



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, August 21, 2018

5:00 p.m.

In the Upland City Hall Council Chambers

- Call to Order
 - Salute to the Flag
1. Recognitions and Presentations: 14th Annual San Antonio Canyon Watershed Clean Up Day
 2. Additions-Deletions to the Agenda:
 3. Shareholder-Public Testimony:
This is the time for any shareholder or member of the public to address the board 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 board 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. Consent Calendar Items:
All items listed hereunder are considered to be routine and there will be no separate discussion of these items unless members of the board request specific items to be removed from the consent calendar for separate action. All items listed or remaining will be voted upon in a single action.
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of July 17, 2018
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Meeting minutes of May 22, 2018...
 - C. Administration and Finance Committee (AFC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Income Statement and Balance Sheet for June 30, 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 –
 - Letter of Support to State Water Resources Control Board –Chino Basin GW project.
 5. Board Committee – Delegate Report:
 - A. PVPA Representative's Report
Verbal report on activities at the Pomona Valley Protective Association that have an impact on the Company.

- B. Six Basins Representative Report
Verbal report on activities at the Six Basins Watermaster that have an impact on the Company.
- C. Chino Basin Representative Report
Verbal report on activities at the Chino Basin Watermaster that have an impact on the Company.
- D. Cucamonga Basin Representative Report
Verbal report on activities at Cucamonga Basin that have an impact on the Company.
- E. Administration and Finance Committee (AFC) Chairman's Report
No meeting to report.
- F. Planning, Resources, and Operations Committee (PROC) Chairman's Report
Report on July 24th meeting.
- G. Executive Recruitment
Update status
- H. Office Feasibility Study Ad Hoc Committee
No meeting to report.

6. General Manager's Report on Activities

- A. Calmat Water Service Agreement
No recommendation to approve Water Service Agreement
- B. Mixed Oxidant Generation Cell Failure
Report on unexpected expenditure at Tunnel Shaft 6
- C. Mt. Baldy Water Agencies Excess Water Use
Approve letters to cease and desist
- D. Water Rights Investigation
Consider next steps (closed session discussion)
- E. Executive Recruitment Update
Verbal update on Board's selection of Executive [GM Contract in closed session]
- F. Project Status Report
Verbal report.

7. Closed Session:

- Water Rights Investigation – Legal Complaint filed in Mt. Baldy (§54956.9 (c))
- Personnel/GM Contract [subdivision 9b) of Section 54957, CGC]

8. Director's Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, September 18, 2018 at 5:00 p.m.

NOTE: All agenda report items and back-up materials are available for review and/or acquisition at the Company Office (139 No. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Friday [7:30 am – 11:30 am & 12:30 pm – 4:30 pm]. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On August 16, 2018 a true and correct copy of this agenda was posted at the entry of the Company Office (139 No. Euclid Avenue), on the public bulletin board at 450 No. Euclid Avenue (Upland Public Library) and on the Company Website.

**City of Pomona, San Antonio Water Company, and City of Upland
Invite The Community to Join Us in
Keeping Our Water Supply and Watershed Clean**

14th Annual

San Antonio Canyon Watershed Clean-Up Day

Saturday, September 8, 2018

9:00 a.m. to 11:00 a.m.

Meet at Shinn Road—Mt. Baldy

Across from Angeles Forest Fire Station 25

Located at 3000 N. Mountain Ave., Upland

- ▶ **Comfortable Clothing, hat, and tennis or hiking shoes recommended**
- ▶ **Clean-Up materials will be provided**
- ▶ **Refreshments will be served**
- ▶ **For Additional Information Contact Dana Diaz (909) 802-7422**



SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, July 17, 2018

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:01 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, Bob Cable, 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
- 1. Recognitions and Presentations: Mr. Moorrees recognized Lisa Morgan-Perales and Craig Proctor with Inland Empire Utilities Agency (IEUA) in the audience. He noted they will be speaking during Item 6B on the agenda. Mr. Moorrees also thanked the Board for providing him with a retirement party.
- 2. Additions-Deletions to the Agenda: With representatives from IEUA in the audience, Mr. Moorrees advised he would begin the General Manager's report section of the meeting with Item 6B. He also added Item 6F, Equipment Failure, to the agenda.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of June 19, 2018.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes.
 - C. Administration and Finance committee (AFC) Meeting Minutes
Meeting minutes of April 24, 2018.
 - D. Financial Statement
*Revised March Income Statement [\$122.45 adjustment]
Income Statement and Balance Sheet for May 30, 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 – None.

Director Elliott moved and Director Gerardi 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 reported on the PVPA meeting held the previous Wednesday. He stated there is little to no water being spread. The City of Pomona has completed weed abatement on the Claremont portion of land.

Holliday Rock is continuing to move forward with their application for a mining permit with the City of Claremont. Holliday Rock has a mining operations in Upland that extend up to the Los Angeles county line. They would like to mine as close to the channel as possible which crosses the San Bernardino/Los Angeles County line into Claremont. As such, they have taken the Claremont City Manager to the location they wish to mine to provide a visual of the proximity of mining to nearby homes. The mining is considered a benefit as the cities receive a mining tax from Holliday Rock as well as the ability to capture more water in the pits.

PVPA had further discussions on the Los Angeles County tax measure called the Safe, Clean Water Program which is a parcel tax for non-permeable ground that produces water runoff. The county supervisors will be voting on the measure and if the measure passes it will be included on the November voting ballot. PVPA owns land in Los Angeles County that could be subject to this tax even though their ground is permeable as it is used for spreading water. It appears as though the wording of the tax measure may prevent PVPA from extensive taxes as most of their property is permeable and does not cause water run-off.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the June 27th Board meeting for Six Basins. During the meeting the Board approved the Hold Harmless Agreement between Watermaster and the Xerox Corporation for installing and monitoring transducers at the basin monitoring wells. The Board then also approved Three Valleys Municipal Water District (TVMWD) selection of Jericho Systems, Inc. as the Programmatic Environmental Impact Report (PEIR) Consultant. Watermaster presented a draft letter supporting Department of Water Resource Basin prioritization as presented by the State regarding the Sustainable Groundwater Management Act. The prioritization classified adjudicated basins as low priority.

Darron Paulson, President of the Six Basins Board, provided an update on the MS4 Permittees Collaboration.

Mr. Moorrees advised the Board it was the last meeting he would be attending as the Water Company's representative. Water Utility Superintendent, Tommy Hudspeth, is now the primary representative on the Six Basins Board and Ms. Teri Layton is the alternate representative.

A Strategic Planning Session was held after the Board meeting to discuss the plan implementation. They established the PEIR baseline assumption based on CY2013-2017 and 5-year dry period of CY2012-2016. Watermaster is to send out draft PEIR assumptions to parties for review and comment. They will also be updating the Groundwater Model. Golden State Water has plans for two new wells in the Claremont Heights and TVMWD plans for a new well in the Claremont Heights as well.

Director Thomas commented that all parties that attended the Six Basins meeting thanked Mr. Moorrees for all of his hard work.

- C. Chino Basin Representative Report** – Ms. Layton reported on the Safe Yield Court and appeal which was processed on July 16th. The Parties have reached an agreement regarding amendments to the Judgment and existing court-approved agreements to implement the Judgment. The Parties need trial court approval of the 2018 Amendments due to its continuing jurisdiction, but there is uncertainty regarding the trial court's jurisdiction to rule on matters embraced by the appeal. The Parties submitted their conundrum to the court to help settle the issue. SAWCo and the City of Upland are not the Parties involved with the appeal but there is concern on having the court approve amendments without all parties consent. The City of Upland and SAWCo are working together on this issue. A court hearing regarding staying the Judgment is still scheduled for September 14th.

Regarding the court hearing on the 40th annual report filing, Watermaster will be giving the court an update to keep the judge informed when filing the report. The court hearing is July 24, 2018 at 1:30pm at San Bernardino County Superior Court. The Agricultural Pool has filed a motion asking

the court to take the written report but not hear oral testimony. The thought is the oral testimony could affect the safe yield matter before the court. Watermaster has filed a motion in response.

Ms. Layton stated that as Pool Chair she has been very busy. She attended an Executive meeting on July 5th and had a lunch meeting today with the Watermaster General Manager and Vice Chair. She anticipates facilitating an Agricultural Pool meeting to help settle issues at Chino Basin. There is also a Pool meeting scheduled for this Thursday.

D. Cucamonga Basin Representative Report – Mr. Moorrees stated a meeting is scheduled for July 31st with Cucamonga Valley Water District (CVWD), the City of Upland, and SAWCo to discuss revising the Cucamonga Judgment.

E. Administration and Finance Committee (AFC) Chairman’s Report – Director Sundell stated items discussed at the AFC meeting are included in the General Manager’s report.

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

G. Executive Recruitment – Director Thomas advised interviews for the four candidates for the position of general manager will take place the following day at Red Hill Country Club.

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

6. General Manager’s Report on Activities:

B. IEUA Water Rates & Charges – Mr. Moorrees reported that the information on IEUA’s Water Rates & Charges to SAWCo to recover regional water program costs associated with administration of its water use efficiency programming was previously presented to the AFC. The fees are identified in IEUA’s resolution adopting a Meter Equivalent Unit (MEU) rate. This rate is currently \$0.99 per MEU per month but will increase to \$1.04 per MEU per month beginning FY2019-2020. Based on the meter data provided to IEUA, SAWCo has a total MEU of 1,862 which equates to \$1,843.38 per month or \$22,120.56 per year for the 2018-2019 fiscal year. A chart of what other agencies are paying was included in the Board agenda packet.

The issue was discussed at the most recent AFC meeting to ascertain if there is any current or future value in continuing SAWCo’s relationship with IEUA that would be worth the expense. The AFC referred the item to the Board with recommendation to have an IEUA representative attend to answer questions in order to weigh the cost benefit of their services.

Mr. Moorrees noted the IEUA partnered with SAWCo recently for Proposition 1 grant funding. However, if they partner again in the future SAWCo asks that they receive more assistance in following through on actually obtaining the grant monies. Some other benefits of IEUA membership are the Chino Water Bank and the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). Mr. Moorrees stated the IEUA representatives can probably best describe how these fees will help SAWCo move forward in those areas.

Ms. Morgan-Perales and Mr. Proctor with IEUA addressed the Board regarding the MEU rate charge. Ms. Morgan-Perales gave a brief history of IEUA assessments and programs. SAWCo and another agency in IEUA’s service district were overlooked when these assessments were established. In an attempt to be fair and equitable to all of their member agencies, IEUA is now approaching the agencies that have not been assessed in past years to begin paying the MEU charge.

Ms. Morgan-Perales stated she calculated a benefit analysis to better show the assistance SAWCo has received from IEUA and Metropolitan Water District (MWD) programs over the last 10 years. Her findings show SAWCo has received roughly \$230,000 in combined benefits. She also noted

that since 2002-2003 through all the benefits of the programs, SAWCo's service area has saved about 600 acre feet (AF) of water.

Director Thomas stated that one thing that has troubled the Board is that SAWCo does not have any direct connections to MWD or IEUA nor do they purchase any MWD or IEUA water.

Director Elliott questioned what SAWCo shareholders are receiving from IEUA for the MEU charge. Ms. Morgan-Perales replied in the area she oversees SAWCo receives conservation benefits from IEUA with no fees other than the property tax fee paid by San Antonio Heights property owners to MWD. Any grants she has applied for SAWCo has always been included in the programs.

Director Elliott requested specific benefits to SAWCo shareholders. Ms. Morgan-Perales listed the turf removal program in which IEUA added \$1 per square foot of turf removed to MWD's \$2 per square foot. She also identified the landscape design services program through partnership with Chino Basin Water Conservation District, residential pressure regulation (free pressure reducing valve) and the landscape retrofit program.

Ms. Layton stated MWD assesses a property tax on the San Antonio Heights property owners and questioned how much of those monies IEUA receives. Ms. Morgan-Perales stated IEUA does not receive any of those monies.

Mr. Moorrees pointed out Item 6D on the agenda is the conservation update which identifies the programs SAWCo participates in with IEUA.

Ms. Morgan-Perales also mentioned IEUA's local water resources programs, recycled water program, urban water management plans, regional drought plan, conjunctive use projects, and grants program.

Director Thomas questioned if SAWCo did not participate in the MEU charge would it mean they are excluded from access to the services mentioned. Ms. Morgan-Perales replied the charge is a board action and therefore those that do not pay the MEU charge will not receive IEUA benefits.

Director Thomas asked whether or not the other agency that has not paid the MEU charge up to this point has made a decision. Ms. Morgan-Perales advised they are still awaiting a response as the other agency is going through a managerial change at this time.

Director Thomas inquired about a timeframe for making a decision. Ms. Morgan-Perales stated the MEU charge took effect July 1, 2018. Agreeing to the charge any time after that date would require retroactive payment and would include retroactive services.

Director Filippi stated he would like time to discuss this topic with City of Upland Public Works Director, Rosemary Hoerning. He felt a decision could be made in 30 days.

Director Thomas questioned whether or not SAWCo could withdraw from paying the MEU charge after a certain period of time if they find they are not receiving enough benefit to justify the charge. Ms. Morgan-Perales replied that the wording of the resolution does not allow for such an option. SAWCo would need to take that request to the IEUA board for action.

Director Sanchez stated there are benefits that come from other funding sources. Some are coming from MWD and some from IEUA. Some of the regional benefits associated with conjunctive use and reclaimed water cannot be part of that tally to the extent that the basin is helped by those programs that then benefits everyone that depends on the basins. By virtue of payments via parcel tax to MWD SAWCo wouldn't be excluded from the MWD programs. For example the turf removal program that MWD offers a rebate for removal of grass.

Ms. Morgan-Perales advised SAWCo would not be eligible for the additional \$1 rebate IEUA offers in addition to MWD's rebate. They would, however, still be eligible for MWD's base rebate amount.

Director Sanchez then clarified the nearly \$230,000 worth of benefits SAWCo has received since 2002-2003 is the IEUA portion. Without participating in the IEUA program SAWCo can still participate in the MWD programs.

