

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, December 17, 2019

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

- Salute to the Flag by Councilmember Janice Elliott
- 1. Recognitions and Presentations: Director Thomas recognized City of Upland Councilmember Janice Elliott in attendance.
- 2. Additions-Deletions to the Agenda: None.

Director Rudy Zuniga entered the meeting at 5:03 p.m.

- 3. Shareholder-Public Testimony: Councilmember Elliott spoke concerning a newspaper article regarding SAWCo's desire to combine their office and yard facilities on a vacant piece of property they own and the City of Upland's stance against SAWCo building that new facility that was recently published. Councilmember Elliott reported not all of her comments were quoted in the article and as such wanted the Board to know she trusts them to do the right thing. She noted attendance at most water company meetings is small and believes more effort is needed in order to get the word out about projects such as is accomplished through workshops.

Director Thomas recognized City of Upland Councilmembers Bill Velto and Ricky Felix in attendance.

Councilmember Bill Velto wished to clarify the comments he made during a recent city council meeting regarding SAWCo's desire to combine their office and yard facilities on a vacant piece of property they own. He indicated his comments were no reflection of the SAWCo Board's leadership and had nothing to do with rates. He stated his comments had to do with requirements for transparency, openness, and fairness by the council and to make the public aware that residents are concerned. He reiterated it was not about rates but about looking through the topic thoroughly to find other alternatives. If in the end it is determined this is the direction to go or that something does need to be done then he will have to cross that bridge at that time and either be supportive or not. He stated he was not trying to grand stand or pitch for a future political position; it had to do with prudent thinking and making sure everyone is on the same page.

- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of November 19, 2019.
 - B. Approval of Board Budget Workshop Minutes
Workshop minutes of December 4, 2019.
 - C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting minutes of September 24, 2019.
 - D. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
 - E. Financial Statement
Income Statement and Balance Sheet for October 31, 2019 and year-to-date.
 - 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. **Correspondence of Interest**

Director Filippi moved and Director Zuniga seconded to approve the Consent Calendar. Motion carried with Director Bob Cable and Director Martha Goss absent.

H. *Board Committee – Delegate Report:*

- A. Pomona Valley Protective Association (PVPA) Representative’s Report** – Director Thomas reported Darren Poulsen of City of Pomona accepted a position outside the area. His replacement in the interim is Robert DeLoach.

Recent rains did not provide enough water to begin spreading again. They did however bring the total amount of rain for the year to 40 inches which is the most rain water in one year since 2005.

- B. Six Basins Representative Report** – Mr. Lee advised Ms. Layton will represent SAWCo at Six Basins in the coming year and he in turn will represent SAWCo at Chino Basin.

The budget and safe yield for 2020 were both approved. The assessment for the year is \$24 per acre foot which totals \$33,192.

Director Thomas noted PVPA donated \$150,000 towards special programs. Safe yield held at 13,000 acre feet (AF).

- C. Chino Basin Representative Report** – Ms. Layton reported watermaster issued the final report on the 2020 Storage Management Plan on December 11th. Staff is currently reviewing the report.

Wildermuth Environmental, Inc. will be holding a 2020 Safe Yield Reset Technical Peer Review at their office on January 27th.

The Appropriative Pool agreed unanimously to file a response to the Agricultural Pool’s decision to update their Pooling Plan and Judgment with incomplete Peace Agreement language. The filing is meant to give clarity and understanding to the court.

Monte Vista Water District and the City of Ontario filed an opposition to the Agricultural Pool’s amendment calling a “timeout” to discuss and understand.

A court date of March 20, 2020 at 1:30 p.m. has been set to hear these response and opposition filings.

When resetting the Safe Yield, Agricultural Pool maintained that water was not in storage. WEI provided information to the contrary which the Agriculture Pool contested was not available. The Appropriative Pool has been able to sign a “tolling agreement” with the Agricultural Pool for the past several years in hopes to have a storage management plan, allowing the Appropriative Pool to transfer water without issue. The tolling agreement expires at the end of 2019 and the Agricultural Pool has stated they will not renew. This means that Watermaster will need to go through a cumbersome contest process.

Watermaster is proceeding with the Optimum Basin Management Program (OBMP) update but the wish list can be expensive and not all parties agree with the implementation. This issue will be heavily discussed.

Ms. Layton reiterated Mr. Lee's previous statement that, come the New Year, Mr. Lee would be handling Chino Basin and she would be handling Six Basins.

- D. Cucamonga Basin Representative Report** – Ms. Layton reported the working group met on December 10th and at that time TKE presented the first 12 pages of the revisions to the Judgment based on the parties comments. The parties will review and bring back any further comments to the next meeting. TKE will attempt to have more revisions completed by the next meeting.

Cucamonga Valley Water District (CVWD) will commit to have changes to the Terms of Reference by January or February.

Due to Chino Basin's insistence on using the Cucamonga Basin modeling to determine its safe yield, the parties are planning a legal statement to protect their water rights. CVWD will be leading the charge and SAWCo will assist. The working group is also moving forward with finding a new engineer for the basin.

The next meeting is scheduled for January 7, 2020.

