



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, May 15, 2018

5:00 p.m.

In the Upland City Hall Council Chambers

- Call to Order
- Salute to the Flag

1. Recognitions and Presentations:

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 April 17, 2018

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 February 27, 2018.

D. Financial Statement

Income Statement and Balance Sheet for March 31, 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

Water rights findings response to the State dated April 24, 2018

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
Report on April 24th meeting.
- 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. Requests for Contributions
Recommend authorization for program contributions
- B. Citizens Patrol Contribution
Recommend contribution for continued support
- C. AB3057 [Quirk-Silva] as Amended
That the Board recommend letter support to the proposed assembly bill
- D. Conflict of Interest Policy
Recommend policy for Board adoption
- E. Workers Compensation Insurance
Recommend authorizing renewal as proposed by EPIC Insurance
- F. Domestic Shares Appurtenant to Land
Consider AFC recommendation to reject proposal making domestic shareholdings appurtenant to property served.
- G. 24th Street 6" Waterline Installation
Approve a budget appropriation for replacing 640 feet of 2" waterline.
- H. 401K Change in Current Investment Platform
Approve change to the Nationwide Flexibility Advantage Platform
- I. Project Status Report
Verbal report.

7. Closed Session:

None.

8. Director's Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, June 19, 2018.

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 No. Euclid Avenue.

POSTING STATEMENT: On May 10, 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.

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

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, Will Elliott, Sue Sundell, John Gerardi, 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

Director Bob Cable entered the meeting at 5:01 p.m.

1. Recognitions and Presentations: Mr. Moorrees recognized Mr. Steve Sentes, Executive Director of Chino Basin Water Conservation District (CBWCD) in attendance.
2. Additions-Deletions to the Agenda: Mr. Moorrees deleted the closed session portion of the meeting due to special counsels' absence. In its place Mr. Moorrees will give a brief oral report.

Item 6G, an oral update on personnel items, was added to the agenda.

3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of March 22, 2018.
- B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting minutes of January 23, 2018.
- C. Administrative and Finance Committee (AFC) Meeting Minutes
Nothing to report.
- D. Financial Statement
Comparative Income Statement and Balance Sheet for February 28, 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
 - SWRCB Complaint Dismissal letter dated April 9, 2018

Director Gerardi moved and Director Elliott 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 attended the most recent PVPA meeting held April 11th and advised there is very little spreading taking place as there hasn't been significant rain.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the March 28th Board meeting for Six Basins. The CY2017 Annual Report was adopted by the Board. Watermaster received a request from Vulcan Materials to become a Party to the Judgment. Watermaster's legal counsel is to prepare a response to the request. A report on the MS4 permittees collaboration was provided by the City of Pomona.

A Strategic Plan Workshop was held after the Board meeting providing the schedule and status of the Plan implementation and the baseline scenario. Based on the Programmatic Environmental Report (PEIR) Program, a new baseline will need to be re-established for each party based on the last 10 years.

Director Thomas commented on the findings that wells located near each other can have very different water levels. Mr. Moorrees replied SAWCo is experiencing just that with its Well 25A.

- C. Chino Basin Representative Report** – Ms. Layton reported staff is still awaiting a draft settlement agreement. On March 29th the six parties filed a status report to the court regarding settlement negotiations. They plan to obtain approval of the settlement agreement from other members of the Appropriative Pool. They also intend to obtain support or non-opposition of the Watermaster, the Agricultural Pool and the non-Agricultural Pool. The target completion date for this and to finalize and execute the settlement agreement is May 31, 2018. On April 2nd the Agricultural Pool filed a motion to designate the Agricultural Pool as a party and respondent to the appeal. On April 12th the City of Chino filed an opposition to the Agricultural Pool's motion to be a respondent. The court hearing regarding staying the Judgment is still scheduled for September 14, 2018 at 1:30 p.m.

In the past the Watermaster has simply filed the annual report with the court. Due to the recent court battles, Watermaster will be giving the court an update to keep the judge informed when filing the annual report. The court hearing will be held on May 25th at 1:30 p.m.

SAWCo staff attended the 2018-2019 Chino Basin Budget Distribution meeting on March 27th and has reviewed the budget. Staff submitted clarification questions and has received responses.

There is concern that the 600,000 acre feet (AF) storage cap is fast approaching. When the court issue is finalized a reduction in Safe Yield and Desalter Replenishment Obligation amounts is anticipated to remove this water. The Watermaster is asking the parties to consider putting their anticipated amount in a Desalter Replenishment Obligation account that would not be charged any losses but would also not allow the water to be moved back. The parties will discuss this further at Thursday's closed meeting.

- D. Cucamonga Basin Representative Report** – Mr. Moorrees reported he has received responses from all but West End Consolidated Water Company (WECWC) on his memo of talking points for revising the Judgment. He will finalize the report and meet with staff, special counsel and WECWC prior to sending the information and setting up a meeting with Cucamonga Valley Water District.
- E. Administration and Finance Committee (AFC) Chairman's Report** – Director Willis stated two of the items discussed at the most recent AFC meeting are addressed under the General Manager's Report on Activities.
- 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. General Liability Insurance and Cyber Liability** – Mr. Moorrees explained SAWCo has had its general liability insurance provided through California Mutual Water Associations (CalMutuals) Joint

Powers Risk Insurance Management Authority (JPRIMA) since 2016. Cyber liability insurance has been provided by Philadelphia.

Beginning this year JPRIMA offers cyber liability insurance. Premium comparisons were provided in the Board meeting agenda packet. Utilizing JPRIMA for cyber liability insurance provides a savings of \$707.

The issue was presented to the PROC instead of the AFC as a matter of urgency and time sensitive renewal.

Mr. Moorrees recommended the Board ratify the decision regarding the premium update and cyber liability insurance with JPRIMA and to received and file the General Liability renewal as presented with an annual premium of \$27,547.

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

- B. Red Hill Country Club** – Mr. Moorrees stated the request from Red Hill Country Club (RHCC) and staff's reply are included in the Board meeting agenda packet. Staff's response stated the item would be taken to the May PROC however, he felt it more prudent to bring it to the March PROC to see if the committee wished staff to move forward in finding a resolution.

