

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, March 19, 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, John Gerardi, Jose Sanchez, Bob Cable, and Gino Filippi. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions and Presentations: Director Thomas recognized City of Upland Councilmembers Janice Elliott and Ricky Felix in the audience. Also noted was Director Will Elliott's absence from the meeting due to a family emergency.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: Mr. Bob Bowcock announced himself as representing California Materials or CalMat Co. He stated that CalMat is a shareholder entitled to all rights and equally shares all responsibility as a shareholder at SAWCo. Annually, SAWCo performs a pro-rata calculation incorporating seasonal use. Based on shareholder allocation, each share cumulatively represents 1.9 acre feet (AF) of water. CalMat has elected to take its water allocation while paying the full service rate without use of the infrastructure, treatment, or distribution systems. This represents a significant savings to the other shareholders. CalMat is current and pays all other assessments and fees levied by SAWCo amounting to an additional \$100 per share. CalMat made its water purchase request over six months ago and was denied just this past Friday, March 15th. Alternatively, staff has indicated they are willing to sell CalMat water at some self-described market price of \$655/AF as opposed to meeting its obligation to a shareholder as trustee of our collectively held water resources. CalMat respectfully requests the Board honor this shareholder's rights and cause the transfer to occur immediately for both the 2018 and 2019 water years.

Director Thomas advised that since the item is not on the agenda they are not authorized to make a motion on the matter.

Mr. Lee advised that SAWCo has not denied the request for water transfer. He clarified that staff has denied taking water out of a water storage account in Chino Basin. Mr. Lee stated that if there is an alternate method to provide the entitlement to water staff is willing to consider it.

Mr. Bowcock stated that historically the previous general manager had decided to take the entitlement out of the Chino Basin water storage account. He stated he would take it out of this year's water allocation which he claimed was underutilized.

Director Thomas reminded Mr. Bowcock to fill out a speaker card and requested the item be put on a future committee meeting agenda.

- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of February 19, 2019.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - C. Administration and Finance committee (AFC) Meeting Minutes
Meeting minutes of October 23, 2018.
 - D. Financial Statement
Income Statement and Balance Sheet for January 31, 2019 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 –

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

5. Board Committee – Delegate Report:

- A. Pomona Valley Protective Association (PVPA) Representative’s Report** – Director Thomas reported on the March PVPA meeting held on Wednesday, March 13th. Mr. Craig Miller, certified Public Accountant with Bowen McBeth, Inc., presented the audit report and annual financials. The Board reviewed and approved the report.

The amount of water being spread in the basin is greater than it was at this time the previous year. Though rainfall has been significant this year, Director Thomas cautioned that one good year of rainfall does not replenish supplies that the previous year were at a 50-year low.

- B. Six Basins Representative Report** – Mr. Lee reported that following the most recent Six Basins Watermaster meeting discussions took place on whether or not Six Basins wished to collaborate with, in particular, Chino Basin in developing a strategic plan. Consensus on the Six Basins Watermaster Board was to continue to move forward with their own strategic plan but share information with Chino Basin Watermaster when it’s available and appropriate. A meeting was to be scheduled with Chino Basin Watermaster’s General Manager. An update will be provided at the next meeting.

- C. Chino Basin Representative Report** – Ms. Layton reported there was a court hearing held on March 15th and the issues before the court were hopefully resolved. Time will tell if any further disputes will come about since the Watermaster is in the process of recalculating the Safe Yield again.

Ms. Layton also advised that the Watermaster’s 41st Annual Report was filed and received and Mr. Lee will be attending the upcoming Appropriative Pool closed session, Advisory Pool meeting and the OBMP Update in her stead.

Director Filippi noted that Chino Basin Watermaster board members are being mindful of the legal fees relating to the Safe Yield reset issue.

- D. Cucamonga Basin Representative Report** – Ms. Layton informed the Board that the working group met on March 5th regarding shared costs for the Memorandum of Understanding going through legal review. Cucamonga Valley Water District (CVWD) committed \$60,000 to their budget and were billed for their share of desilting Basin 6. SAWCo, CVWD, and West End Consolidated Water Company continue to work on a modernized judgment. Staff hopes to schedule a brainstorming session in the future for the possibility of partnering on groundwater remediation facilities.

The next meeting is scheduled for April 2nd at 1:30 p.m.