Ms. Morgan-Perales stated the relationship between MWD and their member agencies is through IEUA. If you do not have a relationship with IEUA you would not benefit from MWD programs. IEUA is a MWD member agency and MWD does not recognize non-member agencies.

Director Sanchez understood but stated there may be an issue if homeowners in the San Antonio Heights are paying a parcel tax to MWD and are unable to access the services that the tax was presumably charged to cover.

Ms. Layton stated she believed a homeowner could then apply for an exemption from the MWD parcel tax.

Director Sanchez felt that would be the next step if SAWCo chose not to participate in IEUA's MEU charge; especially since none of the homeowners are connected to MWD's system.

Director Thomas commented that, based on Ms. Morgan-Perales stating IEUA put in an extra \$1 for the turf removal program, two-thirds of the \$230,000 in benefits SAWCo received came from MWD programs of which the homeowners in San Antonio Heights pay for in property taxes.

Ms. Morgan-Perales clarified MWD pays \$1 per square foot of turf removal and IEUA contributes \$1 per square foot as well.

Director Thomas corrected his statement then to say that of the \$230,000 property owners in San Antonio Heights through their taxes probably paid for roughly half of it. He recommended the Board and staff study the information a bit more before taking action.

Director Sanchez encouraged asking SAWCo staff about non-monetary benefits of IEUA membership.

Mr. Moorrees described some benefits he attempted to access but didn't receive the type of assistance he expected. He felt accessing some of IEUA's grant program assistance in the future would be beneficial.

Director Thomas inquired whether other water districts and municipalities pass the MEU charge on to their customers or add it to their operating costs. Ms. Morgan-Perales replied she has a line item on her water bill from Cucamonga Valley Water District for the IEUA MEU charge.

Ms. Morgan-Perales and Mr. Proctor exited the meeting at 5:39 p.m.

- A. Whistle Blower Policy** – Mr. Moorrees explained this item is part of the Form 990 staff has been filling out. This policy provides a means through which all workers are able to raise any concerns with regard to malpractice, illegal, unethical, or otherwise underhanded practices in the work place. The item was presented to the PROC and Director Sanchez was kind enough to edit the policy.

Mr. Moorrees recommended the Board adopt the whistle blower policy as presented.

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

- C. Stock Auction – October 2018** – Mr. Moorrees stated this item is to keep the Board apprised of the stock auctions to collect on bad debt. Since the implementation of the water availability charge many dormant shareholders have not been paying their bills. As such, there are currently 26 shareholder's stock certificates to be auctioned off. In order to manage the process efficiently, staff proposes to auction off 12 shareholder's stock in October of this year and the remaining 14 in May of 2019.

Director Thomas inquired as to how many total shares were being auctioned off. Ms. Layton replied all but one are quarter shares. The remaining one is one-half share which makes the total number of shares up for auction 3.25.

Mr. Moorrees recommended the Board approve the proposed stock auction and timeline as presented.

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

- D. Conservation Programs Update** – Mr. Moorrees presented the quarterly conservation update with a recommendation to receive and file. He suggested the item be placed on the Consent Calendar for future meetings.

Ms. Layton directed the Board's attention to the area titled "Local Assistance in meeting Best Management Practices" and advised the programs listed are ones IEUA helps fund. Director Thomas commented it didn't appear there were too many participants in those programs. Ms. Layton replied there may be a way to work with the City of Upland for assistance in water conservation programs.

Mr. Moorrees noted SAWCo has adopted identifying their own Best Management Practices rather than relying on other entities.

Director Thomas felt the conservation update was important enough to continue as a general manager report item.

There was consensus on the Board to receive and file the conservation update and to have it remain as an action item on the general manager's report on activities.

E. Project Status Report –

- **Cucamonga Basin – Desilting project at crosswalls** – Equipment was mobilized on Monday.
- **Forebay Surface Waterline** – All but the paving has been completed.
- **Edison Pond – New Sluice Gate Replacement** – Staff went through several reiterations of the trash gate. Once it is fabricated it will be installed.
- **Santa Rosa Waterline and 24th Street waterline installation** – Preconstruction meeting is schedule for the coming Friday. Notice to begin construction will be the following Monday.
- **Holly Drive Reservoir** – Expecting 90% submittals this week.
- **WFA Pipeline Connection** – Civiltec Engineering is working with WFA prior to beginning the project.
- **Basin 6 Desilting** – Staff is still awaiting the 401 permit. Staff hopes evaporation will cause them to not have to pump a lot of water out of the basin to start the project.
- **Water Rights Investigation – Activity** – Two items will be submitted at the next PROC meeting. City of Pomona has been asked to attend the meeting.
- **Well 31 Biological Treatment** – The new filtration system is in however the final product cost is not compatible with SAWCo's rates.
- **Holly Drive Boosters** – Final plans have been received and submitted to KSM Electric and HK to move forward with their proposals.

- **SCADA Upgrade** – The screen submittal and subsequent approval is expected by the end of August. Equipment installation and start up is expected to be completed by October 4th.
- **Reservoir 7 Rehabilitation** – A kick off meeting with Civiltec Engineering was held earlier in the day for reservoir 7 which is budgeted to be constructed this year.
- **Campus Avenue Waterline** – Waterline design for Campus Avenue is budgeted for this year with actual construction of the waterline is budgeted for the following year.
- **I-10 Corridor Project** – San Bernardino Transportation Authority is appraising the property for a temporary construction easement. Staff will bring the item to the PROC.

F. Equipment Failure – Mr. Moorrees advised the Board that the motor for Well 24 blew up. A rebuilt motor will be roughly \$17,000, a new motor will be roughly \$27,000. Staff advised KSM to repair/rebuild the old motor for SAWCo to keep in stock and ordered a new one to replace the old one.

The air conditioning unit at Well 27A and Booster 1 has also failed. Staff is currently obtaining a quote to replace the unit. The cost will be brought to the Board for ratification as the matter needs to be fixed as soon as possible.

Mr. Moorrees asked the Board to ratify up to \$70,000 to repair and replace the motor for Well 24 and to replace the old air conditioning unit at Well 27A and Booster 1. He will bring the final figures to the PROC

Director Cable moved and Director Sanchez seconded to approve the general manager's recommendation. Motion carried by voice vote.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Filippi updated the Board and staff on some notable happenings with the City of Upland. These included the workshop regarding a possible soccer complex north of the 210 freeway between Benson Avenue and the Holliday Rock conveyor, the retirement of Jeff Zwack, and the swearing in of the new police Chief Darren Goodman.

Adjournment: Seeing no further business, the meeting was adjourned at 5:55 p.m.

The next Board Meeting will be held on Tuesday, August 21, 2018 at 5:00 p.m.

Assistant Secretary
Charles Moorrees

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
May 22, 2018

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 2:59 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, and Tom Thomas. Also in attendance were General Manager of Red Hill Country Club (RHCC) Mark Campbell, and SAWCo's General Manager Charles Moorrees and Senior Administrative Specialist Kelly Mitchell. Mr. Elliott presided.

1. Recognitions and Presentations – Mr. Moorrees recognized Mr. Mark Campbell, General Manager of RHCC.
2. Additions-Deletions to the Agenda – None.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
 - A. ***Regular Committee Minutes of March 27, 2018*** – Mr. Thomas moved and Mr. Gerardi seconded to approve the meeting minutes of March 27, 2018. Motion carried.
5. Planning and Operational Issues:
 - A. ***Red Hill Country Club*** - Mr. Moorrees stated that staff went through several iterations and the one presented to the Committee is the only one staff is able to administer. It is basically the same agreement SAWCo has with the City of Ontario, City of Upland, and Monte Vista Water District (MVWD). Mr. Moorrees advised all in attendance of the basic terms of the agreement.

Mr. Campbell had concerns about entitlement dropping during a drought and RHCC going over their yearly entitlement. Mr. Moorrees reminded Mr. Campbell that RHCC has a connection to Cucamonga Valley Water District (CVWD) they can receive water from should they reach their entitlement to water with SAWCo.

Mr. Thomas moved and Mr. Gerardi seconded to recommend the Board approve the water service agreement option presented for RHCC. Motion carried.

Mr. Campbell stated the RHCC Board meets the 3rd Wednesday of each month. SAWCo's Board meeting is the day prior to RHCC's meeting. SAWCo staff will present the water service agreement to their Board for approval on June 19th and, if approved, Mr. Campbell will then present it to the RHCC's Board the following day for approval. If approved by both Boards the water service agreement will go into effect July 1, 2018.

Mr. Campbell exited the meeting at 3:10 p.m.

6. Planning and Operational Update -

A. Project Status Report –

- **Edison Pond – New Sluice Gate Replacement** – Staff is waiting for the signed agreement from C.P. Construction.
- **Santa Rosa Waterline & 24th Street Waterline Installation** – Pre-bid meeting is taking place on May 25th with bid opening on June 8th and contract award on June 19th.
- **WFA Pipeline Connection** – Civiltec Engineering is working with WFA staff on the specifications of the plan.
- **Basin 6 Desilting** – The Regional Water Quality Control Board (RWQCB) rejected SAWCo’s application without prejudice due to two items missing. The County environmental group will respond to these two items. Once the response is received there is a 60 day waiting period for approval.
- **Cucamonga Crosswalls** – Preconstruction meeting is scheduled for May 23rd. The biological monitoring for the required 5 years will cost \$103,000.
- **Water Rights Investigation** – Activity – Staff received a phone call from the State Water Resources Control Board (SWRCB). It was apparent they will not be responding in writing to our letter response to their findings report.
- **Forebay Surface Waterline** – Materials are being ordered to begin the project.
- **Reservoir 7** – Aluminum dome – Staff found out recently the height of the reservoir allows for the use of a clearspan dome which is more cost effective.

7. Basin Issues and Updates

- **San Antonio Canyon Watershed** – Nothing reported.
- **Six Basins** – Nothing reported.
- **Cucamonga Basin** – Nothing reported.
- **Chino Basin** – Nothing reported.

8. Committee’s Comments and Future Agenda Items: – Mr. Thomas updated the Committee on the progress of the General Manager search.

Adjournment: –The meeting was adjourned at 3:20 p.m. Motion carried.

Assistant Secretary
Charles Moorrees



San Antonio Water Company, CA

Income Statement

Group Summary

For Fiscal: 2018 Period Ending: 06/30/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Category: 4 - Income					
SubCategory: 40 - Shareholder Revenue					
1185 - Domestic Water Income (Base)	230,636.01	230,636.01	44,868.25	102,595.86	128,040.15
1215 - Domestic Water Income (Supplemental)	306,135.00	306,135.00	35,518.76	86,533.28	219,601.72
1220 - Domestic Water Income (Tier 3)	150,000.00	150,000.00	34,365.84	108,303.62	41,696.38
1230 - Domestic Water Income (Readi/Chrg)	201,333.00	201,333.00	33,150.23	99,593.64	101,739.36
1235 - Domestic Water Availability Charge (WAC)	60,480.00	60,480.00	9,932.97	29,612.78	30,867.22
1245 - Municipal Water Income (Base)	2,732,080.00	2,732,080.00	230,134.23	1,399,930.65	1,332,149.35
1268 - Municipal Water Income (Readi/Chrg)	79,800.00	79,800.00	6,650.00	39,900.00	39,900.00
1274 - Misc Water Income (Base)	234,192.00	234,192.00	22,608.06	77,576.49	156,615.51
1275 - Misc Water Income (Supplemental)	256,363.00	256,363.00	23,030.55	82,606.43	173,756.57
1276 - Munnicipal Water Availability Charge (WAC)	493,536.00	493,536.00	39,690.00	238,140.00	255,396.00
1280 - Misc Water Income (Tier 3)	3,000.00	3,000.00	0.00	12,152.37	-9,152.37
1288 - Misc Water Income (Readi/Chrg)	23,500.00	23,500.00	2,050.00	12,070.00	11,430.00
1290 - Misc Water Availability Charge (WAC)	44,592.00	44,592.00	1,922.00	11,532.00	33,060.00
1295 - Dormant Water Availability Charge (WAC)	14,722.00	14,722.00	8,944.00	27,011.62	-12,289.62
1300 - Sale of Water/From Storage	200,000.00	200,000.00	0.00	0.00	200,000.00
1400 - Stock Transfer	4,000.00	4,000.00	570.00	2,370.00	1,630.00
1410 - Late/Re-establishment Fee	6,181.00	6,181.00	1,240.00	3,395.00	2,786.00
1420 - Return Check Fee	167.00	167.00	0.00	50.00	117.00
1430 - Stock Certificate Storage and Handling Fee	100.00	100.00	60.00	100.00	0.00
SubCategory: 40 - Shareholder Revenue Total:	5,040,817.01	5,040,817.01	494,734.89	2,333,473.74	2,707,343.27
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	1,623.00	1,623.00	-240,804.99	1.02	1,621.98
1728 - Plans & Spec Fee	0.00	0.00	0.00	75.00	-75.00
1730 - Construction Permit & Inspection Fee	5,000.00	5,000.00	0.00	0.00	5,000.00
1750 - Service/Litigation Agreements	800.00	800.00	49.89	310.27	489.73
1753 - Ground Lease Income	55,000.00	55,000.00	4,300.88	25,805.28	29,194.72
1755 - Interest Earned	27,000.00	27,000.00	45.46	24,556.33	2,443.67
1875 - Overhead Income	0.00	0.00	1,861.92	1,861.92	-1,861.92
SubCategory: 42 - Non-Shareholder Revenue Total:	89,423.00	89,423.00	-234,546.84	52,609.82	36,813.18
Category: 4 - Income Total:	5,130,240.01	5,130,240.01	260,188.05	2,386,083.56	2,744,156.45
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	218,213.00	218,213.00	19,277.55	123,405.27	94,807.73
2235 - Repairs to Facilities and Equipment	751,167.00	751,167.00	15,174.67	95,551.65	655,615.35
2265 - Power-Gas & Electric (utilities)	587,293.00	587,293.00	91,008.62	350,616.98	236,676.02
SubCategory: 50 - Operating Facilities Total:	1,556,673.00	1,556,673.00	125,460.84	569,573.90	987,099.10
SubCategory: 51 - Operating Activities					
2475 - Customer Service	72,327.00	72,327.00	5,370.13	51,733.13	20,593.87
2498 - Conservation	30,000.00	30,000.00	3,624.50	12,827.49	17,172.51
SubCategory: 51 - Operating Activities Total:	102,327.00	102,327.00	8,994.63	64,560.62	37,766.38
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	88,586.00	88,586.00	6,106.23	42,925.00	45,661.00
2210 - O & M - All Other	3,201.00	3,201.00	0.00	424.66	2,776.34
2280 - Purchased Water	44,357.00	44,357.00	0.00	0.00	44,357.00
2295 - Supplies (Inventory & Tools Expense)	9,953.00	9,953.00	837.11	3,350.78	6,602.22
2565 - Depreciation/Amortization	974,807.00	974,807.00	74,946.94	431,832.14	542,974.86
2715 - Property Taxes	221,456.00	221,456.00	0.00	109,298.42	112,157.58
2805 - Water Resource Mgmt.	269,037.00	269,037.00	3,724.96	48,359.77	220,677.23