The PROC recommended looking at irrigation shareholders with 100 or more shares of stock in the company to consider water service agreements. There is only one other irrigator with more than 100 shares of stock.

Mr. Moorrees advised the Board that RHCC removed 24 acres of irrigated fairways in 2016 by utilizing "Cash for Grass" funds totaling nearly \$2,000,000 through Inland Empire Utilities Agency. However, since removing the grass RHCC's water use has increased.

Prior to reducing entitlement RHCC went over their entitlement during only one billing cycle. Reduced entitlement due to the drought and increased water use has them needing roughly an additional 100 shares in order to stay within entitlement.

Mr. Moorrees put together some talking points to review and discuss during the May PROC meeting but inquired as to whether this is something the Board would like staff to look further into.

Director Thomas felt it was worth looking into for a major shareholder.

Director Cable expressed concern with offering full entitlement at the beginning of the year to irrigators with a certain minimum amount of shares. He felt it could open the company to legal action from other customers who feel special treatment is being given to other shareholders.

Director Willis stated agreements are already in place with three municipality shareholders.

Director Sanchez stated it is warranted to look into this request further. He would like to ask all to consider that by moving in this direction SAWCo may be providing an incentive for shareholders to have peak water usage and demand on the system at a time when there is not the capacity to do so. SAWCo will need to look into whether or not they have the system capacity should more shareholders move to these types of agreements.

Director Thomas pointed out RHCC is likely to use more water during the summer months and less during the winter months. The agreement with the municipalities is different as they were going over in winter months when water supply in the system tends to be greater and demand from the domestic system is less.

There was consensus on the Board to look into further options during the next PROC meeting.

- C. Well 31 Pilot Biological Treatment – MIH** – Mr. Moorrees reported the original Pilot Plant was successful and approved by the Department of Drinking Water (DDW), however, the final product cost was incompatible with SAWCo's Tier 1 rate.

Since the Evoqua post treatment was a major cost factor in the product cost, MIH would like to test another post treatment system by Tetra Tech that could reduce capital costs by 30%. MIH is requesting to remain on the Well 31 site for another 60 days to test the Tetra Tech post treatment system. MIH will cover the costs and any additional power cost at the site.

Director Cable moved and Director Sanchez seconded to approve a 60 day extension to MIH for the existing Pilot Plant to remain at the Water Company's Well 31 site to test another post treatment alternative. Motion carried.

- D. Stock Auction** – Ms. Layton reported this item to the Board for approval. The May 8, 2018 stock auction will be SAWCo's sixth such auction. Six stock certificates totaling 5 full shares will be auctioned. Two certificates are due to unpaid water bills and the other four are due to dormant shareholder unpaid bills.

The auction information was included in the most recent company newsletter, letters advising of the stock auction were sent to shareholders in mid-March and weekly advertisement in the newspaper began today.

Director Cable moved and Director Gerardi seconded to approve staff's decision to hold a stock auction to collect on bad debt as presented. Motion carried.

- E. Water Conservation Program Update** – Mr. Moorrees reported SAWCo engaged with American Leak Detection to provide services for the water company's Leak Detection Program. Their services have been utilized at one shareholder's residence. When more shareholders have participated, SAWCo will bring data on the program to CBWCD. Mr. Moorrees would like to see if this program can be offered along with some of the other water saving programs and services CBWCD provides.

F. Project Status Report –

- **Edison Pond – New Sluice Gate Replacement** – Two options for replacing the sluice gate have been received. The City of Pomona provided probable labor costs at \$17,000. Specifications and material costs are forthcoming. Staff believes costs can be reduced by utilizing C.P. Construction for the project. All costs will be split 60/40 between SAWCo and the City of Pomona.
- **Holly Drive Reservoir** – TKE has completed the environmental study and will submit it to the San Bernardino County for review. Site improvements are scheduled for 2018 and replacing the reservoir is scheduled for 2019. A second reservoir will be added when reserve funds are available.
- **WFA Pipeline Connection** – Staff is meeting with Civiltec Engineering to finalize plans. Once finalized, staff will meet with WFA to review the plans. The proposed project will then need to be presented to the WFA Technical Advisory Committee for eventual Board approval.
- **Basin 6 Desilting** – Notice of Determination on the environmental report submitted to the State Water Resources Control Board (SWRCB). Two issues were discovered and were presented back to the environmental consultant for correction.
- **Cucamonga Basin – Desilting Project at Crosswalls** – The division chief of Army Corps of Engineers has apologized for the delay in receiving the draft report. The draft permit has been received but the date needs to be altered. Once engineering has approved it they will change the date.
- **Holly Drive Boosters** – Staff requested TKE Engineering provide a proposal. Staff will meet with TKE and KSM Electric at the end of the week. Sound and appearance of the Holly Drive Reservoir

and boosters are of importance. The Holly Hills Homeowners Association will be given an opportunity to make comments on the design.

- **Forebay Surface Waterline** – C.P. Construction was the lowest bid received. Mr. Moorrees asked the Board to ratify C.P. Construction being awarded the Forebay surface waterline replacement project.

Director Sundell moved and Director Elliott seconded to ratify the awarding of the Forebay surface waterline project for \$85,000 to C.P. Construction. Motion carried.

- G. Personnel Update** – Ms. Layton advised the position for Accounting/Personnel Specialist was filled by Salena Holley on March 26th.

The Water Utility Worker I position deadline for application submittal was Monday, April 16th. Fifty-six applications were received. Eight letters requesting interviews have been mailed.

Director Thomas reported hearing from DeLoach & Associates regarding the executive search. There have been many inquiries about the position and six resumes submitted; some of which are general managers for other mutual water companies.

- 7. Closed Session: Cancelled.

Mr. Moorrees reported on the response regarding SAWCo's water rights from the SWRCB. There were many inadequacies and inaccuracies in the report. Staff will draft a response and send it to Director Thomas and special counsel prior to mailing. The deadline for a response is the end of April.

- 8. Director's Comments and Future Agenda Items: None.

Adjournment: Seeing no further business, the meeting was adjourned at 5:37 p.m.

The next Board Meeting will be held on Tuesday, May 15, 2018 at 5:00 p.m.

