

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, February 16, 2021

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was held virtually and called to order at 5:00 p.m. on the above date. Directors present were Tom Thomas, Will Elliott, Rudy Zuniga, Gino Filippi, Bob Cable, Martha Goss and Jose Sanchez. Also in attendance were City of Upland Public Works Director Brayden Yu, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

1. Recognitions and Presentations: Mr. Lee recognized and welcomed Mr. Brayden Yu in attendance. Mr. Yu is the new Public Works Director for the City of Upland.
2. Additions-Deletions to the Agenda: Mr. Lee advised the Board the City of Upland may be holding a special meeting to discuss how they choose candidates for SAWCo's Board of Directors. If a special meeting is not held, it is likely the topic will be discussed at the next City Council meeting. Mr. Lee inquired if the Board would like to have that discussion at this time.

Director Thomas felt if the Council called a meeting on the topic each Director could individually logon to the meeting. Director Goss expressed concern with not taking applications for Board candidates. Director Sanchez asked if it was appropriate to put information on the SAWCo website and Facebook page about the Board openings.

As such Director Sanchez moved and Director Cable seconded to put the item on the agenda as Item 6F for further discussion.

3. Shareholder-Public Testimony: None.
4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of January 19, 2021
 - B. Approval of Board Budget Workshop Minutes
Workshop minutes of December 2, 2020
 - C. Planning, Resources and Operations Committee (PROCO) Meeting Minutes
No meeting minutes
 - D. Administration and Finance committee (AFC) Meeting Minutes
Meeting minutes of November 24, 2020.
 - E. Financial Statement
Income Statement and Balance Sheet for December 31, 2020.
 - F. Investment Activity Report
Monthly Report of Investments Activity.
 - G. Water Production and Consumption
Monthly water production and consumption figures.
 - H. Prominent Issues Update
Status summaries on certain on-going active issues.
 - I. Projects and Operations Update
Status summaries on projects and operations matters.
 - J. Groundwater Level patterns (Quarterly in January, April, July, and October)
Tracking patterns of groundwater elevations relative to ground surface
 - K. Conservation Program Update (Quarterly in January, April, July, and October)
Update on SAWCo's water conservation programs
 - L. Correspondence of Interest

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

5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported on the most recent PVPA meeting in which discussions continued on water spreading and the National Recreation Area as it pertains to dealing with the advocates in Washington, D.C. and Sacramento. There is also a small mutual water company located at the base of Azusa Canyon and Fish Canyon experiencing something similar to PVPA with regards to the National Recreation Area. Ben Lewis is expected to reach out to the mutual water company and attempt to combine efforts.

The PVPA will once again be a sponsor at the California Botanic Gardens in May.

- B. **Six Basins Representative Report** – Ms. Layton informed the Board about the Six Basins meeting held on January 27th. The election of officers for 2021 took place at the meeting. Director Thomas was elected President of the Six Basins Board, Chris Diggs with the City of Pomona was elected Vice President, and Jennifer Stark with the City of Claremont was elected Secretary, and Ben Lewis was elected Treasurer.

There was discussion on the limitations for leasing Six Basins' water rights to non-parties to the Six Basins Judgment. West Yost's engineer is going to bring back legal changes to the Judgment for the parties to consider and run by their legal counsel.

SAWCo sold water earlier in the year to the City of Pomona anticipating a possible loss of stored water. As it turns out, SAWCo had additional water available and worked with Three Valleys Municipal Water District to sell 600 acre feet (AF). SAWCo is also looking into the possibility of increasing its storage capacity in the basin.

The next Six Basins meeting is scheduled for February 24th.

C. Chino Basin Representative Report – No report given.

D. Cucamonga Basin Representative Report – Ms. Layton reported the working group met virtually on February 8th. Cucamonga Valley Water District (CVWD) stated that they had provided more comments along with West End Consolidated Water Company (WECWC) and would be placing them in SAWCo's drop box.

CVWD reported they were able to work out a proposal with West Yost to provide the SGMA. Meanwhile CVWD is to be putting together a list of qualified hydrogeologists to send a request for qualifications to in which the proposal should be going out soon.

The group will meet again March 2nd.

E. Administration and Finance Committee (AFC) Chairman's Report – Director Sanchez stated most every item covered at the AFC meeting held January 26, 2021 is in the General Manager's Report on Activities. The on-going attempt to update the financial reports is the only item discussed at the meeting that is not on the agenda but will be brought to the Board at a later date.

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

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

6. General Manager's Report on Activities:

A. Employee Benefits – Director Sanchez explained the AFC had approved for recommendation to the Board a series of changes based on the Classification & Compensation Study provided by RSG Consultants. At that time the AFC asked staff to look into ways of making SAWCo's benefits package more competitive with local agencies with little to no impact on the budget. Staff presented their ideas at the most recent AFC meeting and all of the items approved for recommendation to the Board are included in the agenda item. There were two suggested items dealing with vacation and sick leave payouts that the AFC asked staff to look further into and bring back more detailed information before informed decisions could be made.