Income Statement

For Fiscal: 2018 Period Ending: 06/30/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
SubCategory: 52 - Other Operating Expense Total:	1,611,397.00	1,611,397.00	85,615.24	636,190.77	975,206.23
Category: 5 - O & M Expense Total:	3,270,397.00	3,270,397.00	220,070.71	1,270,325.29	2,000,071.71
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	181,060.00	181,060.00	13,160.72	95,270.52	85,789.48
2130 - Development/Water Svc. App.	2,300.00	2,300.00	70.29	470.02	1,829.98
2325 - Payroll Taxes	67,797.00	67,797.00	5,310.14	36,011.22	31,785.78
2355 - Worker's Compensation Insurance	15,853.00	15,853.00	1,703.00	6,005.73	9,847.27
2385 - Benefit Pay (Vac., sick, etc.)	136,744.00	136,744.00	12,665.42	74,701.08	62,042.92
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc)	231,805.00	231,805.00	16,102.29	108,275.97	123,529.03
2430 - Benefit Administrative Services	1,675.00	1,675.00	0.00	100.00	1,575.00
SubCategory: 60 - Personnel Total:	637,234.00	637,234.00	49,011.86	320,834.54	316,399.46
SubCategory: 61 - Other					
2445 - Office/IT Support	75,000.00	75,000.00	1,808.75	26,231.54	48,768.46
2505 - Directors Fees & Expense	33,611.00	33,611.00	2,222.13	18,099.08	15,511.92
2535 - Liability Insurance	35,394.00	35,394.00	0.00	27,227.00	8,167.00
2595 - Communication	41,239.00	41,239.00	3,234.58	12,406.53	28,832.47
2625 - Dues & Publications	3,700.00	3,700.00	740.00	1,525.25	2,174.75
2655 - Outside Services	70,747.00	70,747.00	3,265.88	24,055.79	46,691.21
2745 - Income Tax Expense	4,700.00	4,700.00	0.00	7,400.00	-2,700.00
2775 - Accounting & Legal Expense	242,332.00	242,332.00	5,452.42	143,248.97	99,083.03
2790 - Human Resources Expense	59,430.00	59,430.00	5,480.62	28,916.73	30,513.27
2865 - All other	50,414.00	50,414.00	6,153.93	12,810.35	37,603.65
SubCategory: 61 - Other Total:	616,567.00	616,567.00	28,358.31	301,921.24	314,645.76
Category: 6 - G & A Expense Total:	1,253,801.00	1,253,801.00	77,370.17	622,755.78	631,045.22
Total Surplus (Deficit):	606,042.01	606,042.01	-37,252.83	493,002.49	113,039.52

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	606,042.01	606,042.01	-37,252.83	493,002.49	113,039.52
Total Surplus (Deficit):	606,042.01	606,042.01	-37,252.83	493,002.49	113,039.52



Account	Name	Balance
Fund: 10 - 10		
Assets		
BalSubCategory: 10 - Cash		
10-00-00-10100-00000	Petty Cash	250.00
10-00-00-10200-00000	Checking Account	1,937,199.96
10-00-00-10300-00000	Savings-Money Market	194,701.74
10-00-00-10400-00000	Savings-CD Accounts	20,000.00
10-00-00-10415-00000	D&O Checking Account	727,070.60
10-00-00-10438-00000	Depre/Obsolescene Res (LAIF)	3,579,479.45
	Total BalSubCategory 10 - Cash:	6,458,701.75
BalSubCategory: 11 - Accounts Receivable		
10-00-00-11100-00000	Accounts Receivable-Domestic	150,712.03
10-00-00-11200-00000	Accounts Receivable-Municipal	275,178.35
10-00-00-11250-00000	Accounts Receivable-Misc.	49,513.18
10-00-00-11260-00000	Accounts Receivable - Dormant	9,540.27
10-00-00-11275-00000	Contra Accounts Receivable - Unapplied Cre	-13,138.21
10-00-00-11300-00000	Accounts Receivable-Other	3,603.88
	Total BalSubCategory 11 - Accounts Receivable:	475,409.50
BalSubCategory: 12 - Inventory		
10-00-00-12100-00000	Inventories-Materials & Supply	83,741.74
	Total BalSubCategory 12 - Inventory:	83,741.74
BalSubCategory: 13 - Prepaid		
10-00-00-13100-00000	Prepaid Insurance	8,868.75
10-00-00-13105-00000	PREPAID POSTAGE	369.00
	Total BalSubCategory 13 - Prepaid:	9,237.75
BalSubCategory: 14 - Investments		
10-00-00-14150-00000	P.V.P.A. Investment	1.00
	Total BalSubCategory 14 - Investments:	1.00
BalSubCategory: 15 - Property, Plant, & Equipment		
10-00-00-15100-00000	Land & Water Rights	924,864.03
10-00-00-15110-1507J	Work in Progress "Proj J"	41,133.01
10-00-00-15110-1601N	Work in Progress	7,005.42
10-00-00-15110-1602U	Work in Progress	116,562.21
10-00-00-15110-1701A	Work in Progress	7,308.84
10-00-00-15110-1801B	Work in Progress	11,496.06
10-00-00-15110-1802E	Work in Progress	667.33
10-00-00-15110-1803H	Work In Progress	293.57
10-00-00-15110-1804G	Work In Progress	3,326.27
10-00-00-15110-1805F	Work In Progress	417.08
10-00-00-15150-00000	Buildings & Site Improvements	1,745,708.81
10-00-00-15200-00000	Wells-Shafts, Bldgs, & Equip	4,834,924.56
10-00-00-15250-00000	Boosters-Bldgs & Equip	2,163,280.63
10-00-00-15300-00000	Reservoirs	1,635,164.98
10-00-00-15350-00000	Tunnels, Forebay, & Ponds	1,587,111.19
10-00-00-15400-00000	Spreading Works-Cucamonga Wash	54,859.53
10-00-00-15410-00000	Spreading Works-SanAntonio Wsh	50,235.18
10-00-00-15450-00000	Pipelines	15,613,893.22
10-00-00-15500-00000	Autos & Equipment	377,943.30
10-00-00-15550-00000	Tools	76,492.47
10-00-00-15600-00000	Telemetry System	482,714.06
10-00-00-15650-00000	Office Equipment	488,936.41
10-00-00-15990-00000	Accumulated Depreciation	-11,431,372.68
	Total BalSubCategory 15 - Property, Plant, & Equipment:	18,792,965.48

Balance Sheet

As Of 06/30/2018

Account	Name	Balance
BalSubCategory: 16 - Other Assets		
10-00-00-16100-00000	Documents & Studies	867,778.67
10-00-00-16990-00000	Accumulated Amortization	-544,732.80
	Total BalSubCategory 16 - Other Assets:	323,045.87
	Total Assets:	26,143,103.09
		<u>26,143,103.09</u>
Liability		
BalSubCategory: 20 - Short-term less than 1 year		
10-00-00-20100-00000	Trade Accounts Payable	131,868.19
10-00-00-20115-00000	D&O Trade Accounts Payable	1,616.07
10-00-00-20260-00000	Sec.125/Cafeteria Plan Withhld	-889.38
10-00-GN-20820-00000	Accrued Vacation Payable	20,404.60
10-00-OP-20820-00000	Accrued Vacation Payable	24,818.57
	Total BalSubCategory 20 - Short-term less than 1 year:	177,818.05
BalSubCategory: 21 - Long-term more than 1 year		
10-00-00-21500-00000	Unclaimed Credits	244,974.77
	Total BalSubCategory 21 - Long-term more than 1 year:	244,974.77
	Total Liability:	422,792.82
Equity		
BalSubCategory: 30 - Stockholder equity		
10-00-00-30200-00000	Contributed Capital - Ext. Fee	447,258.02
10-00-00-30210-00000	Contr. Property, Plant & Equip	2,404,270.37
10-00-00-30300-00000	Capital Account	1,500,000.00
10-00-00-30310-00000	Unissued Capital Stock	-861,100.00
10-00-00-30400-00000	Retained Earngs-Brd Designated	3,626,009.43
10-00-00-30410-00000	Retained Earnings-Unrestricted	18,110,869.96
	Total BalSubCategory 30 - Stockholder equity:	25,227,307.78
	Total Beginning Equity:	25,227,307.78
Total Revenue		2,386,083.56
Total Expense		1,893,081.07
Revenues Over/Under Expenses		493,002.49
	Total Equity and Current Surplus (Deficit):	25,720,310.27
	Total Liabilities, Equity and Current Surplus (Deficit):	<u>26,143,103.09</u>

Monthly Investment Activity Summary - Compiled from Banking Statements for Correlation with Monthly Financials

Institution	Type or Investment	Date of Maturity	Rate of Interest (A.P.Y.)	Amount of Deposit as of 6/30/2018	*Accumulated Yearly Service Fees	Accumulated Yearly Interest Earnings
					thru June	thru June
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 1,937,199.96	\$ 18.00	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 727,070.60		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.25%	\$194,701.74	\$	453.46
Local Agency Investment Fund	LAIF	N/A	1.66%	\$ 3,579,479.45	\$	24,062.99
Golden State Business Bank	12 Month C.D.	April 15,2019	0.40%	\$ 20,000.00	\$	39.88
			TOTAL:	\$ 6,458,451.75		
			TOTAL IN CD'S:	\$ 20,000.00		

A. Water Supply

Annual entitlement for CY2018 is currently at 12,000 AF.

Six Basins Production

As of July 31, 2018, the Water Company produced a total of 578.54 AF (62% of production rights). The OSY for CY2018 is 13,000 AF with the Water Company's annual production right is 932.10AF based on the CY2018 OSY of 13,000 (7.17%). This water is currently produced and delivered proportionately to the WFA for the City of Ontario and MVWD entitlement.

The Water Company spread a total of 157.99 AF in Six Basins to date.

Cucamonga Basin Production

As of July 31, 2018, the Water Company produced a total 3,917.45 AF [65% of the production rights based on the 10 year running average recharge]. A total of 197.02AF was recharged into Cucamonga Basin.

Chino Basin Production

The Water Company produced 193.36 AF to date in this calendar year 34% of OSY in the Chino Basin FY2017/2018 and 6% in FY2018/2019.

There has been no water recharged into Chino Basin in this calendar year to date.

Surface Water (San Antonio Creek)

Total flows to date are 8950.34 AF.

San Antonio Tunnel

Tunnel flows to date are 1,308.41 AF for the domestic system.

B. Facilitating Sale of Inactive Shares to Interested Buyers

There is a total of 2¼ shares going from dormant to active this transfer period.

C. Communication and Information Activities

Summer Newsletter was mailed the end of June. Staff currently working on the Fall Newsletter.

Staff is communicating on "Facebook" with 167 friends liking our page. Communication is posted regularly.

D. New Billing and Accounting Software – The implementation of the inventory module is up and running. Work order module is installed but is not being utilized. Staff was trained with Tyler on the inventory system and has been developing month end procedures for inventory control.

E. San Antonio Creek Canyon - Water Usage

On July 5, 2012, Special Counsel submitted SAWCo's documentation per the USFS request along with a letter.

On November 8, 2012, we are advised that the SWRCB staff is examining our complaint and expect a response soon.

State Water Resources Control Board submitted a request to the USFS, Mt. Baldy HOA and SHIA for information regarding their current diversions and associated water rights as a response to the Water Company's claim.

On May 12, 2014 staff met with the USFS regarding their required response. It was suggested that we meet jointly with the Mt. Baldy HOA and SHIA to collaborate a response to the State Board.

A subsequent meeting was held on June 3, 2014 with the USFS, Mt. Baldy HOA and SHIA to discuss the data gathering for the response due on June 5.

It appears that Mt. Baldy insists on pursuing their rights to water and that SHIA will depend on the USFS. The four private lots in SHIA at the intersection of Mt. Baldy Road and Ice House Canyon will submit their rights under the Vernon Deed. We believe that the parties are amenable to developing an agreement with the Water Company; however, the outcome of the State Board response to those agencies will dictate their efforts in moving forward to an agreement.

Mt. Baldy HOA, SHIA and the USFS submitted their response to the State Board. Pending response from SWRCB.

A year ago staff was able to engage in a dialogue with the Forest Supervisor, Mr. Tom Contreras. It was reported in the newspaper last week that Tom Contreras resigned his post.

August 9, 2015 response from the State Board. They have prepared some draft material regarding our complaint. However, the continuing drought and other priorities have caused delays in progress towards making a final determination of the complex issues on Mt. Baldy.

On August 31, 2016, in light of SB 88 requiring measurement and reporting of diversions, staff contacted the State Board regarding the status of the Company's complaint and undocumented diversions in Mt. Baldy.

On October 24, 2016, Victor Vasquez with the Division of Water Rights set up a conference call to discuss the Company's complaint. On the call was the Water Company's Special Counsel, Fred Fudacz, Staff, Upland, and Pomona. There were four members of the State's Water Rights Division on the call including the State's legal counsel handling the complaint. SAWCo's special counsel, Fred Fudacz brought the State up to speed on our complaint and advised that the Water Company was not seeking punitive damages but rather better management of existing water rights in the fully appropriated stream. Although the State is now actively working our complaint, they were non-committal on providing regular updates.