Assistant Secretary
Charles Moorrees

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES

February 27, 2018

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:12 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Sue Sundell, Bob Cable and Tom Thomas. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Ms. Sundell presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Moorrees made a correction to the meeting minutes by removing Ms. Layton's attendance at the meeting since she was not present.

Mr. Cable moved and Mr. Thomas seconded to approve the meeting minutes of October 24, 2017 as corrected. Motion carried.

5. Administrative and Financial Issues:

- A. Amendment to Water Company 401(K) Plan** – Mr. Moorrees explained the Water Company became sole sponsor and Trustee of its 401(k) Plan and contracted with a Third Party Administrator (TPA) in December 2010. In January of 2011 the Board adopted Resolution No. 2011-01-01, a qualified retirement plan for the Water Company, and appointed the General Manager, Mr. Moorrees, as the Trustee to perform actions necessary to implement and administer the Plan.

With Mr. Moorrees retiring in June it is necessary to appoint a new Trustee for the 401(k) Plan. Mr. Moorrees recommended designating Ms. Layton as Trustee. A "draft" resolution and Trustee Declaration was provided in the agenda packet for review and comment.

Mr. Thomas moved and Mr. Cable seconded to recommend the Board approve Assistant General Manager, Teri Layton, as the 401(k) Plan Trustee. Motion carried.

- B. Salary Range Adjustment** – Mr. Moorrees reported in 2013 the Committee suggested consideration of annual cost of living adjustments (COLA) for salary range adjustments be determined by the Consumer Price Index (CPI). The amount was to be calculated by the Bureau of Labor Statistics using the 12-month difference from December to December.

According to the Bureau, in December the CPI for urban wage earners and clerical workers (CPI-W) was 245.357 in December 2016 and 250.189 in December 2017 showing a 2.18 percent increase in the cost of living.

Mr. Thomas moved and Mr. Cable seconded to recommend the Board approve adjusting the salary range 2.18%. Motion carried.

6. Closed Session: None.

February 27, 2018

7. Committee Comments and Future Agenda Items: The committee discussed the forming of the AdHoc Personnel Committee and the upcoming facilities tour for the new Board members and guests.

Adjournment: The committee determined there was no further business and adjourned the meeting at 3:34 p.m.

Assistant Secretary
Charles Moorrees



San Antonio Water Company, CA

Item 4B
Income Statement
Group Summary

For Fiscal: 2018 Period Ending: 03/31/2018

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	15.36	27,697.30	202,938.71
1215 - Domestic Water Income (Supplemental)	306,135.00	306,135.00	0.00	28,966.45	277,168.55
1220 - Domestic Water Income (Tier 3)	150,000.00	150,000.00	-364.20	48,818.56	101,181.44
1230 - Domestic Water Income (Readi/Chrg)	201,333.00	201,333.00	49.66	33,295.93	168,037.07
1235 - Domestic Water Availability Charge (WAC)	60,480.00	60,480.00	15.27	9,861.53	50,618.47
1245 - Municipal Water Income (Base)	2,732,080.00	2,732,080.00	202,043.08	562,683.29	2,169,396.71
1268 - Municipal Water Income (Readi/Chrg)	79,800.00	79,800.00	6,650.00	19,950.00	59,850.00
1274 - Misc Water Income (Base)	234,192.00	234,192.00	6,434.40	23,834.33	210,357.67
1275 - Misc Water Income (Supplemental)	256,363.00	256,363.00	11,078.24	30,093.65	226,269.35
1276 - Munnicipal Water Availability Charge (WAC)	493,536.00	493,536.00	39,690.00	119,070.00	374,466.00
1280 - Misc Water Income (Tier 3)	3,000.00	3,000.00	0.00	7,608.24	-4,608.24
1288 - Misc Water Income (Readi/Chrg)	23,500.00	23,500.00	2,030.00	6,070.00	17,430.00
1290 - Misc Water Availability Charge (WAC)	44,592.00	44,592.00	1,922.00	5,766.00	38,826.00
1295 - Dormant Water Availability Charge (WAC)	14,722.00	14,722.00	0.00	9,080.93	5,641.07
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	360.00	930.00	3,070.00
1410 - Late/Re-establishment Fee	6,181.00	6,181.00	0.00	1,025.00	5,156.00
1420 - Return Check Fee	167.00	167.00	50.00	50.00	117.00
1430 - Stock Certificate Storage and Handling Fee	100.00	100.00	0.00	20.00	80.00
SubCategory: 40 - Shareholder Revenue Total:	5,040,817.01	5,040,817.01	269,973.81	934,821.21	4,105,995.80
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	1,623.00	1,623.00	0.02	1.02	1,621.98
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	47.35	156.52	643.48
1753 - Ground Lease Income	55,000.00	55,000.00	4,300.88	12,902.64	42,097.36
1755 - Interest Earned	27,000.00	27,000.00	46.11	11,146.40	15,853.60
SubCategory: 42 - Non-Shareholder Revenue Total:	89,423.00	89,423.00	4,394.36	24,206.58	65,216.42
Category: 4 - Income Total:	5,130,240.01	5,130,240.01	274,368.17	959,027.79	4,171,212.22
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	218,213.00	218,213.00	16,987.46	60,655.76	157,557.24
2235 - Repairs to Facilities and Equipment	751,167.00	751,167.00	9,655.07	58,301.10	692,865.90
2265 - Power-Gas & Electric (utilities)	587,293.00	587,293.00	40,811.55	144,527.64	442,765.36
SubCategory: 50 - Operating Facilities Total:	1,556,673.00	1,556,673.00	67,454.08	263,484.50	1,293,188.50
SubCategory: 51 - Operating Activities					
2475 - Customer Service	72,327.00	72,327.00	18,659.43	30,149.45	42,177.55
2498 - Conservation	30,000.00	30,000.00	3,903.56	5,997.69	24,002.31
SubCategory: 51 - Operating Activities Total:	102,327.00	102,327.00	22,562.99	36,147.14	66,179.86
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	88,586.00	88,586.00	8,059.41	19,952.43	68,633.57
2210 - O & M - All Other	3,201.00	3,201.00	478.08	478.08	2,722.92
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	146.77	1,174.69	8,778.31
2565 - Depreciation/Amortization	974,807.00	974,807.00	71,279.21	214,021.76	760,785.24
2715 - Property Taxes	221,456.00	221,456.00	109,306.51	109,306.51	112,149.49
2805 - Water Resource Mgmt.	269,037.00	269,037.00	2,990.82	35,626.94	233,410.06
SubCategory: 52 - Other Operating Expense Total:	1,611,397.00	1,611,397.00	192,260.80	380,560.41	1,230,836.59
Category: 5 - O & M Expense Total:	3,270,397.00	3,270,397.00	282,277.87	680,192.05	2,590,204.95