Director Thomas commented these benefits don't just make SAWCo more competitive with other local agencies it helps them take better care of their existing employees.

Mr. Lee thanked the AFC and Board for considering enhancements to the employee benefits as it shows the consideration and care they have for staff.

Director Sanchez commented staff also brought to the AFC the possibility of a flexible spending account, however, they ultimately decided against it due to the costs to maintain and limited number of employees that would be able to take advantage of the service.

Director Sanchez moved and Director Goss seconded to approve the additional employee benefits as presented. Motion carried unanimously.

B. Building Reserve Fund – Director Sanchez explained this item is consistent with some of the other measures the AFC has taken with regard to setting targets for reserves and identifying specific purposes for those reserve funds. This essentially recognizes that in the future SAWCo will have facility improvement needs to the extent that SAWCo can identify those needs they should be setting funds aside to meet those needs. As identified in the agenda item, the immediate need right now is for a new office and yard facility and as such sets forth the idea that the Board should identify and set aside reserve funds for that purpose. It is also recommended to call it a facility modernization fund as over time various facilities will need upgrading and having reserves to pay for that will lessen the likelihood of having to take out a loan.

Director Thomas inquired if the bulk of the fund would be from monies received from the sale of a portion of the 17th Street and Benson Avenue property. Director Sanchez replied that at this time it would be but additional funds from elsewhere can be added.

Director Cable moved and Director Elliott seconded to approve the AFC's recommendation to set up a Facility Modernization Fund for the purpose of funding rehabilitation of abandoned property and a new office and yard facility in the future.

Director Filippi felt it was premature to set up a fund for this purpose and was therefore opposed to the motion. Director Sanchez commented he felt it never premature to plan for facility needs and if at a future date the Board decides that this is not a needed facility those funds can be transferred to another function. He believes it prudent to prepare and plan with the flexibility that funds can be transferred between needs. Director Thomas commented that at any time if it is determined that there are improvements needed to SAWCo's existing office and yard facilities the funds can be used for that as well.

Motion carried with Director Filippi opposed.

- C. AMR Meter Installation Contract** – Mr. Lee reminded the Board of the struggles SAWCo has had with its contractor in charge of installing the new meters. The two separate attempts, the first in December and the second in January, made by the contractor to install the meters had SAWCo staff inundated with concerns and complaints from residents. As such, Mr. Lee engaged in conversation with C.P. Construction about the possibility of them taking over the installation work. A price per meter install at \$50 more per meter was agreed upon. Mr. Lee then explained that staff will work to offset the increased cost of the domestic meters by installing the larger meters with in-house forces. This will result in a \$30,000 contract savings sans staff labor and a total increase in the amount of the project of only \$8,000.

Director Thomas commented the good will for the domestic shareholders in the San Antonio Heights is well worth the additional cost.

Director Cable moved and Director Sanchez seconded to ratify the General Manager's decision to hire C.P. Construction to complete the meter installations. Motion carried.

- D. Ontario Museum Request** – Mr. Lee informed the Board that the Ontario Museum is putting together an exhibit titled the History of Local Water and have asked SAWCo if they would provide any items to be put on display. A rail cart that was used during the construction of SAWCo's Tunnel and a piece of old pipe with a wooden plug used to stop a line leak were chosen for the exhibit. The items will be fully insured by the museum and on display for a minimum of three years. Museum staff will collect the items within six to eight weeks.

Director Thomas inquired whether or not a grand opening or ribbon cutting is scheduled for this exhibit. Mr. Lee stated the exhibit is scheduled for 2022 and there is hope that there will be an event held.

- E. COVID Response** – Mr. Lee stated the State government is in discussion about modifications to the current COVID restrictions. There is hope that in a short time in person meetings will be allowed again and the office can be opened to the public.
- F. Appointments to SAWCo's Board of Directors** – The Board discussed the process currently used to appoint persons to SAWCo's Board of Directors and considered ways that would make the process better. Allowing and publicizing the application process was encouraged.

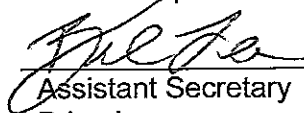
Director Zuniga congratulated Director Cable and Director Thomas on being approved to the slate of directors for the upcoming election.

7. Closed Session: None

8. Director's Comments and Future Agenda Items: Director Sanchez commented he would like to have a discussion on reserve fund targets and how those are set from year to year at the next AFC meeting.

Adjournment:

With no further business to discuss the meeting was adjourned at 5:41 p.m.


Assistant Secretary
Brian Lee