On February 3, 2017, representatives from the State Water Resources Control Board Water Rights Division met with staff to observe the Company's water rights diversion structure in response to address the Water Company's water rights complaint. Representatives from Pomona, Ontario and Upland were present as major beneficiaries from this source water.

Subsequent to the February 2017 meeting, the State Water Resources Control Board requested the USFS to locate existing diversions in Mt. Baldy and provide a response within 90 Days beginning April 2017.

As of July 1, 2017, the State received and is reviewing information from the USFS regarding diversions in Mt. Baldy and anticipates more information on other diversions and volumes to be submitted by the Forest Service.

August 23, 2017 - Staff met with the Monument Manager of the US Forest Service and staff to discuss the information on diversions provided to the State. It was determined that the Forest Service would try to provide that report by September 13, 2017 and that the Monument Manager agreed to make a presentation at the September Board. Manager was not prepared to address the Board at this time.

September 25, 2017 – Due to fire season and ongoing reorganization of two Districts, the issue was deferred to Ms. Adrienne Dunfee, Deputy Monument Manager as the key contact on this matter moving forward. Without a specific date on completion of the report she stated that the full report would be provided before the end of this year.

On March 1, 2018 the Water Company representatives met with the State Board Department of Water Rights Enforcement Division to bring this issue to resolution.

April 9, 2018 staff received the State's findings and dismissed the Water Company's complaint based on the conclusion that the diversions are "insignificant". Staff responded to their findings on April 24, 2018. On May 4, 2018, staff held a telephone conversation with Mr. Victor Vasquez in response to our letter. Staff was advised that the State is closing out their file on the investigation. It does not appear that the State will respond to our last correspondence. Next step discussions to take place at this Board meeting Agenda.

F. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal -

A report to the Court of the Appeal was processed on July 16th. It basically told the Court that the Parties have reached an agreement regarding amendments to the Judgment and existing court-approved agreements to implement the Judgement. The Parties need trial court approval of the 2018 Amendments due to its continuing jurisdiction, but there is uncertainty regarding the trial court's jurisdiction to rule on matters embraced by the appeal. The Parties submitted their conundrum to the court to help settle the issue. SAWCo and Upland are not the Parties involved with the Appeal but there is concern on having court approve amendments without all parties consent. Upland and SAWCo are working together on this issue.

Court hearing regarding staying the Judgement was moved to December 28, 2018 @ 1:30 pm.

Court Hearing re:40th Annual Report Filing – In the past Watermaster just filed the past annual reports. Due to the recent court battles, Watermaster will be giving the court an update to keep the judge informed when filing the 40th annual report. The court hearing is August 17, 2018 at 1:30pm at San Bernardino County Superior Court. The Agricultural Pool has filed a motion asking the court to take the written report but not hear oral testimony. The thought is the oral testimony could affect the safe yield matter before the court. Watermaster has filed a motion in response.

Cucamonga Basin Report – A meeting with CVWD and WECWC was held on July 31st. Discussion and agreement to modernize Judgment to today's terms would be a good starting point. Commitment to meet regularly was made to address basin management issues.

Six Basins

Board meeting on June 27, 2018.

Approved a “hold harmless” agreement between Watermaster and the Xerox Corporation for installing and monitoring of transducers at the basin monitoring wells.

The approved Three Valley's Municipal Water District selection of Jericho Systems, Inc. as the Programmatic Environmental Impact Report [PEIR] Consultant.

Watermaster presented a draft letter supporting DWR Basin prioritization as presented by the State regarding the Sustainable Groundwater Management Act. The prioritization classified adjudicated basins as low priority.

Darron Paulson provided an update on the MS4 Permittees Collaboration.

With respect to Mr. Moorrees retirement, the Board was advised of Mr. Moorrees last meeting as the Water Company's representatives with Mr. Tommy Hudspeth being the primary representative on the Board and Ms. Teri Layton as the alternate representative. The President of the Board, Mr. Darron Poulson graciously presented a token of appreciation for Mr. Moorrees service on the Board.

A Strategic Planning Session was held after the meeting on the plan implementation.

- Establish PEIR baseline assumption based on CY2013-2017 and 5-year dry period of CY2012-2016. Watermaster to send out draft PEIR assumptions to parties for review and comment.
- Update Groundwater Model.
- Golden State plans 2 new wells in the Claremont Heights
- TVMWD plans for new well in the Claremont Heights

G. Legal Issue Summaries – No Issues as of this report.

H. Monitoring of Approved Assembly Bills Affecting the Water Company

1. Draft AB3057 to amend California Revenue and Taxation Code to conform to federal income tax law (i.e., Section 501(c)(12) of the Internal Revenue Code) by exempting not-for-profit mutual water corporations from California income taxes and franchise fees on or after January 1, 2018.
2. [REF] Sustainable Groundwater Management Act (SGMA)- AB 1168 (Pavley) and AB1739 (Dickinson) Signed by the Governor in September 2014 requiring groundwater resources be sustainably managed by local agencies providing the powers needed to sustainably manage groundwater over the long-term. This requires Groundwater Sustainability Plans (GSP's) be developed for medium and high priority groundwater basins. Chino Basin and Six Basins Watermaster is currently working with the SWRCB to rectify and clarify basin boundaries.

Senate Bill 13 was passed in September and becomes law in January 2016 adds new requirements and clarifications to the SGMA with regard to overlapping boundaries. It

also authorizes mutual water companies as participants in groundwater sustainability agencies. Each non adjudicated basin will be required to establish a basin management plan. Staff is currently preparing strategy in moving forward with CVWD and Upland towards that goal.

3. Senate Bill (SB) 88 was signed by the Governor on June 24, 2015 requires added measurement and reporting those water rights holders that divert more than 10 AF of water per year. The State Water Board adopted a regulation to implement the new law which took action on March 21, 2016.

When the amount of water available in a surface water source is not sufficient to support the needs of existing water rights holders and in-stream uses, the Board may require monthly or more frequent reporting in the affected areas to provide the most accurate assessment of water demand and will notify diverters in the affected areas when additional reporting is required.

The Water Company is in compliance as it measures and reports all diversions annually by March of each year.

4. Making Conservation a California Way of Life” Bills: AB 1323, AB 1668, SB 606 . All three bills are vehicles for the implementation of Governor Brown’s Executive Order B-37-16 which directed the State Water Board, the Department of Water Resources (DWR), the Department of Food and Agriculture, the Public Utilities Commission (PUC), and the California Energy Commission (CEC) to take actions focusing on using water wisely, eliminating water waste, strengthening local drought resilience, and improving ag efficiency and planning. Of the three bills, AB 1323 is considered the “compromise” bill as it would require a stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to report to the Governor and the Legislature by December 2019. To date, no action has been taken on the bills.
5. SB 606 & AB 1668 Signed into law in June, establishing statewide water efficiency standards and a framework for the implementation of the new standards, which must be in place by 2022.
 - o Establishing an indoor water use goal of 55 gallons per day per person until 2025, 52.5 gallons from 2025 to 2030 and 50 gallons beginning 2030.
 - o Creating incentives for water suppliers to recycle water
 - o Requiring both urban and agricultural water suppliers to set annual water budgets and prepare for drought.

DWR has scheduled three sessions in early September to take public comments on their “draft” legislation.

6. AB3057 – California Water Not-For-Profit Tax Rules for Mutual Water Companies Proposed amendment to the California Revenue and Taxation Code to conform to federal income tax law by exempting not-for-profit mutual water, mutual ditch, or Irrigation corporations from California income taxes and franchise fees beginning on or after January 1, 2018.

Status:

5-25-18 Bill in Committee on Appropriations, held under submission.

1. Water Delivery Connection to the City of Upland

[CY2018 Budget \$14,145]

Construct connection at the San Antonio Park. Construction pending DDW approval of the City's permit amendment.

2. Holly Drive Booster

[CY2018 Budget \$290,000]

TKE completed engineering plans for the building, foundation, walls and piping.

Quote from KSM for the Electrical/Mechanical is \$33,351. Pending quotes HK Construction for the structural.

TKE Engineering is providing structural and mechanical engineering.

Obligated to date	CY2018	
\$25,800	5,958	TKE Engineering
\$33,351		KSM/Electrical & Mechanical
		HK Construction/Structural
		J.K. Welding/Pipeline
	5,958	= Total to Date

First phase of pipeline installation to be done beginning Wednesday, August 8, 2018.

3. SCADA System Upgrade

[CY2018 Budget \$100,000]

Staff coordinated the upgrade with TESCO and the Company's IT Consultant [Inland Productivity.

The schedule for the upgrade is as follows:

- ✓ Approved software submittals 6/27/18
- Pending
- SCADA Screens submittal 8/15/18
- SCADA Screens approval by 8/29/18
- Equipment Installation by 10/3/18
- Startup 10/4/18 to 10/10/18

Obligated to date	CY2018	
\$90,000		TESCO
		= Total to Date

4. Santa Rosa Waterline & 24th Street Waterline

[CY2018 Budget \$135,000]

C.P. Construction completed 24th Street Waterline pending paving. Began construction on Santa Rosa Court.

Obligated to date	CY2018	
\$189,000		C.P. Construction
\$ 12,020		GeoCon – Soils Testing
		= Total to Date

5. Interstate 10 Corridor Project

Prior to the end of last year, staff met with the engineering consultant (HNTB) for the State of California Department of Transportation /San Bernardino County Transportation Authority (SBCTA) to coordinate pipeline conflicts with the proposed project. The project

will impact portions of the Water Company’s pipeline crossing at east of 6th Street in Ontario from the Company’s Well 12 site on 6th Street north of the freeway to the Company’s site on Council Avenue on the south side.

Due to the Water Company's prior rights, the waterline relocation project will be at no cost to the Water Company with reimbursement for plan check and construction inspection based on the current established Company fees and charges. On February 20, 2018, the Board approved the Utility Agreement with SBCTA to cover the cost for staff’s time reviewing and inspecting the work in association with protection of the Company’s existing facility.

The project was scheduled to advertise for Design/Build contractor in December 2017. The design/build contractor is anticipated to be on board in August 2018. Pending appraiser for Temporary Construction Easement along the frontage of SAWCo’s Well 12 on Sixth Street.

6. Reservoir 7 Rehabilitation/Design

[CY2017 Budget \$826,500]

A kick off meeting was held with CivilTec Engineering on July 17, 2018. Construction is slated for October/November of this year.

Obligated to date	CY2017	CY2018	
\$51,230	\$ 5,140		Harper & Associates
\$62,750			CivilTec Engineering
\$ 7,150			GeoCon - Geotechnical
			CST – Aluminum dome
	\$ 5,140	\$ 5,140	= Total to Date

7. Office Relocation Feasibility Study– [Carry over] [Currently on Hold]

[CY2017 Budget \$176,000]

AdHoc committee created to review project processes. CEDG prepared a site plan and conceptual layout on the north half property in advance of preparing preliminary design drawings.

The City of Upland requested the purchase the south half of the property for construction of a reservoir which should be constructed within a two year time frame. The City agreed to consider the \$494,000 owed by the Water Company to the City of Upland as a down payment towards purchasing the property.

Obligated to date	CY2016	CY2017	CY2018	
\$ 34,560	\$ 9,000		N/A	CEDG
Task 2 – Pre Design	16,000	7,000		
	\$ 25,000	32,000		= Total to Date

CEDG presented the conceptual office layout to the Board in March. The City of Upland appraised value is submitted for Board approval on this agenda. Since the City is seeking SRF funding, they request that the valuation is locked in for 1 year until they receive appropriate funds in November of CY2018.

The Water Company’s plan for developing the office project is to fund it entirely from the sale of the Water Company’s 17th Street property, Office and Yard property. The AdHoc Committee will be currently on hold until the City’s funding mechanism is in place; however, staff proposes a “draft” funding strategy to determine the proposed receipt of sale of assets as it pertains to the Company’s 85/15 tax exemption.

8. WFA Pipeline Connection– [Carry over] [Defer till CY2018]

[CY2018 Budget – \$110,000]

On October 30, 2017, the Water Company received a letter from the DDW regarding the BIN Classification determination from BIN 2 to BIN 1. The project is now dependent on approval by the WFA Board to construct the connection for delivery. All of the current JPA members are also entity shareholders [Upland, Ontario, MVWD, Chino and latest shareholder, Chino Hills].

In coordination with the WFA staff the plans and specs are being finalized by CivilTec Engineering. Pending WFA TAC/Board approval and DDW permit amendment.

Obligated to date	CY2017	CY2018	
\$ 30,895	\$ 1,290	\$ 1,290	Civiltec Eng.
	\$ 4,375	\$ 5,665	= Total to Date

9. Holly Drive Reservoir– [Carry over]

[CY2018 Budget \$196,124]

Engineering design and environmental documents for two 120,000 gallon reservoirs to replace the existing 60,000 gallon reservoir in order to accommodate 1) operational capacity, 2) fire flow @ 1,500 gpm for 2-hour duration, 3) and emergency storage.

Site Improvements budgeted for CY2018 with subsequent phase to construct two 120,000 gallon reservoirs. Phase construction of site improvements in this calendar year and tank construction in subsequent years. Staff received a budgetary quote from Superior Tank for a 128,436 gallon bolted tank in the amount of \$99,890.

Environmental review and documentation is nearing completion and working through the AB-52 process using the State Board as the “lead agency” be complete in mid-August.

Obligated to date	CY2016	CY2017	CY2018	
\$ 74,500	\$ 62,000	\$ 43,856	1,558	TKE Engineering
\$ 45,070				Add’l Structural Eng. reqmt.
	\$ 62,000	\$ 43,856		= Total to Date

10. Basin 6 Desilting – [Carry over]

[CY2018 Budget – \$266,000]

Environmental Document - Initial Study

SBCFCD is the Lead Agency for the environmental document “piggy backed” onto the Water Company’s document for their minimum maintenance requirement. We received the Notice of Determination of the environmental document.

Army Corps Nationwide permit

On February 7, 2018, the Water Company received the Nationwide permit that is contingent on receiving the 401 permit from RWQCB Santa Ana Region.

CDFW Streambed Alteration Agreement Notification
Received Streambed Alteration Permit.