Income Statement

For Fiscal: 2018 Period Ending: 03/31/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	181,060.00	181,060.00	15,199.29	39,998.46	141,061.54
2130 - Development/Water Svc. App.	2,300.00	2,300.00	0.00	70.29	2,229.71
2325 - Payroll Taxes	67,797.00	67,797.00	4,965.40	17,935.26	49,861.74
2355 - Worker's Compensation Insurance	15,853.00	15,853.00	0.00	1,898.73	13,954.27
2385 - Benefit Pay (Vac., sick, etc.)	136,744.00	136,744.00	9,014.19	43,169.22	93,574.78
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc	231,805.00	231,805.00	15,986.02	51,794.85	180,010.15
2430 - Benefit Administrative Services	1,675.00	1,675.00	0.00	0.00	1,675.00
SubCategory: 60 - Personnel Total:	637,234.00	637,234.00	45,164.90	154,866.81	482,367.19
SubCategory: 61 - Other					
2445 - Office/IT Support	75,000.00	75,000.00	9,892.85	14,931.59	60,068.41
2505 - Directors Fees & Expense	33,611.00	33,611.00	2,812.78	8,010.07	25,600.93
2535 - Liability Insurance	35,394.00	35,394.00	0.00	0.00	35,394.00
2595 - Communication	41,239.00	41,239.00	3,832.80	5,735.14	35,503.86
2625 - Dues & Publications	3,700.00	3,700.00	0.00	754.00	2,946.00
2655 - Outside Services	70,747.00	70,747.00	115.88	12,633.17	58,113.83
2745 - Income Tax Expense	4,700.00	4,700.00	7,400.00	7,400.00	-2,700.00
2775 - Accounting & Legal Expense	242,332.00	242,332.00	26,579.16	68,163.14	174,168.86
2790 - Human Resources Expense	59,430.00	59,430.00	5,157.44	13,014.02	46,415.98
2865 - All other	50,414.00	50,414.00	1,579.44	3,909.25	46,504.75
SubCategory: 61 - Other Total:	616,567.00	616,567.00	57,370.35	134,550.38	482,016.62
Category: 6 - G & A Expense Total:	1,253,801.00	1,253,801.00	102,535.25	289,417.19	964,383.81
Total Surplus (Deficit):	606,042.01	606,042.01	-110,444.95	-10,581.45	616,623.46

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	606,042.01	606,042.01	-110,444.95	-10,581.45	616,623.46
Total Surplus (Deficit):	606,042.01	606,042.01	-110,444.95	-10,581.45	616,623.46



Account	Name	Balance
Fund: 10 - 10		
Assets		
BalSubCategory: 10 - Cash		
<u>10-00-00-10100-00000</u>	Petty Cash	250.00
<u>10-00-00-10200-00000</u>	Checking Account	1,148,674.08
<u>10-00-00-10300-00000</u>	Savings-Money Market	194,580.43
<u>10-00-00-10400-00000</u>	Savings-CD Accounts	20,000.00
<u>10-00-00-10415-00000</u>	D&O Checking Account	795,219.35
<u>10-00-00-10438-00000</u>	Depre/Obsolescence Res (LAIF)	3,566,210.99
	Total BalSubCategory 10 - Cash:	5,724,934.85
BalSubCategory: 11 - Accounts Receivable		
<u>10-00-00-11100-00000</u>	Accounts Receivable-Domestic	22,410.17
<u>10-00-00-11200-00000</u>	Accounts Receivable-Municipal	248,383.08
<u>10-00-00-11250-00000</u>	Accounts Receivable-Misc.	21,572.64
<u>10-00-00-11260-00000</u>	Accounts Receivable - Dormant	3,679.00
<u>10-00-00-11275-00000</u>	Contra Accounts Receivable - Unapplied C	-15,629.13
<u>10-00-00-11300-00000</u>	Accounts Receivable-Other	2,286.02
	Total BalSubCategory 11 - Accounts Receivable:	282,701.78
BalSubCategory: 12 - Inventory		
<u>10-00-00-12100-00000</u>	Inventories-Materials & Supply	89,181.56
	Total BalSubCategory 12 - Inventory:	89,181.56
BalSubCategory: 13 - Prepaid		
<u>10-00-00-13100-00000</u>	Prepaid Insurance	8,868.75
<u>10-00-00-13105-00000</u>	PREPAID POSTAGE	369.00
	Total BalSubCategory 13 - Prepaid:	9,237.75
BalSubCategory: 14 - Investments		
<u>10-00-00-14150-00000</u>	P.V.P.A. Investment	1.00
	Total BalSubCategory 14 - Investments:	1.00
BalSubCategory: 15 - Property, Plant, & Equipment		
<u>10-00-00-15100-00000</u>	Land & Water Rights	924,864.03
<u>10-00-00-15110-1507J</u>	Work in Progress "Proj J"	41,133.01
<u>10-00-00-15110-1601N</u>	Work in Progress	5,381.76
<u>10-00-00-15110-1602U</u>	Work in Progress	115,337.88
<u>10-00-00-15110-1701A</u>	Work in Progress	6,558.09
<u>10-00-00-15150-00000</u>	Buildings & Site Improvements	1,745,708.81
<u>10-00-00-15200-00000</u>	Wells-Shafts, Bldgs, & Equip	4,834,924.56
<u>10-00-00-15250-00000</u>	Boosters-Bldgs & Equip	2,163,280.63
<u>10-00-00-15300-00000</u>	Reservoirs	1,635,164.98
<u>10-00-00-15350-00000</u>	Tunnels, Forebay, & Ponds	1,541,204.14
<u>10-00-00-15400-00000</u>	Spreading Works-Cucamonga Wash	54,859.53
<u>10-00-00-15410-00000</u>	Spreading Works-SanAntonio Wsh	50,235.18
<u>10-00-00-15450-00000</u>	Pipelines	15,613,893.22
<u>10-00-00-15500-00000</u>	Autos & Equipment	368,931.91
<u>10-00-00-15550-00000</u>	Tools	73,859.94
<u>10-00-00-15600-00000</u>	Telemetry System	482,714.06
<u>10-00-00-15650-00000</u>	Office Equipment	488,397.67
<u>10-00-00-15990-00000</u>	Accumulated Depreciation	-11,221,568.89
	Total BalSubCategory 15 - Property, Plant, & Equipment:	18,924,880.51
BalSubCategory: 16 - Other Assets		
<u>10-00-00-16100-00000</u>	Documents & Studies	888,104.50
<u>10-00-00-16105-1502S</u>	Work in Progress - Docs	278,869.97

