



MEETING AGENDA
for
PLANNING, RESOURCES AND OPERATIONS
COMMITTEE

March 26, 2019 @ 3 pm
At Company Office 139 N. Euclid Avenue, Upland, CA

▪ **Call to Order**

1. Recognitions and Presentations:

2. Additions-Deletions to the Agenda:

3. Public Comments

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

4. Approval of Committee Meeting Minutes

A. Regular Committee Minutes of November 27, 2018

5. Planning and Operational Issues:

A. Article X of Company Bylaws; Right to Service, Classes of Service, Tolls or Charges and Basic and Extended Area

Discussion and possible action regarding entitlements and obligations

B. Development Will Serve Letters

Discussion and possible action regarding development will-serve letters

6. Planning and Operational Updates:

A. Project Status Report/Project List

Report on on-going projects

7. Basin Issues and Updates:

○ San Antonio Canyon Watershed – Verbal report

○ Chino Basin - Verbal report

○ Six Basins - Verbal report

○ Cucamonga Basin – Verbal report

8. Closed Session: None.

9. Committee's Comments and Future Agenda Items:

This is the time for the Committee to comment and consider future agenda items relative to planning, water resources and operations of the company and its shareholders.

Adjournment:

The next regular Committee Meeting will be on May28, 2019 at 3pm unless otherwise noted.

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

POSTING STATEMENT: On March 25, 2019 a true and correct copy of this agenda was posted at the entry of the Company Office (139 No. Euclid Avenue), and on the public bulletin board at 450 N. Euclid Avenue (Upland Public Library), and on the Company Web Site.

MINUTES OF THE SAN ANTONIO WATER COMPANY
 PLANNING, RESOURCES, and OPERATIONS COMMITTEE
 November 27, 2018

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 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, Gino Filippi, and Tom Thomas. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Mr. Elliott presided.

1. Recognitions and Presentations – None.
2. Additions-Deletions to the Agenda – None.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
 - A. ***Regular Committee Minutes of September 25, 2018*** – Mr. Gerardi moved and Mr. Filippi seconded to approve the meeting minutes of September 25, 2018. Motion carried.
5. Planning and Operational Issues:
 - A. ***IEUA Water Rates & Charges*** - Mr. Thomas stated if the letter is to be sent, time is of the essence as the General Manager of IEUA has resigned her post effective the end of the year.

Mr. Filippi moved and Mr. Gerardi seconded to recommend the Board approve sending the letter response to IEUA as presented. Motion carried.
 - B. ***SBCTA Easement Request*** – Mr. Lee advised the Committee that he had spoken with Tommy Hudspeth, the Water Utility Superintendent, regarding this item who had no issue with the construction easement request. The temporary construction easement will last for a period of 60-months on the property located at East 6th Street in Ontario, California for a total of \$8,040.

Mr. Gerardi moved and Mr. Filippi seconded to recommend the Board approve authorizing the General Manager, after review by SAWCo legal counsel, to execute all paperwork necessary to allow the SBCTA a 60-month temporary construction easement at SAWCo property located at East 6th Street in Ontario, California. Motion carried.
 - C. ***SCADA Server Replacement*** – Mr. Lee advised that Committee that although this project was budgeted for this year, when he went to purchase the hardware for the SCADA system he discovered the item was not brought to the Board for formal approval.

Mr. Lee requested the PROC recommend the Board authorize him to execute a not-to-exceed \$99,337 contract with TESCO, a not-to-exceed \$17,750 equipment purchase from Inland Productivity Solutions, and to authorize project expenditures up to \$130,000.

Mr. Gerardi moved and Mr. Filippi seconded to recommend the Board authorize the General Manager to execute a not-to-exceed \$99,337 contract with TESCO, a not-to-exceed \$17,750 equipment purchase from Inland Productivity Solutions, and to authorize project expenditures up to \$130,000. Motion carried.