RWQCB 401 Permit

Information was submitted on October 19, 2017. With completion of the environmental document, the State has begun the statutory timeline in review of the Water Company's permit request.

The Regional Board separated and completed the Water Company's permit from the County and began the 21-day public review on August 1. We anticipate the project to begin in the first week of September 2018.

Obligated to date	CY2015	CY2016	CY2017	CY2018	
\$ 47,940	\$ 14,869	\$17,227	\$1,440	\$13,389	Altum Group/Baker Int.
\$ 5,000	\$ 4,127		\$5,530		TKE – Project Mgmt.
\$ 7,200	\$ 0	\$0			CHJ/Terracon –Geotech.
	\$ 117				Plan Check
			\$54,398		RWQCB 401 Permit
	\$ 26		\$ 144		Reimbursable
			\$ 5,000		DFW Stream Bed Alt. Permit
	\$19,139	\$ 17,227	\$ 66,512	\$116,312	= Total to Date

11. Cucamonga Crosswalls Repair & Desilt – [Carry over]

[CY2018 Budget – \$103,232]

A pre-construction meeting was held on May 23, 2018 at the Chino Basin Water Conservation District. Staff received the final permit from San Bernardino County Flood Control District.

GRB Equipment was issued a Notice to Proceed to begin work on July 16, 2018 with a 5-year completion date of July 16, 2023.

Conservation project signage has been erected at the entrance to Holliday Rock on 20th Street and on each side of the Cucamonga Dam.

Residential notices were sent out on July 10, 2018 to residents within the 500 foot radius of the project.

The pre-construction environmental bird clearing survey performed by the Company's environmental consultant (Baker International) on July 13, 2018. GRB began mobilizing on July 16 and began grubbing on July 18 and desilting process behind the crosswalls.

Obligated to date	Previous Years	CY2015	CY2016	CY2017	CY2018	
\$ 26,920		\$ 35,524	\$ 12,952	\$4,243	\$ 7,410	Altum Group
\$ 50,040		\$ 10,305	\$ 33,972	\$1,525	\$ 1,277	TKE/Proj. Mgmt. /Noise Monitoring
\$103,700					\$ 3,245	Baker International

\$23,425						ECORP. – On-call Archaeologist
			\$ 90,000			RWQCB fee
			\$ 96			Reimbursable
\$100,385	\$ 62,286	\$ 34,537	\$ 137,020	\$5,768	\$ 252,542	= Total to Date

12. Well 31 Biological Treatment Pilot – Requested 60-day extension to pilot a new filtration system that would reduce cost as much as 30%. There has been a delay in DDW approval to begin the new pilot that would start the 60-day trial. On August 9, DDW approved MIH to begin their small scale pilot protocol for a 60-day trial.

13. Water Rights Investigation [See Prominent Issues]

14. San Antonio Canyon Watershed

[The San Antonio Canyon drainage area (26.7 sq. mi.) upstream from the San Antonio dam]

The watershed overlies both San Bernardino and Los Angeles Counties within the Angeles National Forest. There are many permitted public and some private uses within the canyon, and the canyon stream flow is a source of water supply for downstream communities.

As of this report the Mt. Baldy Ski Area (MBSA) submitted their plan for diverting the water at the San Antonio Falls to the US Forest Service for the purpose of making snow pursuant to their agreement with the Water Company which expired in CY2015. The Board approved extending the current agreement with Mt. Baldy Ski Area to December 31, 2035. MBSA has been authorized by the USFS to do the work for the diversion of the Water Company's rights from the San Antonio Falls and anticipate the work to begin in the fall of this year.

The 14th Annual Watershed Clean Up Day is scheduled for the weekend after the Labor Day weekend on September 8, 2018.

CY2018 COMPLETED PROJECTS:

- Transfer Switch/V-Screen and Tunnel Shaft 6 [Budget \$7,000]
KSM \$8,048.
- Truck mounted crane [Budget \$8,000]
\$9,011.39
- Forebay Overflow & Riser [Budget \$30,000]
Norstar Plumbing \$17,800
- Forebay Surface Waterline [Budget \$180,000]
C.P. Construction \$85,200
- Edison Pond Sluice Gate [Budget \$70,000]
C.P. Construction \$51,000 [\$15,440 Pomona Share]



San Antonio Water Company

Incorporated October 25, 1882

Serving the original Ontario Colony lands

July 31, 2018

Felicia Marcus, Chair
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Subject: Northern Chino Basin (Basin) Groundwater Remediation Project & Community Water Supply Reliability Project

Dear Ms. Marcus,

San Antonio Water Company (SAWCo) is writing this letter in support of the City of Upland's Chino Basin Groundwater Remediation Project and its proposal to develop two extraction wells in the Basin to remove the contaminants from the groundwater aquifer.

As a member of the Appropriate Pool and producer in the Chino Basin we concur that this project will proactively seek a long-term solution to remove the Nitrate, Dibromochloropropane (DBCP) and 1, 2, 3-Trichloropropane (TCP) contamination from the groundwater and ensures the sustainability of groundwater. As a major shareholder of the San Antonio Water Company, the City of Upland's project could also extract their shareholder entitlements to serve their customers.

We understand that this project has a regional benefit for the future water supply and asks that the State consider this project for funding. If you have any questions, please feel free to contact me at (909) 982-4107 extension 102.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Moorrees", is written over a horizontal line.

Charles Moorrees
General Manager
rh/cm

cc: Board of Directors

Item Title: Calmat – Water Service Agreement

Purpose:

To report the PROC's response to developing a water service agreement with CalMat to enable use of stranded asset.

Issue:

CalMat/Vulcan Materials has assets in Chino Basin as a non-overlying agricultural entity and was unable to utilize their stranded water in Chino Basin. CalMat/Vulcan materials recently intervened in the Chino Basin Appropriative Pool.

Manager's Recommendation:

That the Board concurs with the PROC consensus to reject developing a Water Service Agreement for Calmat.

Background:

Previously, the PROC agreed to limit water service agreements to those shareholders with 100 or more shares. Calmat owns 2.5 shares.

Last year the Water Company received a request to transfer Calmat's entitlement from its Chino Basin stored water account for Vulcan Materials. At that time Calmat/Vulcan was not a party in the Appropriative Pool and was not eligible for the transfer from the Water Company's Appropriative Pool account. Upon Calmat's successful intervention into the Appropriative Pool earlier this year, the Water Company approved the transfer of 4.375AF to Calmat based on the CY2017 entitlement.

CalMat (shareholder) can only receive water via a one-time transfers per year because they currently cannot receive water delivery otherwise. In lieu of taking delivery of water, a Water Service Agreement is an alternative way of receiving their entitlement water delivery. Establishing a Water Service Agreement would refrain from raising this issue on annual basis when CalMat makes subsequent request for transfer on annual basis.

The PROC reiterated the policy that requires a minimum of 100 shares in the Water Company to warrant a water service agreement. There was consensus that a water service agreement with Calmat/Vulcan was not necessary.

Impact on the Budget:

Transfer of entitlement from Chino Basin Stored Water Account: 4.375AF at \$296/AF= \$1,295.

Previous Actions:

Board approved transfer of 4.375AF to Calmat on January 16, 2018.

WATER SERVICE AGREEMENT
“DRAFT as presented to the PROC”

(CalMat Co.)

January 1, 2018

THIS WATER SERVICE AGREEMENT (“**Agreement**”) is made by and between San Antonio Water Company, a mutual water company (“**Water Company**”) and CalMat Co., a Delaware corporation (“**CalMat**”).

Recitals

- A. CalMat owns **Two and One Half (2.5)** shares of the common stock of Water Company.
- B. CalMat is entitled to take delivery of water from Water Company in the amount of its entitlement from time to time in accordance with its Articles of Incorporation, Bylaws and operating procedures and in proportion to its shares as a percentage of all issued shares applied to the total amount of water determined to be available by Water Company (“**Entitlement**”).
- C. CalMat desires to take its full Entitlement to water through the water company’s distribution system, and further by Water Transfer as provided in D hereof.
- D. Water Company possesses water rights in the Chino Basin (“**Chino Basin**”) (“**SAWCO Entitlement**”), which, under the Judgment and established rules and procedures of the Watermaster of Chino Basin (“**Source**”) Water Company can make available for direct exercise to CalMat (“**Water Transfer**”).
- E. Water Company and CalMat desire to facilitate Water Company’s transfer to CalMat a portion of the SAWCO Entitlement through Water Transfer for the calendar years and otherwise in accordance with and subject to the limitations of this Agreement.

Agreements

- 1. Recitals The Recitals are true and correct and are incorporated in this Agreement.
- 2. Term. The term of this Agreement is Five (5) calendar years, namely 2018, 2019, 2020, 2021, and 2022. The Term shall commence at 12:00 a.m. on January 1, 2018 and shall, without action by any party, terminate on December 31, 2022 at 11:59 p.m. If, for any reason this Agreement is not renewed at the end of this term or any subsequent term, the parties shall promptly negotiate in good faith to reach mutual agreement on a new water service agreement...
- 3. Payment for Water.

(a) CalMat shall pay to Water Company for and with respect to each billing cycle of the Term, the usual and normal charges for water as determined in accordance with the operating procedures and practices of Water Company, including rates and charges, except as provided in (b) hereof.

(b) CalMat shall pay for all water taken as provided in (a). "Entitlement" for the purposes of this subparagraph and for no other purpose, shall mean the amount that results from dividing Water Company's total production from all sources for the calendar year by the average number of shares owned by CalMat for and with respect to the calendar year.

4. Excuse of a Failed Attempt to Effect a Water Transfer. Water Company's performance of its obligations under this Agreement shall be excused for and with respect to any calendar year should an attempted Water Transfer hereunder not be effected because the Watermaster of the basin for which a Water Transfer fails to finally approve the Water Transfer.

5. Limitation on Water Deliveries to CalMat. Water shall not be delivered to CalMat in any calendar year in excess of the sum of the Entitlement for and with respect to each billing cycle of the calendar year.

6. Mutual Cooperation. Water Company and CalMat shall cooperate with each other and with the Chino Basin Watermaster to effect any Water Transfer for and with respect to each calendar year that may be initiated under this Agreement.

7. Complete Agreement/Amendment. This Agreement constitutes the entire agreement between the parties and supersedes all agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter thereof, and neither party shall be bound by nor charged with any oral or written agreements, representations, warranties, statements, promises or understandings not specifically set forth in this Agreement. This Agreement may not be amended, altered or modified except in writing signed by Water Company and CalMat

8. Attorneys' Fees. Should any party to this Agreement, or its successor in interest, commence any litigation against any party hereto, or their respective representatives, arising out of the interpretation of any provision of this Agreement or the rights and duties of said parties hereunder, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its or their attorneys' fees and court costs in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose. Any such legal action shall be litigated in San Bernardino County, California.

9. Validity. In the event that any provision of this Agreement shall be held to be invalid or unenforceable, such partial invalidity shall not affect in any respect whatsoever the validity or enforceability of the remainder hereof.

10. Survival of Rights. Except as may be provided herein to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties' signatory hereto and their respective successors and assigns.

11. Governing Law. This Agreement has been entered into in the State of California, and all questions with respect to it and the rights and liabilities of the parties thereunder, shall be governed by the laws thereof.

12. Waiver. A breach or default by any party hereto in the performance of its obligations hereunder shall not be deemed or construed to be a consent or waiver by the party, whether or not notice of such breach or default has been given to the offending party and notwithstanding the duration of said breach or default. The giving of consent by CalMat or Water Company in any one instance shall not limit or waive the necessity to obtain the other's consent in any future instance.

13. Remedies in Equity. The parties acknowledge and represent that damages at law are an inadequate remedy for any breach or threatened breach of this Agreement. The parties may enforce this Agreement by specific performance, injunction or other equitable remedy. Nothing contained in this Agreement shall be construed to limit or affect any rights the parties may have at law, by statute or otherwise against the other party for a breach or threatened breach of any provision thereof.

14. Further Assurances. Each party hereto agrees to do all acts and things to make, execute and deliver such written instruments, as shall from time to time be reasonably required to carry out the terms and conditions of this Agreement.

15. No Assignment or Delegation. CalMat shall not be entitled to assign this Agreement or any rights under it to any other person or entity, or to delegate any of its responsibilities hereunder to any other person or entity without the written consent of Water Company having been first obtained, which Water Company may withhold in its absolute discretion for any reason satisfactory to it.

END OF AGREEMENT
SIGNATURE PROVISIONS FOLLOW

The parties have executed this Water Service Agreement to be effective on and as of January 1, 2018.

“Water Company”

“CalMat”

San Antonio Water Company,
a mutual water company

CalMat Co.,
a Delaware corporation

By: _____
Tom Thomas, President

By: _____

Its: _____

ATTEST:

By: _____
Sue Sundell, Secretary

Approved as to Form:

By: _____
Thomas H. McPeters
General Counsel

Item Title: Mixed Oxidant Generation Cell Failure

Purpose:

To report the failed cell in the Mixed Oxidant Generation system (MIOX) at the Water Company's domestic Tunnel Shaft 6 and the expense for its replacement.

Issue:

The MIOX system generates sodium hypochlorite at the Company's Tunnel Shaft 6 which is the main water supply for the domestic system. It produces the required disinfectant for treating the water produced by the San Antonio Tunnel. On August 1, the cell failed to generate disinfectant and had to be removed from the system.

Manager's Recommendation:

That Board receives and files the report of the expense for replacing the MIOX cell and ratifies a budget appropriation of \$30,000 for its replacement from Operating Reserves.

Background:

The San Antonio Tunnel developed in 1885 provides a major source of water supply for the Company's domestic system. Since requirement of appropriate disinfection techniques, the Water Company originally utilized Chlorine Gas for its disinfection. Because of the inherent hazardous nature of using chlorine gas as a disinfectant, the Water Company converted to utilizing a Sodium Hypochlorite generator system. Using just table salt and power to generate a diluted chlorine based solution eliminates the storage and handling of hazardous chlorine gas cylinders while providing safe and excellent chlorine residual.