- E. **Administration and Finance Committee (AFC) Chairman's Report** – Director Sanchez reported the items discussed at the AFC have been moved to General Manager's report for action by the full Board.
- 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. **Sale of Property – 17th Street and Benson Avenue** – Mr. Lee advised staff and the City of Upland have been coordinating for some time the sale of the southern portion of this property for the building of an emergency reservoir. The contract for the sale was approved by the City of Upland City Council at its most recent meeting. That same contract is before the Board this evening for approval.

Director Cable moved and Director Filippi seconded to approve Resolution 2019-01-02 declaring as surplus and authorizing the sale of a portion of the Benson Avenue property as written in the Purchase and Sale Agreement and Escrow Instructions. Motion carried.

- B. **Award of Construction Contract – Reservoir 7** – Mr. Lee reported this project is for the replacement of a wooden roof with an aluminum geodesic dome along with appurtenant work at Reservoir 7. The bid opening took place on March 7th with 4 bidders participating. The lowest apparent responsible bidder came in at \$1,013,415 which is under the Engineer's Estimate of \$1,022,125.

Staff recommends the Board authorize the General Manager to execute contract documents with SCW Contracting necessary to construct the aluminum geodesic dome and associated site work at a not-to-exceed cost of \$1,013,415.00. There is no contingency included in the estimate therefore any changes in the contract will be brought back to the Board for approval.

Director Gerardi moved and Director Filippi seconded to authorize the General Manager to execute contract documents with SCW Contracting necessary to construct the aluminum geodesic dome and associated site work at a not-to-exceed cost of \$1,013,415.00. Motion carried.

- C. **Nominees for the Position of Director of the Company** – Director Thomas advised he will be abstaining from voting on this item as he is carrying the proxy for the City of Upland.

Mr. Lee presented the slate of officers submitted on the City of Upland's proxy; Director Will Elliott (who was previously confirmed), Councilmember Rudy Zuniga, and Martha Goss. He then asked the Board consider this matter as it relates to giving notice and preparation for the Annual Shareholder's Meeting.

Director Filippi moved and Director Cable seconded to approve the slate of officers as submitted by the City of Upland. Motion carried with Director Thomas abstaining.

- D. **General Liability Insurance Renewal** – Mr. Lee advised this item was presented to the AFC who recommended it for approval by the full Board.

Director Thomas advised exposure was higher this year therefore the total dollar amount is up slightly however, he did not believe there was an actual rate increase.

Director Sanchez moved and Director Filippi seconded to approve the premium update and Cyber Insurance with JPRIMA for the General Liability renewal as presented by EPIC Insurance at the annual premium of \$28,891. Motion carried.

- E. Cost of Living Salary Range Adjustment** – Mr. Lee reiterated the salary range adjustment simply adjusts the pay ranges for employees, it does not automatically provide for a cost of living adjustment raise and does not directly impact the budget. He also informed the Board that, if approved, SAWCo would now utilize the Federal Bureau of Labor Statistics consumer price index for the newly tracked area of Riverside/San Bernardino/Ontario area instead of the previously used Los Angeles-Long Beach-Anaheim area.

Director Cable moved and Director Gerardi seconded to approve adjusting the Company's salary tables 3.0% upward based on the Riverside/San Bernardino/Ontario Consumer Price Index for Urban Wage Earners and Clerical Workers' change from January 2018 to January 2019. Motion carried.

- F. Stock Auction for May 2019** – Mr. Lee advised one stockholder has paid their previously accrued debt and has been removed from the auction list therefore, there are currently 11 stock certificates up for auction.

Director Filippi inquired as to how SAWCo will notify people of the auction. Ms. Layton replied stating a letter was mailed to current shareholders, it is being advertised in SAWCo's quarterly newsletter and on its website, and is also being advertised in the local newspaper.

Director Sanchez moved and Director Filippi seconded to approve the proposed stock auction and timeline as presented. Motion carried.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Gerardi informed the Board and attending staff that this will be the last Board meeting he will attend. He expressed how privileged and honored he felt being appointed to the Board and to work with the current Board members and staff.

Director Thomas thanked Director Gerardi for the effort and knowledge he has brought. He commended his service on the Board as it has been invaluable and leaves big shoes to fill.

Adjournment: Seeing no further business, the meeting was adjourned at 5:22 p.m. The Annual Shareholder's Meeting will be held on Tuesday, April 9, 2019 at 6:00 p.m.

Assistant Secretary
Brian Lee