Balance Sheet

As Of 03/31/2018

Account	Name	Balance
<u>10-00-00-16990-00000</u>	Accumulated Amortization	-835,922.01
	Total BalSubCategory 16 - Other Assets:	<u>331,052.46</u>
	Total Assets:	25,361,989.91
		<u><u>25,361,989.91</u></u>

Liability

BalSubCategory: 20 - Short-term less than 1 year		
<u>10-00-00-20100-00000</u>	Trade Accounts Payable	86,102.74
<u>10-00-00-20150-00000</u>	Employee Pension Payable	0.02
<u>10-00-00-20260-00000</u>	Sec.125/Cafeteria Plan Withhld	-4,106.45
<u>10-00-GN-20820-00000</u>	Accrued Vacation Payable	20,404.60
<u>10-00-OP-20820-00000</u>	Accrued Vacation Payable	24,818.57
	Total BalSubCategory 20 - Short-term less than 1 year:	<u>127,219.48</u>
BalSubCategory: 21 - Long-term more than 1 year		
<u>10-00-00-21500-00000</u>	Unclaimed Credits	18,044.10
	Total BalSubCategory 21 - Long-term more than 1 year:	<u>18,044.10</u>
	Total Liability:	<u>145,263.58</u>

Equity

BalSubCategory: 30 - Stockholder equity		
<u>10-00-00-30200-00000</u>	Contributed Capital - Ext. Fee	447,258.02
<u>10-00-00-30210-00000</u>	Contr. Property, Plant & Equip	2,404,270.37
<u>10-00-00-30300-00000</u>	Capital Account	1,500,000.00
<u>10-00-00-30310-00000</u>	Unissued Capital Stock	-861,100.00
<u>10-00-00-30400-00000</u>	Retained Earngs-Brd Designated	3,626,009.43
<u>10-00-00-30410-00000</u>	Retained Earnings-Unrestricted	18,110,869.96
	Total BalSubCategory 30 - Stockholder equity:	<u>25,227,307.78</u>
	Total Beginning Equity:	25,227,307.78
Total Revenue		959,027.79
Total Expense		<u>969,609.24</u>
Revenues Over/Under Expenses		-10,581.45
	Total Equity and Current Surplus (Deficit):	25,216,726.33
	Total Liabilities, Equity and Current Surplus (Deficit):	<u><u>25,361,989.91</u></u>

Item 4E

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

Institution	Type of Investment	Date of Maturity	Rate of Interest (A.P.Y.)	Amount of Deposit as of 3/31/2018	Accumulated Yearly	
					Service Fees	Interest Earnings
					thru Mar	thru Mar
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 1,148,674.08		N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 795,219.35		N/A
Citizens Business Bank	Prof. Money Mkt.	N/A	0.25%	\$ 194,580.43	\$	332.15
Local Agency Investment Fund	LAIF	N/A	1.20%	\$ 3,566,210.99	\$	10,794.53
Golden State Business Bank	12 Month C.D.	April 15, 2018	0.40%	\$ 20,000.00	\$	19.72
TOTAL:				\$ 5,724,684.85		
TOTAL IN CD'S:				\$ 20,000.00		

Irrig. Sys - Base	485.28	544.74	518.82	907.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2455.917
Irrig. Sys - Supplemental for Upland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Irrig. Sys - Supplemental	9.56	14.97	14.29	27.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.747
Irrig. Sys - Supplemental - tier 3	0.00	4.62	0.00	2.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.265
Irrig. Sys - Ent. For Monte Vista	0.00	38.48	46.88	29.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	114.571
Irrig. Sys - Supp. For Monte Vista	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000
Irrig. Sys - Cucamonga Valley - Ent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000
Irrig. Sys - Cucamonga Valley - Supp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000
Irrig. Sys - Ontario Ent.	0.00	34.12	41.57	25.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	101.558
Irrig. Sys - Ontario Supplemental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000
Total in Irrig. Sys =	494.84	636.93	621.56	992.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2746.014
DELIVERED TO SHAREHOLDERS	654.37	882.72	790.93	1172.53	0.00	0.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2150.089
% of Annual Entitlement	7%	45%	22%	34%	0%	64%	3%	34%	3%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
23rd St. (Meter) - Basin 6 - A	0.35	0.00	0.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.228
15th Street Basin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Basin 3 meter (23rd street Clock)	40.57	6.32	76.55	35.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	158.714
Yschoer Wal Frackish & Station Tunnel to Basin 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
PRV Station (res 1)(basin 6)	0.00	0.00	1.14	0.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.862
Total Water Spread Cucamonga Basin	40.92	6.32	78.56	36.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	161.804
Water Spread Canyon Basin(res. 9) - Six Basins	32.88	5.70	68.05	28.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	135.275
Water Spread Canyon Basin (res. 9)- Chino Basin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Total spread=	73.80	12.02	146.60	64.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	297.079
Water to spread ponds (NOTE ONLY)	96.15	86.06	94.14	90.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	366.933
TOTAL DELIVERED	738.17	814.80	937.13	1237.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3727.283
Total unaccounted for water	-8.31	12.20	-26.70	31.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.743
Percent of Supply	-1.14%	1.47%	-2.93%	2.49%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Date of data entry	2/5/2018	3/2/2018	4/2/2018	5/1/2018																
***Dom Sys. Is billed on a bi-monthly basis, therefore use total base AF and supplemental AF divided by 2																				

A. Water Supply

On December 19, 2017 the Board determined to maintain the existing annual entitlement at 12,000 AF due to prospects of another dry year.