With the Forebay improvements in CY2012, the Water Company purchased a Mixed Oxidant generation system (MIOX Vault) for \$123,000 that produces the sufficient disinfectant based on the maximum Tunnel flows. The Vault system is a revolutionary self-cleaning on-site generator which is and practically maintenance free and cost effective water disinfection. Electrolysis occurs inside the cell to convert brine into a sodium hypochlorite and mixed oxidant solution. The electrolytic cell is the most expensive part of the MIOX system.

In CY2016, Staff obtained approval by the State to amend Water Company's permit to allow the operation of the Tunnel disinfection system to be moved upstream to the Tunnel Shaft 6 to achieve required 4-log virus inactivation.

On August 1, staff observed issues with the cell that required its immediate removal due to a "short" in the cell. With the cell system out of service, staff required delivery of sodium hypochlorite solution until the cell is replaced. Attached is the quote from the vendor for a replacement vault in the amount of \$28,182.01 that originally obtained to submit as a replacement cell in the CY2019 Budget. Staff requests the Board ratify a budget of \$30,000 to replace the deteriorated cell.

Impact on the Budget:

\$30,000 expense from Operating Reserves.

Previous Actions:

None.

Item Title: Mt. Baldy Water Use

Purpose:

To address water use in excess of existing right.

Issue:

Report on excess water use by San Antonio Canyon Mutual Service Company and by Chapman Ranch and Water Company's response to cease and desist.

Manager's Recommendation:

That the Board review and approve the PROC's recommendation to submit the letters to San Antonio Canyon Mutual Water Service Company and Chapman Ranch to cease their water use over and above their appropriated right as presented.

Background:

1922 - San Antonio Canyon Mutual Service Company (SACMSC)

When the Subdivisions in San Antonio Canyon were put on the market, it was the intention of the Water Company to organize a Mutual Water Company to furnish the sewer and water service. Legal counsel was instructed to prepare the necessary documents to incorporate the "San Antonio Canyon Mutual Service Company." In 1930 an agreement was developed with the SACMSC regarding the serving of the subdivisions in Mt. Baldy. The Water Company deeded the water system to the Service Company and the right to divert and take from the riparian waters owned by SAWCo not to exceed 214,200 gallons in any calendar month. The Service Company was required to install meters for use exclusively for domestic purposes. On August 26, 1936 the Water Company conveyed an additional amount of water to the Service Company for a total of 1,212,000 gallons /per month for household domestic service equal to 3.2 inches. There are two main meters servicing the SACMSC that are read monthly by the Water Company field operations.

Chapman Ranch

On August 31, 1929, Chapman purchased a water right of continuous flow of .0926 miners' inch or 1,200 gallons per day. They currently have two wells for their water supply. One is not in operation. The Water Company field operations reads the meter on their operating well once a month.

[1 Miner's Inch = 9 gpm/day or 12,960 gallons per day.]

These letters were first drafted last year but put on hold pending the meeting and response from the State on the Company's water rights complaint.

Staff presented the issue to the PROC on July 24 with the draft letter to SACMWS and Chapman Ranch for edification and recommendation for the Board. The revised letter as discussed at the PROC is submitted to the Board for approval.

Impact on the Budget:

To be determined

Previous Actions:

Presented to the PROC on July 24, 2018.

August 22, 2018

Evan Chapman
2 Chapman Ranch Rd2
Mt. Baldy, CA 91759

Re: Excess use of water rights

Dear Mr. Chapman:

We understand that you have an agreement the right to divert and take of the waters in San Antonio Canyon with a limit or maximum quantity of 6,000 gallons of water per day which equates to approximately 182,500 gallons per month or .56 Acre Feet per month.

Following are the months only where you have exceeded this water entitlement:

Year	Jan	Mar	April	May	June	July	Aug	Sept	Oct	Nov.	Dec.	Total	Limit	Excess
2006									.829			.829	.56	0.269
2007				.627	.778							1.405	1.12	0.285
2008									1.194	.684		1.878	1.12	0.758
2009						.677	.706	1.404	1.117	.627		4.531	2.80	1.731
2010				.658	1.109	1.347	1.552	1.565	.719	.626		7.576	3.92	3.656
2011				.589	1.001	1.379	1.351	1.207	.663		1.26	7.450	3.92	3.530
2012										.593		.593	.56	0.033
2013	.597	.635	1.132	.928	1.37	1.865	1.966	1.774	1.076			11.343	5.04	6.303
2014	.688		.656	.776	.976	1.182	1.198	1.538	1.37	.572		8.956	5.04	3.916
2015					.81	.81	1.28	1.28	1.049			5.229	1.68	3.549
2016									.635			.635	.56	0.075
2017									.644		.951	1.595	1.12	.475
2018		.742										.742	.56	.182
Total	1.285	1.377	1.788	3.578	6.044	7.260	8.053	8.768	9.296	3.102	2.211	52.762	28	24.762

In 2016, we had to purchase water from the City of Upland to meet our demands in July at a cost of \$736.16 an acre foot for a total of \$36,000. The excess amount recorded above equates to approximately \$18,228.79 of loss revenue.

We would like to maintain a good working relationship with you and realize that some effort will be required to be mutually beneficial. Regular communication is vital in this respect. Our existing interagency metered connections require bi-annual meter calibrations to ensure the accuracy of the meter reads. We therefore request these tests to be performed on your existing water supply meters.

If you would rather we put in our own meter and maintain the calibration records, we would be more than happy to assist in this endeavor.

Excess Water Use
August 21, 2018

In light of this information and the above accounting, we are requesting that you cease and desist utilizing over your entitlement of water. Let us know if you would like to meet and discuss this issue for clarification moving forward.

Sincerely,

Charles Moorrees
General Manager
/Tl

August 22, 2018

Ms. Karen Sked
San Antonio Canyon Mutual Service Co.
P.O. Box 631
Mt. Baldy, CA 91759

Re: Excess use of water rights

Dear Ms. Sked:

We understand that San Antonio Canyon Mutual Water Service Company (SACMWSC) has the right to divert and take of the waters in San Antonio Canyon in accordance to the 1931 indenture and the 1936 amendment as follows:

<u>Gallons per month</u>	<u>To Whom</u>	<u>Limit</u>
12,000	Subdivisions No. 7 and 8	1,212,000 gallons per month
120,000	Kerckhoff lands	Included in above limit
1,800	Subdivision No. 12	32,400 gallons per month

This amount should be reasonably necessary for the household domestic use of the occupants of lots referred to in the 1931 indenture agreement. However, since we are not informed as to the number of lots that are being serviced, we will assume the limit for the purpose of this letter. The monthly limit would then be 1,244,400 gallons per month [1,212,000 + 32,400] or 3.81 acre feet per month. Utilizing this understanding of the limit per month, we show the SACMWSC has exceeded their usage in the following years and months:

Year	April	May	June	July	Aug	Sept	Oct	Nov	Total	Limit	Excess
2007		4.259			5.852				10.111	7.62	2.491
2008											
2009						5.873			5.873	3.81	2.063
2010				4.023	4.388				8.411	7.62	.791
2011				4.259					4.259	3.81	.449
2012			4.341	5.371	5.358	4.464	4.077		23.611	19.05	4.561
2013	4.470	4.478	4.838	6.853	5.787	4.726			31.152	22.86	8.292
2014			4.207	4.869	4.022				13.098	11.43	1.668
2015						5.251			5.251	3.81	1.441
2016			4.531	4.652	7.069	3.928			20.180	15.24	4.94
2017		4.940	5.042	6.064	6.036	5.815	5.240	4.654	33.137	26.67	6.467
TOTAL	4.470	13.677	22.959	36.091	38.512	30.057	9.317	4.654	155.083	121.92	33.163

Excess Water Use
August 21, 2018

In 2016, we had to purchase water from the City of Upland to meet our demands in July at a cost of \$736.16 an acre foot for a total of \$36,000. The excess amount recorded above equates to approximately \$24,413.27 of lost revenue.

We have always maintained good working relationship with the SACMSC and realize that these relationships require some effort to maintain to be mutually beneficial. Regular communication is vital in this respect. Our existing interagency metered connections require bi-annual meter calibrations to ensure the accuracy of the meter reads. We therefore request these tests to be performed on your existing water supply meters. If you would rather we put in our own meter and maintain the calibration records, we would be more than happy to assist in this endeavor.

In light of this information and the above accounting, we respectfully request that you cease and desist utilizing over your entitlement of water. Let us know if you would like to meet and discuss this issue for clarification moving forward.

Sincerely,

Charles Moorrees
General Manager

Item Title: Water Rights Investigation

Purpose:

To discuss next steps in closed session

Issue:

The inability of the State Division of Water Rights Enforcement Division to respond appropriately to the Water Company's water rights complaint.

Per the State's website, the State Water Board does not have resources to investigate complaints where the parties appear to have valid but competing percolating groundwater, riparian, and/or pre-1914 appropriative claims of right. Disputes involving this type of situation should be resolved by a court.

Manager's Recommendation:

That the Board agree with the PROC recommendation to discuss this issue and next steps in closed session as appropriate.

Background:

1926. The United States Forest Service (USFS) owned all of the land in the San Antonio Canyon lying above the Water Company property. It was the Angeles Forest Service policy to lease lots for cabins and resort purposes. These lease lots were developed in Tracts [Upper & Lower San Antonio, Ice House Canyon, Bear Canyon, and Barrett Canyon] with rights to dip water from the stream; however, the USFS had no diversion of water rights and the lots had no rights to pipe it from the San Antonio Creek or its tributaries (springs).

1936. Snow Crest Heights Improvement Association (SHIA) was formed by the USFS to provide water service to cabins under the Special Use Permits. A number of private residences not under the USFS permits are also served by SHIA. The private residences in the area have no rights to water of the Fully Appropriated San Antonio Creek or any spring or tributary that contributes to it.

Since that time and for many years the Water Company staff removed illegal diversion pipes from the stream so that there would be no claim for vested rights to divert water or that it would ripen into prescriptive rights. Attempts to file claim on a spring or water source in the Canyon was met with successful resistance from the Water Company. This caused friction between the parties in Mt. Baldy and the Water Company. As a result the USFS requested the Water Company permit 1 inch of water from a spring located above Manker Flats to serve cabins in that area.

1941. On January 25, 1941, the Water Company entered into an agreement to provide water to the "Special Use Lots" to allow diversion of an additional 2 inches of water. Currently, the USFS views the 1941 agreement as not valid and is at odds with their Federal position as opposed to State Law.

The Water Company's stance is that continued diversions are an ongoing violation of the California Water Code and the state's common law of water rights.

1994 - Mt. Baldy HOA. At one time the Mt. Baldy Homeowners Association and its cabins were under the USFS Special Use Permits. A land exchange with the USFS privatized the Association in 1994 (See attached).

No vested water rights were included in the land exchange with the USFS.

[1 Miner's Inch = 9 gpm/day or 12,960 gallons per day]

2009 - Ridgeway & Slater. In CY2009, Staff discovered that there were two homes in Mt. Baldy that was being served by an abandoned spring and that with no rights to divert the water for its use. The property on which the resident resides was purchased from the San Antonio Liquidated Trust (SALT). All of the Water Company's property holdings that was turned over to the liquidation trust was stripped of all water rights (riparian, appropriative and overlying). In 2010, both Ridgeway and Slater signed a License Agreement with the Water Company to utilize the water for domestic purpose only. Meters are read on monthly basis and charged at the Water Company's rates.

Failure to resolve the water rights/use issue with the Mt. Baldy Agencies and the US Forest Service, in several meetings and discussions, the Water Company sought relief from the State Board, Division of Water Rights.

Notes from the State's Website:

In California, water rights law is administered by the State Water Resources Control Board (often called simply the State Water Board). Within the State Water Board, the Division of Water Rights acts on behalf of the State Water Board for day to day matters. ***The State Water Board is the only agency with authority to administer water rights in California.*** Local governments, water districts, and the California Regional Water Quality Control Boards do not administer water rights. The State Water Board shares the authority to enforce water right laws with the state courts.

The State Water Board's Division of Water Rights ***relies on the public to help identify illegal diversions of water and violations of water right permit and license conditions.*** The State Water Board has a duty to protect the public trust and to prevent the waste and unreasonable use of water, including unreasonable methods of diverting water. However, the Division of Water Rights cannot investigate all complaints. The Division will determine whether to conduct investigations of complaints based mostly on the potential harm to the public or environment.

The State Water Board has jurisdiction over waste and unreasonable use of water and potential impact to public trust resources of the State, regardless of the type of water right being exercised. However, the State Water Board does not have resources to investigate complaints where the parties appear to have valid but competing percolating groundwater, riparian, and/or pre-1914 appropriative claims of right. Disputes involving this type of situation should be resolved by a court. The court may refer the matter to the State Water Board for findings of fact or of law. If this happens, the parties will be required to pay the cost of the State Water Board's investigation. If the parties do not agree to pay the State Water Board's costs, the State Water Board can refuse the court's referral.

Impact on the Budget:

To be determined

Previous Actions:

In CY2012 the Water Company filed complaint with the State Division of Water Rights.



United States
Department of
Agriculture

Office of
the General
Counsel

Pacific Region
San Francisco Office
211 Main Street, Suite 1060
San Francisco, CA 94105-1924
415-744-3011; FAX 415-744-3170

September 19, 1995

Reply To: 5430 Exchange

Subject : Angeles NF - MT. BALDY HOMEOWNERS ASSOCIATION
B.L.M. Serial No. CA-31695
Land for Land Exchange
Final After Preliminary

To : Patricia Romeiro, Acting Director, L&REM Staff
Pacific Southwest Region

An examination has been made of the title papers relating to 602 acres of land, more or less, designated as the Mt Baldy Homeowners Association exchange, in Los Angeles County, California, Angeles National Forest. This land is to be acquired by the United States of America under the provisions of the act of March 20, 1922 (42 Stat. 465; 16 U.S.C. 485), as amended by the Act of February 28, 1925 (43 Stat. 1090; 16 U.S.C. 486), the Act of June 11, 1960 (74 Stat. 205; 7 U.S.C. 2201(note)), the Act of October 21, 1976 (90 Stat. 2743; 43 U.S.C. 1716), the Act of March 1, 1911, as amended (36 Stat. 961; 16 U.S.C. 485), the Act of October 23, 1962 (76 Stat. 1157), and the Federal Land Exchange Facilitation Act of 1988 (102 Stat. 1086) by Grant Deed from the Mt. Baldy Homeowners Association, incorporated under the laws of the State of California as a domestic nonprofit corporation, dated September 14, 1994, was recorded on October 7, 1994 as Document Number 94-1847767 of the Official Records of Los Angeles County, California.