6. Planning and Operational Update -

A. Project Status Report –

- **Cucamonga Crosswalls Project** – SAWCo’s portion of the project is complete. GRB Equipment is now processing the materials to sell. A percolation test at the site proved the project successful as the water soaked in nearly too fast to allow for accurate registering.
- **Holly Drive Booster Station** – The door to the building needs to be realigned and there is some rock work needed otherwise the project is complete.
- **Holly Drive Reservoir Phase I** – Bid opening for the project is scheduled for December 13th.
- **Reservoir 7** – Reroofing – Staff met with Civiltec Engineering earlier in the day. The estimated cost is \$1,000,000 which is \$200,000 over the estimated cost.
- **Campus Avenue Pipeline Replacement** – The project is in the design phase. On the lower end of North Campus Avenue the pipeline runs through backyards. This project will consist of abandoning that area and installing a pipeline in the roadways.
- **Edison Pond Sluice Gate** – the trash rack was retrieved by the company that built it. The trash rack will be rebuilt to fit the location and installed.

7. Basin Issues and Updates

- **San Antonio Canyon Watershed** – A committee meeting is scheduled for December 5th.
- **Chino Basin** – Ms. Layton stated a closed session meeting was held earlier in the day. The Appropriative Pool approved the 2018 agreement to the Appropriative Pool Pooling Plan and CAMA Amendments (11/21/2018 version) and conditioned upon the approval of each of Appropriative Pool member’s governing body intends to sign said agreement. Further, the Appropriative Pool directs its counsel to join in the motion to approve the Appropriative Pool Pooling Plan and CAMA Amendments.

The Agricultural Pool filed a claim for writ of mandate on November 19th asking the Court to implement its order to reset the safe yield. Previously, the Non-Agricultural Pool filed a motion with the Court changing their Pooling Plan which requires the changes yet made in the Appropriative Pool parties agreement.

The six Appropriative Pool parties Cucamonga Valley Water District (CVWD), the City of Pomona, Monte Vista Water District (MVWD), Jurupa Community

Services District (JCSD), the City of Chino, and the City of Ontario filed an Ex Parte Application which granted the parties a hearing on December 5th.

- ***Six Basins*** – Mr. Thomas stated the safe yield was set at 13,000AF and the annual assessment was set at \$24/AF. PVPA contributed \$130,000 to the Six Basins budget which helped keep the annual assessment low. The annual budget was also approved. One notable project for the upcoming year is the pump and treat in the City of Pomona near the Pomona Fairgrounds. This project will most likely qualify for grant funding.
- ***Cucamonga Basin*** – A meeting with CVWD, West End Consolidated Water Company (WECWC), and SAWCo to discuss modernizing the judgment is scheduled for December 4th. SAWCo recently offered to CVWD 2AF of water from Chino Basin for 1AF of water from Cucamonga Basin. Mr. Lee will update the Board on whether or not the offer was taken.

8. Closed session: – None.

9. Committee's Comments and Future Agenda Items: Ms. Layton advised of some personnel changes at JCSD, IEUA, CVWD, and Chino Basin Water Conservation District.

Adjournment: – The meeting was adjourned at 3:22 p.m. Motion carried.

Assistant Secretary
Brian Lee

Agenda Item No. 5A

Item Title: Article X of Company Bylaws; Right to Service, Classes of Service, Tolls or Charges and Basic and Extended Area

Purpose:

To review the Company's Bylaws

Issue:

Are the Bylaws being applied appropriately regarding entitlement deliveries?

Manager's Recommendation:

Review Company Bylaws and, if desired by the Committee, make a recommendation to the full Board.

Background:

The Company Bylaws identify:

- How water is to be supplied to shareholders (Section 10.01),
- Three distinct classes of service (Section 10.02) with specific definitions, and
- Requirements for service in the Extended Area (Section 10.04 (3)).

Staff is seeking Committee input regarding the Company Bylaws and how entitlements are and aren't to be provided within the Extended Area.