Six Basins Production

As of April 30, 2018, the Water Company produced a total of 337.27AF (36% of production rights). The OSY for CY2018 has been reduced to 13,000 AF reducing the Water Company's annual production right to 932.10AF.

The Water Company spread a total of 135.275AF in Six Basins to date.

Cucamonga Basin Production

As of April 30, 2018, the Water Company produced a total 1,924AF [43% of OSY and 32% based on the 10 year running average recharge]. A total of 161.804AF was recharged into Cucamonga Basin.

Chino Basin Production

The Water Company produced 44.282AF in this calendar year but 28% of OSY in the Chino Basin FY2017/2018.

Since January of this year the Water Company spread a total of 0 AF into Chino Basin.

Surface Water (San Antonio Creek)

Total flows to date are 632.973AF which are about 16% of the flows this time last year.

San Antonio Tunnel

Tunnel flows to date are 795.059AF which are at about 96% of flows received this time last year for the domestic system.

B. Facilitating Sale of Inactive Shares to Interested Buyers

There is a total of 6 ¾ shares going from dormant to active this transfer period.

C. Stock Auction – May 8, 2018 at 10am

Following are the bid results from the stock auction:

Stock Certificate #	Share Amount	Minimum Bid	Winning Bid
A13574	¼ share	\$ 900.00	\$ 13,152.99
A12208	½ share	\$ 1,800.00	\$ 30,100.00
A12990	½ share	\$ 1,700.00	\$ 30,100.00
A12998	2 shares	\$ 6,500.00	\$ 80,100.00
A5276	1 share	\$ 3,300.00	\$ 50,100.00
A10252	¾ share	\$ 2,500.00	\$ 37,252.00

The Company received over 100 bids and a few shareholders attended the auction. There were no bids received from public water entities. We are anticipating another auction in September.

D. Communication and Information Activities

Staff currently working on Summer Newsletter that will mail out the end of June.

Staff is communicating on "Facebook" with 164 friends liking our page. Communication is posted regularly.

E. 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.

F. 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 as provided under "Correspondence of Interest" in this packet.

F. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal -

- San Antonio Water Company (SAWCo) is still waiting to see a draft settlement agreement. On March 29, 2018, the six parties filed a status report to the court regarding settlement negotiations. The plan is to obtain approval of settlement agreement from other members of the Appropriative Pool, which include SAWCo and Upland. The six parties also intend to obtain support or non- opposition of the Watermaster, the Agricultural Pool and the Non-Agricultural Pool. The target completion date for this and to finalize and execute the settlement agreement is May 31, 2018.

- On April 2, 2018, Agricultural Pool filed a motion to designate the Agricultural Pool as a party and respondent to the appeal
- On April 12, 2018, City of Chino filed an opposition to Ag Pool's motion to be a respondent.

Court hearing regarding staying the Judgment is still scheduled on September 14, 2018 at 1:30 pm.

Court Hearing re: 40th Annual Report Filing – In the past Watermaster just filed the annual reports. Due to the recent court battles, Watermaster will be giving the court an update to keep the judge informed when filing the annual report. The court hearing will be on May 25, 2018 at 1:30pm at San Bernardino County Superior Court.

Chino Basin Budget Distribution Meeting – March 27, 2018 – Staff attended the 2018/19 Budget Distribution meeting and have reviewed the budget. Staff submitted clarification questions and received answers.

Storage Cap nearing 600K - There is concern that we are approaching the 600K storage cap. When the court issue gets finalized, it is anticipated a reduction in safe yield and a desalter replenishment obligation will remove this water. Watermaster is asking the parties to consider putting their anticipated amount in a Desalter Replenishment Obligation account that would not be charged any losses but would not allow you to move the water back. They are anticipating 25k to 30k needs to move. Jurupa and Pomona are on board. Upland and SAWCo will consider this option also.

Cucamonga Basin Report – Management met with CVWD and WECWC to discuss modernizing the Judgment and our next steps in Cucamonga Basin management. Staff is reviewing the Cucamonga Basin talking points to finalize prior to establishing meeting with CVWD.

Six Basins

Board meeting on April 25, 2018. The Board adopted the Task Order 2018-02 to perform the next steps in Strategic Plan implementation which include:

- The engineering work to support the PEIR and evaluate the response to Conjunctive Water Management Scenarios using the groundwater model.
- Perform Programmatic Environmental Impact Review (PEIR) and supporting the selection of a CEQA consultant, review the draft and final PEIR and support services as needed.
- Cost to perform these tasks is \$285,000

Water master directed Counsel to send the letter to Robert Bowcock regarding the request by Vulcan Materials to intervene as a Party to the Six Basins Judgment which states that the current judgment does not allow intervention by a non-producer in the groundwater basin. Until Vulcan Materials actually constructs resource capable of producing at least 25 AF/year in the basin, there is no basis to intervene.

Watermaster staff introduced John Robinson who provided a brief summary of TVMWD Grant Consulting Services for obtaining grants and low interest loans.

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.

1. Holly Drive Booster

[CY2018 Budget \$290,000]

Pending completion of preliminary design/engineering. Staff is obtaining quotes for electrical and mechanical work from KSM and structural from HK construction.

TKE Engineering is providing structural and mechanical engineering.

Obligated to date	CY2018	
\$25,800		TKE Engineering
		KSM
		HK Construction
		= Total to Date

2. Forebay Surface Waterline

[CY2018 Budget \$180,000]

The existing 32" steel waterline from Mountain Avenue to the Forebay is deteriorating and in need of replacement. C.P. Construction was awarded the project in the amount of \$85,200 and was given the Notice to Proceed as of May 7, 2018. A pre-construction job walk is scheduled for May 10, 2018.