This land is more particularly described in the Grant Deed to the United States of America which was executed pursuant to a Land Exchange Agreement, dated August 3, 1994, between the United States of America and Mt. Baldy Homeowners Association, incorporated under the laws of the State of California as a domestic nonprofit corporation.

Policy of Title Insurance No. 9336759A, dated October 7, 1994, was issued by Chicago Title Insurance Company and is in satisfactory form.

FS RECEIVED R5

SEP 20 1995

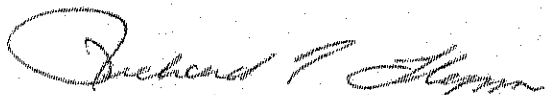
L&REM STAFF

From the information contained in the Policy of Title Insurance, and the executed and recorded Grant Deed to the United States of America, referred to above, it appears that the title to the land in question is now vested in the United States of America subject to:

1. An easement granted to Pacific Light and Power Corporation to construct, maintain, operate and remove wires for the transmission of electrical energy, upon a single line of poles or other supporting structures, as noted in item 1 of Schedule B of the Policy of Title Insurance.
2. An easement for a public road and highway granted to the County of Los Angeles, as noted in item 2 of Schedule B of the Policy of Title Insurance.
3. An easement for the transmission of electrical energy for communication and other purposes granted to General Telephone Company of California, as noted in items 3 and 5 of Schedule B of the Policy of Title Insurance
4. An easement for conveying electric energy to be used for light, heat, power, telephone and/or other related uses granted to Southern California Edison Company, its successors and assigns, as noted in item 4 of Schedule B of the Policy of Title Insurance.
5. Easements in favor of San Antonio Water Company, as noted in items 6, 7, 8 and 9 of Schedule B of the Policy of Title Insurance.
6. An easement for pipelines granted to Southern California Edison Company, as noted in item 10 of Schedule B of the Policy of Title Insurance.
7. An easement for slopes granted to the County of Los Angeles, as noted in item 11 of Schedule B of the Policy of Title Insurance.
8. An easement for underground electrical supply systems and communication system granted to Southern California Edison Company, as noted in item 12 of Schedule B of the Policy of Title Insurance.
9. General exceptions, conditions and stipulations of the Policy of Title Insurance.

The acquisition of this land subject to condition(s) numbered 1, 2, 3, 4, 5, 6, 7 and 8 has been approved and condition numbered 9 is unobjectionable.

The Patent conveying the selected land to Mt. Baldy Homeowners Association, incorporated under the laws of the State of California has been delivered, and all other objections set forth in our Preliminary Title Opinion have been met.



RICHARD T. FLYNN, Attorney

Encl: Docket

cc: Mike Miller, Lands Forester
SZLAT

RTF:rlm



United States
Department of
Agriculture

Office of
the General
Counsel

Pacific Region
San Francisco Office
211 Main Street, Suite 1060
San Francisco, CA 94105-1924
415-744-3011; FAX 415-744-3170

Original

July 15, 1994

Reply To: 5430 Exchange

Subject : Angeles NF - MT. BALDY HOMEOWNERS ASSOCIATION
B.L.M. Serial No. CA-31695
Exchange
Land for Land Preliminary Title
Opinion

To : Gene Zimmerman, Forest Supervisor
San Bernardino National Forest
Attn: Kimberley Vanderhaar-Brower
Leader, SZLAT

An examination has been made of the title papers relating to 602 acres of land, more or less, designated as the Mt Baldy Homeowners Association exchange, in Los Angeles County, California, Angeles National Forest. This land is to be acquired by the United States of America under the provisions of the act of March 20, 1922 (42 Stat. 465; 16 U.S.C. 485), as amended by the Act of February 28, 1925 (43 Stat. 1090; 16 U.S.C. 486), the Act of June 11, 1960 (74 Stat. 205; 7 U.S.C. 2201(note)), the Act of October 21, 1976 (90 Stat. 2743; 43 U.S.C. 1716), and the Federal Land Exchange Facilitation Act of 1988 (102 Stat. 1086) by Grant Deed from the Mt. Baldy Homeowners Association, incorporated under the laws of the State of California as a domestic nonprofit corporation.

This land is more particularly described in the Grant Deed to the United States of America which will be executed pursuant to a Land Exchange Agreement, undated, between the United States of America and Mt. Baldy Homeowners Association, incorporated under the laws of the State of California as a domestic nonprofit corporation.

Preliminary Report Number 9336759A-64, dated October 5, 1993, and Supplemental Preliminary Report, dated November 18, 1993, herein called preliminary report, was issued by Chicago Title Company and is in satisfactory form.

From the information contained in the preliminary report, draft Grant Deed to the United States of America and related papers, it appears that the title to the land in question is now vested in

The Trust for Public Land, a California nonprofit public benefit corporation, subject to:

1. Payment of property and supplemental taxes, as noted in items 1 through 18 of Schedule B of the Preliminary Report.

2. Any water rights, rights to ditches and reservoirs used in conjunction with said water rights, right to remove and extract ore as provided by law and a reserved right-of-way for ditches and canals as reserved in a patent, as noted in item 19 of Schedule B of the Preliminary Report.

3. An easement in favor of the Pacific Light and Power Corporation to construct, maintain, operate and remove wires for the transmission of electrical energy, together with the effect of a quitclaim deed to the United States of America, as noted in item 20 of Schedule B of the Preliminary Report.

4. Rights to divest and conduct all of the waters of San Antonio Creek through said land and to maintain, rebuild, operate and enlarge an existing pipeline for same, together with a right-of-way for an existing electrical transmission pole line, and a right-of-way for another electrical transmission pole line, as granted to Ontario Power Company, together with the effect of a quitclaim deed to the United States of America, as noted in item 21 of Schedule B of the Preliminary Report.

5. An easement to build and maintain a road, and to erect and maintain electric poles in favor of San Antonio Light and Power Company, together with the effect of a quitclaim deed to the United States of America, as noted in item 22 of Schedule B of the Preliminary Report.

6. An easement to construct, maintain, operate and remove wires for the transmission and distribution of electricity in favor of Pacific Light and Power Corporation, together with the effect of a quitclaim deed to the United States of America, as noted in item 23 of Schedule B of the Preliminary Report.

7. An easement in favor of the Pacific Light and Power Corporation to construct, maintain, operate and remove wires for the transmission of electrical energy, as noted in item 24 of Schedule B of the Preliminary Report.

8. An easement for public road and highway in favor of the County of Los Angeles, as noted in item 25 of Schedule B of the Preliminary Report.

9. An easement for transmission of electrical energy for communication and other purposes in favor of General Telephone Company of California, as noted in item 26 of Schedule B of the Preliminary Report.

10. An easement for conveying electric energy to be used for light, heat, power, telephone and/or other related uses in favor of Southern California Edison Company, as noted in item 27 of Schedule B of the Preliminary Report.

11. An easement for transmission of electrical energy for communication and other purposes in favor of General Telephone Company of California, as noted in item 28 of Schedule B of the Preliminary Report.

12. Easements in favor of San Antonio Water Company, as noted in items 29, 30, 31 and 32 of Schedule B of the Preliminary Report.

13. An easement for pipelines in favor of Southern California Edison Company, as noted in item 33 of Schedule B of the Preliminary Report.

14. An easement for slopes in favor of the County of Los Angeles, as noted in item 34 of Schedule B of the Preliminary Report.

15. An easement for underground electrical supply systems and communication system in favor of Southern California Edison Company, as noted in item 35 of Schedule B of the Preliminary Report.

16. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors, rights laws, as noted in item 36 of Schedule B of the Preliminary Report.

17. Rights of the parties under the Exchange Agreement mentioned above, pursuant to which the draft deed to the United States of America will be executed and deposited in escrow with Chicago Title Company. (Copies of the draft deed and escrow instructions from the proponent(s) are in the title folder.)

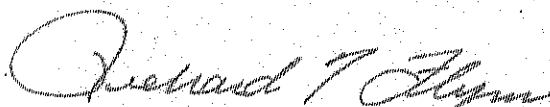
18. General exceptions, conditions and stipulations of the Preliminary Report.

The acquisition of this land subject to condition numbered 7, 8, 9, 10, 11, 12, 13, 14 and 15 has been approved and conditions numbered 17 and 18 are unobjectionable, provided:

- title is vested in _____;
- condition numbered ____ has been met;
- condition(s) numbered 1, 2, 3, 4, 5, 6 and 16 have been removed;

- (X) the draft deed described in condition numbered 17 has been duly executed and recorded;
- (X) a policy of title insurance in approved form has been obtained disclosing that nothing has occurred since the date of the present preliminary report to affect the title adversely, and showing the vesting of a valid title in the United States of America;
- (X) the Patent conveying the selected land to Mt. Baldy Homeowners Association, incorporated under the laws of the State of California has been delivered; and
- (X) a new updated Certificate of Possession has been obtained

When you have completed the above, you should resubmit the necessary documents for final approval. At that time the title will be approved and the completed docket will be forwarded to the Regional Office.


RICHARD T. FLYNN, Attorney

Encl. Docket

cc: Lloydene Zickwolf, RO, R5

RTF:rlm

P.S. Mary Valez, on behalf of Parm Coburn, has agreed to remove condition 16 herein, item 36 of the preliminary report. She will issue an additional supplemental report to that effect.

CHICAGO TITLE INSURANCE CO.

RECORDING REQUESTED BY

U.S. Forest Service

94-1847767

WHEN RECORDED MAIL TO:

Angeles National Forest
701 North Santa Anita Ave.
Arcadia, California 91006
Attn: Lands

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA
1 MIN. PAST 4 P.M. OCT 7 1994

REAL PROPERTY TRANSFER TAX \$ EXEMPT

Declared:
By and For: Forest Service (USDA)

FEE \$22 P
6

GRANT DEED

WE, the Mt. Baldy Homeowners Association, incorporated under the laws of the State of California as a domestic nonprofit corporation, for and in consideration therefor of an equal value of United States land as agreed upon with the Secretary of Agriculture, pursuant to the Act of March 1, 1911 (P.L. 61-435, Ch. 186, 36 Stat. 961, as amended; 16 U.S.C. 480, 500, 515, 516, 517, 517a, 518, 519, 521, 552, 563), the Act of March 20, 1922 (42 Stat. 465; 16 U.S.C. 485), as amended by the Act of February 28, 1925 (43 Stat. 1090; 16 U.S.C. 486), the Act of June 11, 1960 (74 Stat. 205; 7 U.S.C. 2201 (note)), the Act of October 23, 1962 (P.L. 87-869, 76 Stat. 1157 as amended; 16 U.S.C. 551, 554d, 555a, 555b, 574, 579b; 7U.S.C. 1011f, 2253), and the Act of October 21, 1976 (90 Stat. 2743; 43 U.S.C. 1716), hereby grant and convey unto the UNITED STATES OF AMERICA and its assigns, that certain real property situate in the County of Los Angeles, State of California, more particularly described as follows:

Parcel 1

The SE1/4 of Section 1, T1N, R8W, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plat thereof.

Except that portion of said land lying within San Bernardino County.

Parcel 2

The SW1/4 of Section 1, T1N, R8W, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plat thereof.

Except those portions of said land lying within the lines of parcel 12-1D.17, parcel 12-1D.19, parcel 12-1D.20, parcel 12-1D.21, and parcel 12-1D.22 of deed to the County of Los Angeles, recorded June 25, 1980 as instrument no. 80-613682 of official records of said county.

This deed is correct as to description, consideration and condition.

Paul Johnson DFS 8/25/94
Signed Title Date

9336759A-64

8675-017-001, 003, 004, 006, 007

V

Parcel 3

The W1/2 of the NW1/4 of Section 12, T1N, R8W, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plat thereof.

Except those portions of said land lying within the lines of parcel 12-1D.18, parcel 12-1D.17, parcel 12-1D.16, parcel 12-1D.15, parcel 12-1D.14, parcel 12-1D.13 and parcel 12-1D.12 of deed to the County of Los Angeles, recorded June 25, 1980 as instrument no. 80-613682 of official records of said County.

Parcel 4

The E1/2 of the NW1/4 of Section 12, T1N, R8W, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plat thereof.

Except those portions of said land lying within San Bernardino County.

Also except that portion of said land lying within the lines of the land described as parcel 12-1D.12 of deed to the County of Los Angeles, recorded June 25, 1980 as instrument no. 80-613682 of official records of said County.

Parcel 5

The NW1/4 of the SW1/4 of Section 12, T1N, R8W, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plat thereof.

Except those portions of said land lying within the lines of parcel 12-1D.2, parcel 12-1D.3, parcel 12-1D.4, parcel 12-1D.5, parcel 12-1D.6, parcel 12-1D.7, parcel 12-1D.8, parcel 12-1D.9, parcel 12-1D.10 and parcel 12-1D.11 in deed to the County of Los Angeles, recorded June 25, 1980 as instrument no. 80-613682 of official records of said County.

Parcel 7

That portion of the N1/2 of Section 1, T1N, R8W, San Bernardino Meridian, according to the official plat thereof, lying within the County of Los Angeles, State of California.

Except that portion conveyed to J.M. Elliott, by deed recorded on May 13, 1902 as document 34 in book 1579 page 294 of deeds, in the Office of the County Recorder of said County and being more particularly described therein as follows:

"Beginning at a point on San Antonio creek where a line running east and west through the south end of the Sierra Power House would intersect the West edge of San Antonio creek; thence Southerly along the West edge of San Antonio creek about 1000 feet; thence West about 200 feet to foot of mountain on west side of San Antonio Canyon; thence Northerly along said foot of mountain about 1000 feet; thence East through and along the south end of Sierra Power House to the place of beginning; containing 5 acres."