Staff has discussed the issue at length with Tom McPeters, Company Counsel. McPeters backs staff's position that the Company:

- Has no obligation to provide entitlements from any specific source,
- Has the discretionary authority to determine what water is or is not available for distribution.
- Has the discretionary authority to establish different tolls and charges for different water sources.

Impact on the Budget:

None

Previous Actions:

None

Corporation or corporations may be exercised by any of these Officers in person or by any person authorized to do so by a proxy duly executed by these Officers.

Section 8.07 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, the term “person” includes both a Corporation and natural person and the use of any gender, be it masculine, feminine or neuter, shall include all the genders.

ARTICLE IX

Amendments

Section 9.01 Amendment by Shareholders. New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the Corporation set forth the number of authorized Directors of the Corporation, the authorized number of Directors may be changed only by an amendment of the Articles of Incorporation.

Section 9.02 Amendment by Directors. Subject to the rights of the Shareholders as provided in Section 9.01, Bylaws, other than a bylaw or an amendment of a bylaw changing the authorized number of Directors, may be adopted, amended, or repealed by the Board of Directors.

ARTICLE X

Water Service

Section 10.01 Right to Service. No water shall be supplied by company to any one who is not a shareholder, and **all water shall be supplied at cost.** Subject to the rules, regulations, bylaws and determinations of the board, each shareholder shall be entitled to receive such part of the entire water of the company **that is available for distribution** as the number of shares of stock held by him bears to the number of shares outstanding.

Section 10.02 Classes of Service. There shall be three classes of service determined by use, to be known respectively as “**domestic**” (being water treated by the company and directly delivered to shareholders **through the company distribution system**), “**municipal**” (being untreated water and delivered to shareholders who in turn treat the water for delivery of domestic, commercial and other users through their delivery systems) and “**miscellaneous**” (being

untreated water directly delivered to shareholders through the company distribution system for a variety of legally permissible uses, including farm irrigation, golf course watering, and rock company operations). Any share or fractional share receiving one service shall not be entitled to any of the others, except in those instances, and then only to the extent necessary, where limitations of the distribution system require otherwise to efficiently deliver the shareholder's entitlement to water. Tolls or charges may be different in the different classes, and may also differ in the same class where the cost to the company of the service is not uniform.

Section 10.03 Right-of-Way for Distributing System. The company shall have a permanent and continuing easement and right-of-way in, over, upon and across all highways and streets contiguous to the lands served for the purpose of constructing, enlarging, inspecting, maintaining, protecting, and operating its water distributing system with all pipes, hydrants, connections and meters, and the right once exercised for one or more of said purposes shall not exclude the right to exercise it at some subsequent time for other, or others, of said purposes.

The company shall also have a like easement and right-of-way upon like conditions, in, over, upon and across the premises of each shareholder for the purpose of operating its water service to such shareholder.

Each shareholder, by applying for or taking service from company confers upon company such right-of-way, and consents that company may enter upon such highways and the premises of the shareholder from time to time and any time for the purpose of exercising such rights, and that cessation of service by or to the shareholder shall not affect or impair said rights.

Each shareholder shall, upon demand of company, either before or during the continuance of service, confirm and assure such right-of-way to and in company by executing, acknowledging and delivering to company a separate instrument in form and provisions prescribed by company.

Section 10.04 Basic Area and Extended Area. As used in this Section "Basic Area" means:

(1) All lands south of 14th Street prolonged east and west;

(2) All lands bounded by Campus Avenue on the East, 24th Street prolonged east and west from Euclid Avenue on the North, Mountain Avenue on the West and 14th Street on the South; and

(3) All other lands which were supplied with water by the company before the 23rd day of February, 1932, and as to which the right of service was established before September 1, 1937, pursuant to the provisions of Section 8 Article XVII of the Bylaws of the company which section was adopted February 26, 1937.

The term “Extended Area” as used herein means all lands not included in the Basic Area.