Obligated to date	CY2018	
\$85,200		C.P. Construction
		= Total to Date

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:

- SCADA submittal by 6/13/18
- Submittal approval by 6/27/18
- 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

4. Santa Rosa Waterline

[CY2018 Budget \$65,000]

In-house waterline design and contract specs are complete pending. Submitted for selective bids to C.P. Construction, Norstar Plumbing & Engineering, T.E. Roberts.

Pre-bid meeting May 25th.

Bid Open June 8

Board Award June 19 [By-pass PROC to expedite project construction]

Note:

24th Street Waterline replacement is presented to the Board for budget appropriation [Board Item 6G] to bid and construct concurrent with Santa Rosa Waterline to take advantage of economy of scale.

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.

The project was scheduled to advertise for Design/Build contractor in December 2017. Staff anticipates the contractor awarded the contract will develop plans for the Water Company's review in and around the April 2018 timeframe. Due to prior rights, the waterline relocation project will be at no cost to the Water Company and Company will be reimbursed 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.

6. Reservoir 7 Rehabilitation/Design

[CY2017 Budget \$826,500]

Budget based on Harper & Associates Opinion of Probable cost removing existing roof and walls and constructing a steel roof with access hatch. Staff obtained budgetary quote from CST for an aluminum cover to span the reservoir.

1. A low rise clear span aluminum dome option: \$750,000 for material and installation
2. 172 ft. nominal dia. Column supported aluminum roof over the existing concrete reservoir: \$1,600,000 for material and installation,

Obligated to date	CY2017	CY2018	
\$51,230	\$ 5,140		Harper & Associates
	\$5,140		= Total to Date

7. Edison Pond – New Sluice Gate Replacement [CY2-018]

[CY2018 \$70,000 – Board approved 4/18/17 from D&O]

Construct new sluice gate to replace failing existing “wood” gate structure intake from stream flow. Pomona's engineer prepared the engineering design for two alternatives for the structure. Staff recommended the proposal to remove and replace the existing gate in place.

C.P. Construction provided a proposal to furnish the labor, materials and equipment to install the new headworks in the amount of \$64,700.

Pending construction award and contract.

8. 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.

\$ 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.

9. 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.

Obligated to date	CY2018	
\$	\$ 0	
	\$0	= Total to Date

10. Holly Drive Reservoir– [Carry over]

[CY2018 Budget \$196,124]

TKE Engineering is preparing design preparing the environmental documents and design 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.

In January, the Board approved additional budget for additional environmental work required. The environmental work is pending completion. In October 2017 the Board approved additional budget appropriation to facilitate the change in design for twin 120,000 gallon reservoirs.

TKE provided the Opinion of Probable Cost to be \$600,000 for the site improvements and two 120,000 gallon reservoirs. Staff proposes to phase the construction with site improvements in this year and defer tank construction until subsequent years.

Obligated to date	CY2016	CY2017	CY2018	
\$ 74,500	\$ 62,000	\$ 43,856		TKE Engineering
\$ 45,070				10/17/17 Add'l Eng. .
	\$ 62,000	\$ 43,856		= Total to Date

11. 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.

Obligated to date	CY2015	CY2016	CY2017	CY2018	
\$ 47,940	\$ 14,869	\$17,227	\$1,339	\$2,618	To Altum Group
\$ 5,000	\$ 4,127				To TKE – Project Mgmt.
\$ 7,200	\$ 0	\$0			To CHJ - Geotechnical
	\$ 117				Plan Check
	\$ 26				Reimbursable
	\$19,139	\$ 17,227	\$1,339		= Total to Date

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

[CY2018 Budget – \$103,232]

According to the “Recharge Feasibility on the Cucamonga Creek” by Wildermuth Environmental dated December 2008, the desilting and repairing the existing crosswalls is anticipated to provide an additional 1,850AF/year.

In December of last year the Board removed the concession requirement for the contractor to reimburse the Water Company’s expenses to date which allowed the County to waive the extraction fees.

On April 19, 2018, staff received the final regulatory permit (Nationwide Permit) from Army Corps. TKE Engineering is compiling the exhibits to attach to the contract specifications. The County Flood Control has reviewed/commented and approved the contract as presented and will be issuing a general permit under the County. A pre-construction meeting and job walk is scheduled for May 23, 2018 at the Chino Basin Water Conservation District.

Obligated to date	CY2014	CY2015	CY2016	CY2017	CY2018	
\$ 26,920	\$ 24,448	\$ 35,524	\$ 22,941	\$4,243	\$26,864	Altum Group
\$ 50,040	\$ 7,049	\$ 10,305	\$ 33,972	\$1,525		TKE/Proj. Mgmt. /Noise Monitoring
						Baker International
\$23,425						ECORP. – On-call Archaeologist
			\$ 90,000			RWQCB fee
		\$ 398	\$ 96			Reimbursable
\$100,385	\$ 31,497	\$ 46,227	\$147,009	\$5,768		Total to Date

This project is anticipated to begin in June of CY2018.

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. MBSA has completed their Master Development Plan and submitted it to the USFS and begin the National Environmental Policy Act (NEPA) compliance process. The Board approved extending the current agreement with Mt. Baldy Ski Area to December 31, 2035. Staff has been advised that the 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.

At the end of last year, the Watershed Committee submitted an application report to AWWA for consideration of the Source Water Protection Award by the Watershed Committee on behalf of Pomona, Upland and the San Antonio Water Company but was unsuccessful in making the selection.

The next watershed cleanup day is proposed to be held the weekend after the Labor Day weekend.

CY2018 COMPLETED PROJECTS:

1. Installed transfer switch at the V-Screen and at Tunnel Shaft 6.
2. Installed truck mounted crane



San Antonio Water Company

Incorporated October 25, 1882

Serving the original Ontario Colony lands

April 24, 2018

Victor Vasquez, Sr. WRCE
 Sacramento Valley Enforcement Unit
 Division of Water Rights
 State Water Resources Control Board
 1001 I Street
 Sacramento, CA 95814

Re: Staff Investigation Findings Regarding Complaint Against US Forest Service, San Antonio Canyon, Los Angeles County and San Bernardino County

Dear Mr. Vasquez,

I am in receipt of your Staff Investigation Findings dated April 9, 2018. I find it incredulous that the State's report does not address San Antonio Water Company's ("SAWCo") water right claims and the evident need to monitor diversions from the United States Forest Service ("USFS") property in San Antonio Canyon. SAWCo seeks a result from its complaint that appropriately caps allowable diversions and requires metering. Such a result is particularly important because much of this water is being diverted off USFS property by private parties for use on private parcels. Simply dismissing our complaint based upon an unsupported conclusion that the USFS diversions are "insignificant" creates a terrible precedent, inconsistent with California water law and policy, and encourages further unlawful diversions in the Canyon.

