pool as a party and respondent to the appeal. On April 12<sup>th</sup> the City of Chino filed an opposition to the Agricultural Pool’s motion to be a respondent. The court hearing regarding staying the Judgment is still scheduled for September 14, 2018 at 1:30 p.m.

In the past the Watermaster has simply filed the annual report with the court. Due to the recent court battles, Watermaster will be giving the court an update to keep the judge informed when filing the annual report. The court hearing will be held on May 25<sup>th</sup> at 1:30 p.m.

SAWCo staff attended the 2018-2019 Chino Basin Budget Distribution meeting on March 27<sup>th</sup> and has reviewed the budget. Staff submitted clarification questions and has received responses.

There is concern that the 600,000 acre feet (AF) storage cap is fast approaching. When the court issue is finalized a reduction in Safe Yield and Desalter Replenishment Obligation amounts is anticipated to remove this water. The Watermaster is asking the parties to consider putting their anticipated amount in a Desalter Replenishment Obligation account that would not be charged any losses but would also not allow the water to be moved back. The parties will discuss this further at Thursday’s closed meeting.

- D. Cucamonga Basin Representative Report** – Mr. Moorrees reported he has received responses from all but West End Consolidated Water Company (WECWC) on his memo of talking points for revising the Judgment. He will finalize the report and meet with staff, special counsel and WECWC prior to sending the information and setting up a meeting with Cucamonga Valley Water District.
- E. Administration and Finance Committee (AFC) Chairman’s Report** – Director Elliott stated two of the items discussed at the most recent AFC meeting are addressed under the General Manager’s Report on Activities.

**F. Planning, Resources, and Operations Committee (PROC) Chairman’s Report** – No meeting to report.

**G. Office Feasibility Study Ad Hoc Committee** – No meeting to report.

6. General Manager’s Report on Activities:

- A. General Liability Insurance and Cyber Liability** – Mr. Moorrees explained SAWCo has had its general liability insurance provided through California Mutual Water Associations (CalMutuals) Joint

Powers Risk Insurance Management Authority (JPRIMA) since 2016. Cyber liability insurance has been provided by Philadelphia.

Beginning this year JPRIMA offers cyber liability insurance. Premium comparisons were provided in the Board meeting agenda packet. Utilizing JPRIMA for cyber liability insurance provides a savings of \$707.

The issue was presented to the PROC instead of the AFC as a matter of urgency and time sensitive renewal.

Mr. Moorrees recommended the Board ratify the decision regarding the premium update and cyber liability insurance with JPRIMA and to received and file the General Liability renewal as presented with an annual premium of \$27,547.

Director Elliott moved and Director Gerardi seconded to approve the general manager's recommendation. Motion carried.

- B. Red Hill Country Club** – Mr. Moorrees stated the request from Red Hill Country Club (RHCC) and staff's reply are included in the Board meeting agenda packet. Staff's response stated the item would be taken to the May PROC however, he felt it more prudent to bring it to the March PROC to see if the committee wished staff to move forward in finding a resolution.

The PROC recommended looking at irrigation shareholders with 100 or more shares of stock in the company to consider water service agreements. There is only one other irrigator with more than 100 shares of stock.

Mr. Moorrees advised the Board that RHCC removed 24 acres of irrigated fairways in 2016 by utilizing "Cash for Grass" funds totaling nearly \$2,000,000 through Inland Empire Utilities Agency. However, since removing the grass RHCC's water use has increased.

Prior to reducing entitlement RHCC went over their entitlement during only one billing cycle. Reduced entitlement due to the drought and increased water use has them needing roughly an additional 100 shares in order to stay within entitlement.

Mr. Moorrees put together some talking points to review and discuss during the May PROC meeting but inquired as to whether this is something the Board would like staff to look further into.

Director Thomas felt it was worth looking into for a major shareholder.

Director Cable expressed concern with offering full entitlement at the beginning of the year to irrigators with a certain minimum amount of shares. He felt it could open the company to legal action from other customers who feel special treatment is being given to other shareholders.

Director Elliott stated agreements are already in place with three municipality shareholders.

Director Sanchez stated it is warranted to look into this request further. He would like to ask all to consider that by moving in this direction SAWCo may be providing an incentive for shareholders to have peak water usage and demand on the system at a time when there is not the capacity to do so. SAWCo will need to look into whether or not they have the system capacity should more shareholders move to these types of agreements.

Director Thomas pointed out RHCC is likely to use more water during the summer months and less during the winter months. The agreement with the municipalities is different as they were going over in winter months when water supply in the system tends to be greater and demand from the domestic system is less.

There was consensus on the Board to look into further options during the next PROC meeting.