The water shall be furnished by the company within the Extended Area unless and until

(a) The shareholder proposing to receive such service of water shall have designated in writing to the company the place where delivery of water is to be made and the number and identity of the shares of the company under which such delivery is to be made; and

(b) The board shall have determined that such service will be feasible without adversely affecting service to other shareholders then entitled to receive water; and

(c) The board shall have fixed a “connection charge” and the manner in which it shall be paid; and

(d) Such shareholder shall have paid or provided for the payment of such connection charge, in the manner fixed by the board.

The connection charge shall be determined by, or in a manner fixed from time to time by the board, and shall be based upon and represent as nearly as may be the portion, if any, of the capital investment by the company for service to the extended area which has been or will be occasioned by the service applied for. The connection charge may be based upon capital costs incurred or to be incurred directly or indirectly for or by reason or in anticipation of the service applied for, including investments for pumps and installations, pipe lines, extensions and enlargements, whether within the Extended Area or Basic Area.

Further, in the Extended Area no shareholder shall be entitled to receive water at a different place of delivery than so designated or in a greater quantity than may be furnished under the number of shares that has been so designated except upon an additional designation, determination, fixing of connection charge if any, and payment of provisions for payment thereof as above provided.

Agenda Item No. 5B

Item Title: Development Will Serve Letters

Purpose:

To review the Company's Will Serve letter process

Issue:

How to determine number of shares required for proposed developments.

Manager's Recommendation:

Maintain the original Company offer of 'one share per acre', with a minimum requirement of ½ a share.

Background:

Water will-serve letters are required by the County before issuing building permits. They are issued by the Company to the proposing developer. Development can be as simple as a single-family home remodel. The intent is to ensure the Company will provide water to the proposed development. The Company will specify necessary conditions to provide service. One of those conditions is ownership of Company stock.

At question is how the Company determines how much stock a proposed development is required to have to ensure entitlement will meet demand.

There are many ways to estimate water demand; count the plumbing fixtures, number of bedrooms, irrigatable square feet, etc. These calculations can become quite detailed and cumbersome.

Sometimes the simplest options are the best. The Chaffey Brothers, back in the 1800's, sold land and provided one share of Company stock for each acre purchased. Staff is seeking Committee ratification of this concept for future will serve letters, with a minimum stock ownership of half a share.

Impact on the Budget:

None

Previous Actions:

None

March 4, 2019

Developer
123 XXX Street
Upland, CA 91784

Re: Willingness to Serve
123 XXX Street
Upland, CA 91784

Dear Developer:

This is to certify that San Antonio Water Company (Company) is a mutual water company operating under State Health Permit No. 68-31. The Company distributes water to shareholders in proportion to the number of shares owned. Each shareholder is entitled to water delivery in accordance with the Company's Bylaws and Procedures.

Water service for the referenced property can be provided subject to the following conditions:

1. Ownership of $\frac{3}{4}$ shares of Company stock to meet estimated property water demands. The Company may stop water delivery to property if yearly entitlement is exceeded.
2. Adequate access for Company property maintenance and water service shall always be maintained on property.
3. Accomplishment of financial arrangements with the requesting shareholder(s).
4. Development of property must be consistent with the information submitted with the request for water service.
5. Development of property must comply with all County Building Permit requirements.
6. Property owner agrees that the Company does not provide or maintain water supply or water pressure for fire protection purposes. The Company does not provide any equipment or other fire protection facility or service. The Company expressly disclaims responsibility for any death or injury to a person or damage to or loss of property resulting from fire.
7. Property owner agrees that the Company does not represent or guarantee that water will be available in quantities to meet shareholder's request or entitlement. The Company can only deliver water that it is able to produce from current water rights. Water may or may not be available for purchase from other suppliers in the event of a water shortage. Rationing or other conservation measures may need to be implemented from time to time.

Cc: Address File
Office of the Fire Marshall, 157 W. 5th Street, 2nd Flr., San Bernardino, CA 92415

Each of the foregoing shall be required to commence water service to property. The date by which compliance with these conditions must be accomplished is March 8, 2020, otherwise this letter commitment is rescinded.

Sincerely,

Brian Lee
General Manager/CEO