Also except that portion included within the land conveyed to the Sierra Power Company and WM. G. Kerckhoff, by deed recorded on May 13, 1902 as document no. 42 in book 1579 page 303 of deeds, in the Office of the County Recorder and being more particularly described therein as follows:

"Beginning at the southeast corner of Sierra Power Company's Power House; thence east to the east bank of San Antonio canon; thence southerly 500 feet south of point of beginning; thence west to the west bank of San Antonio canon; thence northerly to a point directly west of point of beginning; thence east to a point of beginning; estimated to contain about four acres of land."

Also except that portion within the line of Tract no. 6864, as per map recorded in book 107 page 69 of Maps, in the Office of the County Recorder of said County.

Also except that portion included within the lines of the land designated as parcel 12-1 in the Final Decree of Condemnation recorded on February 8, 1971, as Instrument No. 2005, in the Office of the County Recorder of said County.

Also except that portion of said land included within the lines of the land described in parcels 12-1D.23, 12-1D.24, 12-1D.25, and 12-1D.26 of deed to the County of Los Angeles, recorded June 25, 1980 as instrument no. 80-613682 of official records of said County.

Also except that portion conveyed to Southern California Edison Company, by deed recorded on April 28, 1919 as document no. 107 in book 6835 page 185 of deeds, in the Office of the County Recorder of said county and being more particularly described as follows:

Beginning at said above mentioned Alder Tree in said north, line of Section 1; thence south $37^{\circ} 12'$, east 124.76 feet; thence north $83^{\circ} 49'$ east 150.75 feet; thence north $15^{\circ} 55'$ east 87.15 feet; thence west 250 feet to the point of beginning.

Also except that portion of the North half of Section 1, Township 1 North, Range 8 West, San Bernardino Meridian, in the Office of the County Recorder of said county; according to the official plat thereof, described as follows:

Beginning at a point in the north line of said Section 1, at an Alder Tree, 20 inches in diameter, blazed on the north side and being at the foot of the west wall of the San Antonio canon, said point being distant west 100 feet from a point in the north line of said Section 1, distant south $22^{\circ} 29' 20''$ west 5700.9 feet from a point in the north line of Section 36, Township 2 North, Range 8 West, San Bernardino Meridian, distant west 1335 feet from the northeast corner of said Section 36; thence from said point of beginning east along the north line of said Section 1, passing through the southeast corner of the Sierra Power Company's Power House, 351.5 feet to a one inch pipe set at the foot of the east wall of said San Antonio canon; thence following the meandering of said east wall of said canon, south $8^{\circ} 56'$ west 90 feet, south $28^{\circ} 25'$ east 285 feet and south $07^{\circ} 15'$ east 185.7 feet to a one inch pipe set in a line running west through a point 500 feet south of said southeast corner of said Power House; thence west along said line 364.3 feet to a point at the foot of said west wall of said canon; thence following the meanderings of said west wall of said canon, north $04^{\circ} 57'$ west 111.7 feet, north $01^{\circ} 06'$ east 157 feet, north $04^{\circ} 27'$ west 139.85 feet and north $38^{\circ} 42'$ west 124.7 feet to the point of beginning.

94 1847767

Parcel 8

That portion of the N1/2 of Section 1, T1N, R8W, San Bernardino Meridian, County of Los Angeles, State of California, according to the official plat of said land, described as follows:

Beginning at a point in the north line of said Section 1, at an Alder Tree, 20 inches in diameter, blazed on the north side and being at the foot of the west wall of the San Antonio canon, said point being distant west 100 feet from a point in the north line of said Section 1, distant south $22^{\circ} 29' 20''$ west 5700.90 feet from a point in the north line of Section 36, Township 2 North, Range 8 West, San Bernardino Meridian, distant west 1335 feet from the northeast corner of said Section 36; thence from said point of beginning east along the north line of said Section 1, passing through the southeast corner of the Sierra Power Company's Power House, 351.5 feet to a one inch pipe set at the foot of the east wall of said San Antonio canon; thence following the meanderings of said east wall of said canon, south $08^{\circ} 56'$ west 90 feet, south $28^{\circ} 25'$ east 258 feet and south $07^{\circ} 15'$ east 185.7 feet to a one inch pipe set in a line running west through a point 500 feet south of said southeast corner of said Power House; thence west along said line 364.3 feet to a point at the foot of said west wall of said canon; thence following the meanderings of said west wall of said canon, north $04^{\circ} 57'$ west 111.7 feet, north $01^{\circ} 06'$ east 157 feet, north $14^{\circ} 27'$ west 139.85 feet and north $38^{\circ} 42'$ west 124.7 feet to the point of beginning.

Except that portion conveyed to the Southern California Edison Company, by deed recorded on April 28, 1919 as document no. 107 in Book 6835 Page 185 of deeds, in the Office of the County Recorder of said County and being more particularly described as follows:

Beginning at said above mention Alder Tree in said north line of Section 1; thence south $37^{\circ} 12'$ east 124.76 feet; thence north $83^{\circ} 49'$ east 150.75 feet; thence north $15^{\circ} 55'$ east 87.15 feet; thence west 250 feet to the point of beginning.

The acquiring agency is the Forest Service, Department of Agriculture.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereto belonging, or in anywise appertaining; and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD all and singular the said premises, together with the appurtenances, unto the United States of America and its assigns forever.

IN WITNESS WHEREOF, We have hereunto set our hands this 14th day of SEPTEMBER, 1994.

Mt. Baldy Homeowners Association, Inc.

By: [Signature] PRESIDENT
K. PESS, P.A. & A.C.

By: [Signature] SECRETARY

94 1847767

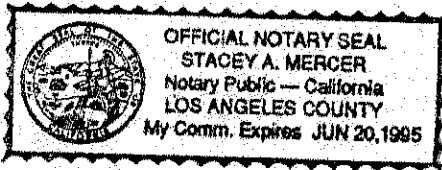
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

5

State of California
County of Los Angeles
On September 17, 1994 before me, Stacey A. Mercer, Notary Public
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"
personally appeared Kress Pandzic and Heather A. Hildebrandt
NAME(S) OF SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

_____ TITLE OR TYPE OF DOCUMENT
_____ NUMBER OF PAGES
_____ DATE OF DOCUMENT
_____ SIGNER(S) OTHER THAN NAMED ABOVE

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

94 1847767

Acknowledgement

94 1847767

Water fight comes to boil

Mt. Baldy men won't sign pact

By Sandra Emerson
Staff Writer

A Mt. Baldy resident is holding to his decision not to sign over his water to the Upland-based San Antonio Water Co.

Paul Ridgeway and another resident, Blake Slater, were given more than a month to sign a license agreement with San Antonio Water or face litigation.

The next step in the water dispute will be decided Tuesday at San Antonio Water's administrative and finance committee meeting.

"The license agreement — I flat told them that's a non-starter," Ridgeway said. "It's revocable. How would you like to sell your property and they revoke it between owners or they just get mad at you and chop you off the line? So that's no good, period."

San Antonio Water is claiming water rights to a spring where the residents get their water.

But Ridgeway said he and Slater have rights that date back to the original owners in the 1930s.

San Antonio Water has offered a license agreement to Ridgeway and Slater that would allow them to continue to use the water.

San Antonio Water intends to install meters and charge the residents a monthly bill, an official said.

Ridgeway and Slater were also given the option of purchasing San Antonio Water stock.

The residents were given until a Sept. 21 board meeting to make their final decision, but the item was not placed on

MT. BALDY

From A1

the agenda. Instead, it will be discussed Tuesday.

At the Sept. 21 water board meeting, "Paul did nothing but reiterate the same excerpt from the 1931 deed that created the San Antonio Canyon Mutual Water Services Agreement, which has no credence towards his rights to water," said Charles Moorrees, San Antonio Water general manager.

Moorrees said he will recommend to the committee that other than signing the license agreement, all other options are off the table.

Ridgeway said he has a right to the water from the San Antonio Canyon Mutual Service Co, formed in the early 20th century by San Antonio Water Co. to handle water issues at Mt. Baldy.

However, Karen Sked, president of the service company, said Ridgeway does not have stock.

"We've got enough documents that said we're part of that, so who cares if I have a certificate in a drawer? I don't care. It's been running for 80 years that way," he said.

Tuesday's meeting will be at the water company's office at 139 N. Euclid Ave.

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CY2018 Budget Projects

PROJECTS IN PROGRESS	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Santa Rosa Waterline and 24th Street waterline installation - C.P. Construction. Waterline installation complete. Pending compaction testing and paving.	\$189,000	0	\$189,000	\$67,059			7/23/2018	8/6/2018
Holly Drive Reservoir - TKE has completed the revised site layout and wall profiles based on the new tank layouts. Pending comments on environmental work which affects associated structural changes.	\$196,124		\$196,124	\$1,558	\$43,856	D&O	6/1/2017	Dec-18
TKE Engineering			\$0		\$105,856			
Sub-Total =	\$196,124	\$0	\$196,124	\$1,558	\$43,856			
WFA Pipeline Connection - Pending the WFA Board approval to construct the physical connection. Staff is working with CivilTec and coordinating final plans & specifications with the WFA staff. .	\$110,000		\$110,000	\$1,290	4375	D&O	5/6/2016	Dec-18
			\$0					
Sub-Total =	\$110,000	\$0	\$110,000		\$197,943			
Basin 6 Desilting Environmental Document - Received Notice of Determination. /Baker International SWRCB 401 application under 21 day public review. Anticipate work to begin with C.P. Construction in early September. TKE Engineering - Project Management CHJ Geotechnical Evaluation	\$266,000 \$6,300	\$0	\$266,000 \$0 \$0 \$6,300	\$13,389	\$19,184	Carry-over Facilities Facilities	03/04/15	Rev. date 10-1-18
Sub-Total =	\$266,000	\$0	\$266,000	\$13,389				
Cucamonga Basin - Desilting project at crosswalls Altum Group/Baker International - Environmental Document TKE - Project Mgmt. & Noise Monitoring Contract executed with GRB Equipment. Pre-Construction meeting held on May 23, 2018. Pending Nesting Bird clearing survey 5 days prior to construction. GRB issued Notice to Proceed July 16, 2018 with 5-year completion July 16, 2023. Residential Notices sent out the week of July 9, 2018. Work began on the Crosswalls on July 16.	\$103,232		\$103,232 \$0	\$11,932	\$0 \$4,243 \$1,525	Carry-over Facilities	07/16/18	07/16/23
Sub-Total =	\$103,232	\$0	\$103,232	\$11,932	\$5,768			
Water Rights Investigation- Activity USFS water rights to its special use permits SHIA - Snowcrest Heights Improvement Association /USFS Private land owners in SHIA - Pending resolution. Mt. Baldy HOA - Land exchange document. Met the State Division of Water Rights Enforcement Division on March 1, 2018. Staff submitted response to the State's findings on April 24, 2018. Pending next steps.					\$69,745 \$1,575 \$9,900 \$765	Legal	06/10/10 [Since 1910]	On-going
Sub-Total =		\$0	\$0	\$0	\$81,985			
Office Relocation Feasibility Study Property was appraised at \$1.7million. Committee on hold until the City is in receipt of funds via application to SRF Funding which is anticipated by fall of CY2018.	\$176,000		\$176,000	\$7,000	\$25,000	Facility	07/23/15	7/1/2018 ON HOLD
Sub-Total =	\$25,000		\$176,000	\$7,000				
Well 31 Biological Treatment - End product cost currently not compatible with current rate structure MIH was approved 60 Day extension to try an alternative filtration system; the pilot was delayed pending DDW approval.1. On August 9, DDW approved MIH to begin their small scale pilot protocol for a 60-day trial. Request the Board approve the extension as a result of the delayed DDW response.	\$4,200,000					Facility	09/13/16	HOLD
Sub-Total =			\$0					

Total =	\$675,356		\$745,356		\$135,984		
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PROJECTS IN PROGRESS	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Water Deilvery Connection to City of Upland - Pending City's permit amendment application approval from DDW to begin construction.	\$14,145		\$14,145	\$0		D&O	1/1/2018	Dec-18
			\$0		\$0			
Sub-Total =	\$14,145	\$0	\$14,145	\$0	\$0			
Holly Drive Boosters - First phase piping installation this week by JK Welding. Received mechanical and electrical quote from KSM. Pending proposal from HK for structural construction.	\$290,000		\$290,000	\$5,958		D&O	1/1/2018	Dec-18
			\$0		\$0			
Sub-Total =	\$290,000		\$290,000	\$5,958	\$0			
SCADA Upgrade from Iconics to Clear Scada / Tesco - Tesco coordinated software upgrade with the Company's IT provider (Inland Productivity). SCADA Submittal approved 6/27, SCADA Screen submittal 8/15, SCADA Screen approval 8/29, Equipment installation 10/3, Start up 10/4.	\$100,000		\$100,000			D&O	1/1/2018	Nov-18
			\$0		\$0			
Sub-Total =	\$100,000	\$0	\$100,000	\$5,958	\$0			
Res 7 Rehabilitation - Engaged with CivilTec Engineering to prepare Design/specifications, administration, inspection for constructing aluminum dome.	\$180,000		\$180,000			D&O	6/1/2017	Dec-18
Harper & Associates					\$5,140			
CivilTec Engineering			\$0		\$0			
Sub-Total =	\$180,000	\$0	\$180,000	\$0	\$5,140			
TOTAL =	\$1,434,356			\$105,854				

CY2018 PROJECTS COMPLETED	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Transfer switch at V-Screen & Shaft 6 - KSM.	\$7,000		\$7,000	\$8,048		D&O	2/5/2018	Mar-18
Truck mounted crane - Phonix	\$8,000		\$8,000	\$9,011		D&O		
Forebay Overflow & Riser - Norstar Construction	\$30,000		\$30,000	\$17,800		D&O	3/6/2018	May-18
Edison Pond - New Sluice Gate Replacement -C.P. Construction [\$15,440 is Pomona's share] Pending trash rack from South Bay Foundry.	\$70,000		\$70,000	\$51,000		D&O	3/16/2016	Jul-18
Forebay Surface Waterline - C.P. Construction	\$180,000		\$180,000	\$85,200		D&O	4/1/2018	Jul-18
			\$0		\$0			
Sub-Total =	\$295,000	\$0	\$295,000	\$282,871				