- C. Well 31 Pilot Biological Treatment – MIH** – Mr. Moorrees reported the original Pilot Plant was successful and approved by the Department of Drinking Water (DDW), however, the final product cost was incompatible with SAWCo's Tier 1 rate.

Since the Evoqua post treatment was a major cost factor in the product cost, MIH would like to test another post treatment system by Tetra Tech that could reduce capital costs by 30%. MIH is requesting to remain on the Well 31 site for another 60 days to test the Tetra Tech post treatment system. MIH will cover the costs and any additional power cost at the site.

Director Cable moved and Director Sanchez seconded to approve a 60 day extension to MIH for the existing Pilot Plant to remain at the Water Company's Well 31 site to test another post treatment alternative. Motion carried.

- D. Stock Auction** – Ms. Layton reported this item to the Board for approval. The May 8, 2018 stock auction will be SAWCo's sixth such auction. Six stock certificates totaling 5 full shares will be auctioned. Two certificates are due to unpaid water bills and the other four are due to dormant shareholder unpaid bills.

The auction information was included in the most recent company newsletter, letters advising of the stock auction were sent to shareholders in mid-March and weekly advertisement in the newspaper began today.

Director Cable moved and Director Gerardi seconded to approve staff's decision to hold a stock auction to collect on bad debt as presented. Motion carried.

- E. Water Conservation Program Update** – Mr. Moorrees reported SAWCo engaged with American Leak Detection to provide services for the water company's Leak Detection Program. Their services have been utilized at one shareholder's residence. When more shareholders have participated, SAWCo will bring data on the program to CBWCD. Mr. Moorrees would like to see if this program can be offered along with some of the other water saving programs and services CBWCD provides.

**F. Project Status Report –**

- **Edison Pond – New Sluice Gate Replacement** – Two options for replacing the sluice gate have been received. The City of Pomona provided probable labor costs at \$17,000. Specifications and material costs are forthcoming. Staff believes costs can be reduced by utilizing C.P. Construction for the project. All costs will be split 60/40 between SAWCo and the City of Pomona.
- **Holly Drive Reservoir** – TKE has completed the environmental study and will submit it to the San Bernardino County for review. Site improvements are scheduled for 2018 and replacing the reservoir is scheduled for 2019. A second reservoir will be added when reserve funds are available.
- **WFA Pipeline Connection** – Staff is meeting with Civiltec Engineering to finalize plans. Once finalized, staff will meet with WFA to review the plans. The proposed project will then need to be presented to the WFA Technical Advisory Committee for eventual Board approval.
- **Basin 6 Desilting** – Notice of Determination on the environmental report submitted to the State Water Resources Control Board (SWRCB). Two issues were discovered and were presented back to the environmental consultant for correction.
- **Cucamonga Basin – Desilting Project at Crosswalls** – The division chief of Army Corps of Engineers has apologized for the delay in receiving the draft report. The draft permit has been received but the date needs to be altered. Once engineering has approved it they will change the date.
- **Holly Drive Boosters** – Staff requested TKE Engineering provide a proposal. Staff will meet with TKE and KSM Electric at the end of the week. Sound and appearance of the Holly Drive Reservoir

and boosters are of importance. The Holly Hills Homeowners Association will be given an opportunity to make comments on the design.

- **Forebay Surface Waterline** – C.P. Construction was the lowest bid received. Mr. Moorrees asked the Board to ratify C.P. Construction being awarded the Forebay surface waterline replacement project.

Director Sundell moved and Director Elliott seconded to ratify the awarding of the Forebay surface waterline project for \$85,000 to C.P. Construction. Motion carried.

- G. Personnel Update** – Ms. Layton advised the position for Accounting/Personnel Specialist was filled by Salena Holley on March 26<sup>th</sup>.

The Water Utility Worker I position deadline for application submittal was Monday, April 16<sup>th</sup>. Fifty-six applications were received. Eight letters requesting interviews have been mailed.

Director Thomas reported hearing from DeLoach & Associates regarding the executive search. There have been many inquiries about the position and six resumes submitted; some of which are general managers for other mutual water companies.

7. Closed Session: Cancelled.

Mr. Moorrees reported on the response regarding SAWCo's water rights from the SWRCB. There were many inadequacies and inaccuracies in the report. Staff will draft a response and send it to Director Thomas and special counsel prior to mailing. The deadline for a response is the end of April.

8. Director's Comments and Future Agenda Items: None.

Adjournment: Seeing no further business, the meeting was adjourned at 5:37 p.m.

The next Board Meeting will be held on Tuesday, May 15, 2018 at 5:00 p.m.

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Assistant Secretary  
Charles Moorrees