- E. Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.
- F. Planning, Resources, and Operations Committee (PROC) Chairman's Report** – No report given.
- G. Office Feasibility Study Ad Hoc Committee** – No meeting to report.

6. General Manager's Report on Activities:

- A. Adoption of 2020 Fiscal Year Budget** – Mr. Lee stated that at the Board Budget Workshop it was recommended the Master Plan be moved from the Capital budget to the Operating budget. Mr. Lee did as requested and the item is now in the Operating budget. He inquired with the auditor about which budget the item should be placed and was advised it should go into the Capital budget as it is a report that will span more than a year's time. Mr. Lee recommended bringing the issue to the AFC next year for further discussion. In the meantime Mr. Lee is keeping the item in the Operating budget.

Mr. Lee recommended the Board approve the 2020 Budget as presented with the understanding that in the near future the Master Plan and possibly the Facilities Assessment may be removed from the Operating budget and placed in the Capital budget.

Director Sanchez commented he does not have a problem with the Facilities Assessment being capitalized as it could lead to a capital asset at which time it would become part of the cost of that capital asset. With regard to the study that states when you should be replacing your assets, his opinion varies from the auditor's. He is not opposed to approving the budget as presented with the caveat that the specific items mentioned might be moved from the Operating budget to the Capital budget regardless if it affects the tax returns.

Director Sanchez also suggested some wordsmithing to page 7 of the budget; replacing 'public relations' with 'public outreach campaign will help to inform and solicit feedback from our shareholders and employees' as that is the Board's intent. He also requested, in being consistent with the Board Budget Workshop minutes, correcting the wording on page 10 to read 'improve' rather than 'create' as reports are already in use and policies are already in place they just need to be improved upon.

Director Sanchez moved and Director Elliott seconded to approve the 2020 Budget as presented with the aforementioned wordsmithing and verbiage corrections. Motion carried with Director Cable and Director Goss absent.

- B. Water Shortage Stage Alert Status** – Mr. Lee stated moving to the Water Conservation – Year Round Stage slightly lightens the restrictions on water use. For instance, watering lawns can be done on the day(s) of the shareholder’s choosing and automobiles can be washed anytime provided a hose nozzle is used.

Director Thomas moved and Director Zuniga seconded to approve reducing the Moderate Water Stage alert to the Water Conservation – Year Round Stage effective January 1, 2020. Motion carried with Director Cable and Director Goss absent.

- C. Authorization to Issue Change Order #1 for Campus Avenue Waterline** – Mr. Lee explained several issues have been discussed in the field that, if addressed, will improve the overall impact of the Campus Avenue Waterline project. For starters, a Verizon conduit is already occupying the chosen alignment along 20th Street. Tight quarters limits the room to make an easy relocation of the line. The expected cost to rectify this is \$11,800.85. Second, extending the 4” line 600 feet further down 21st Street to connect with existing 4” line will create a looped system. This extension will allow for better circulation and control of irrigation delivery. The original intent of the project was only to abandon aged pipelines that traversed through backyards from 21st Street to 20th Street. This change to the project is expected to cost \$54,300. There will likely be an additional cost for slurry seal at \$0.60 per square foot. Staff estimates 2,800 square feet of slurry seal needed increasing the contract amount by \$1,680. The slurry seal, if needed, will be authorized by staff, as it is within the allowable spending limit of the general manager. Lastly, relocating an aged air release - vacuum prevention valve (airvac) from its current location at 22nd Street and 1st Street to the intersection of 22nd Street and Campus Ave. This abandonment and new installation will eliminate an old facility and install a new facility at the high-point in the local pipeline system. This proposed change totals \$5,143.59.

Mr. Lee stated the first requested change is required to complete the project and the two others will improve the project. As such, Mr. Lee requested the Board authorize the General Manager to execute Change Order #1 with T.E. Roberts Inc. as reported for a not to exceed amount of \$71,244.

Director Elliott moved and Director Sanchez seconded to approve authorizing the General Manager to execute Change Order #1 with T.E. Roberts Inc. as reported for a not to exceed amount of \$71,244.

Director Zuniga inquired about the contingency amount for the project. Mr. Lee replied the total amount requested does exceed the contingency for the project by \$30,000.

Motion carried with Director Cable and Director Goss absent.

7. Closed Session: None.

8. Director’s Comments and Future Agenda Items: Director Elliott gave compliment to the staff member who drafted the Board Budget Workshop Minutes. He was unable to attend the meeting and reading through the minutes provided a clear picture of what took place.

Director Elliott also informed those present that he has been approached by shareholders in the San Antonio Heights inquiring about the City of Upland proposing to take over SAWCo. Director Elliott responded by directing those shareholders to the City of Upland councilmembers. He recommended other Board members and staff to do likewise as no information has been conveyed to the Board or staff regarding the topic.

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Director Filippi added there has been talk for years amongst shareholders about the worry of the City of Upland taking over SAWCo. He personally clarifies to those that ask that the City of Upland controls 68% to 71% of SAWCo so they are worrying about something they do not need to worry about.

Director Thomas wished all a Happy Holiday season and a Happy New Year.

Adjournment:

With no further business to discuss, Director Thomas adjourned the meeting at 5:30 p.m.

Assistant Secretary
Brian Lee