In general, SAWCo views the Staff Findings to be unsupported because the Report states no legal basis for the dismissal of SAWCo's complaint because the diversions are deemed to be "insignificant." Please provide the legal authority for this position, particularly in light of the fact that San Antonio Canyon is part of the Santa Ana River system which is fully appropriated.

In addition, SAWCo finds a number of the factual findings that claim to buttress your Report to be unsupported as follows:

(1) The Report states that "USFS holds nine water rights in the SAC watershed. . . ." (Page 1) What are these water rights and where/how are they documented? SAWCo is unable to locate these claimed water rights on the SWRCB website. We understand that the State requires any diversions in excess of 10AF to register with the State and are required to report its diversions annually.

(2) The Report claims that estimated diversions by USFS total 66 acre-feet annually (page 2). How is the SWRCB able to make this estimate? What are the "face values" of the "known USFS water rights"? Does this estimate include diversions by private parties such as Mt. Baldy Homeowners Association and Snowcrest Heights Improvement Association on USFS property? We are informed that the USFS itself has not been able to document all of the diversions on its property. Has this been taken into account? How is this estimate credible when all parties acknowledge that the diversions, known and unknown, are not metered?

(3) The Report concludes that the estimated diversions do not affect SAWCo San Antonio tunnel rights or the Slater/Ridgeway spring. Has the staff determined that these diversions did not affect flows in the San Antonio Creek? If so, how in light of the uncertainties related to your estimates listed above?

(4) The Report references a pending USFS application for water rights in the SAC watershed. What is the nature of this application? Can SAWCo receive a copy? We have not been able to locate the application on the SWRCB website. How can this application be viable in light of the fully appropriated status of this stream system?

Given the fact that the SAWCo complaint has been pending with the SWRCB for over five years, these questions deserve answers. Again SAWCo is not seeking to be punitive in bringing its complaint and in seeking these additional clarifications from the SWRCB. SAWCo only seeks an outcome that would bring control and proper management to the water resources it relies upon to serve its customers, including those in the cities of Upland, Pomona, and Ontario and the Monte Vista Water District.

I look forward to your response.

Respectfully yours,



Charles Moorrees
General Manager
San Antonio Water Company

CC: Board of Directors

Honorable Judy Chu
Washington, D.C. Office
1520 Longworth HOB
Washington, D.C. 20515

Mr. Matthew Bokach, Monument Manager
Angeles National Forest
701 N. Santa Anita Avenue
Arcadia, CA 91006-2725

Victor Vasquez, Sr. WRCE

April 24, 2018

Page 3

CC: Continued

Mr. David Siriani, President
Snowcrest Heights Improvement Association, Inc.
P.O. Box 351
Mt. Baldy, CA 91759-0351

Mr. Marc E. Burns, President
Mt. Baldy Homeowner's Association, Inc.
P.O. Box 5022
Upland, CA 91785-5022

Mr. Fred Fudacz
Nossaman, LLP
777 S. Figueroa St., 34th Floor
Los Angeles, CA 90017

Ms. Jennifer Capitolo
Nossaman LLP
621 Capitol Mall, Suite 2500
Sacramento, CA 95814

Ms. Rosemary Hoerning, Public Works Director
City of Upland
1370 N. Benson Avenue
Upland, CA 91786

Mr. Mark Kinsey, General Manager
Monte Vista Water District
P.O. Box 71
1575 Central Avenue
Montclair, CA 91763

Darron Poulson
Water & Wastewater Operations Director
City of Pomona
148 N. Huntington St.
Pomona, CA 91768

Scott Burton
Utilities General Manager
City of Ontario
1425 S. Bon View Avenue
Ontario, CA 91761-4406

Agenda Item No. 6A

Item Title: Request for Contributions

Purpose:

To present for re-authorization contributions to water programs that were previously approved by the Board in CY2011.

Issue:

These programs benefit of the Water Industry and/or direct or indirect benefit of the Company. The Water Company has been contributing annually to these programs since CY2007.

Manager's Recommendation:

That the Board agree with the AFC committee to re-authorize the Manager to make continuing contributions as presented.

Background:

The Water Company regularly and historically contributes to the Water Education Foundation, American Groundwater Trust and the California Water Awareness Campaign as shown by the table below.

American Groundwater Trust

The Mission of the American Ground Water Trust is to:

- Communicate the environmental and economic value of groundwater
- Promote efficient and effective groundwater management
- Showcase groundwater science and technology solutions
- Increase citizen, community and decision-maker awareness
- Facilitate stakeholder participation in water resource decisions

The integrity of AGWT information and the effectiveness of our groundwater awareness programs are the foundation of our partnerships with local, state and national organizations and agencies. The AGWT brings stakeholders together to encourage open discussion about practical ways to develop, manage and protect groundwater resources so that sustainable economic and environmental benefits can be optimized.

Contribute: \$250/Annually

Water Education Foundation

The Water Company is a member of the Water Education Foundation (WEF). WEF is the only impartial organization educating people about water issues in California and the Southwest. We want to be your resource for in-depth, impartial information on drought, water rights, environmental restoration and water quality. Your annual contribution helps us to publish Western Water news, which examines pressing issues in California and along the Colorado River; continue adding terms to Aquapedia, our online water encyclopedia; maintain our daily news update on Aquaformia; publish new titles in our Layperson's Guide series and update them; develop public television documentaries and educational

videos; conduct tours of key water sites in California and the Southwest, and organize special events. Funds from our contributors also support our K-12 school programs, which annually reach more than 200,000 students.

Contribute: \$250/Annually

California Water Awareness Campaign

In life or business, everything begins with water. And in California, every drop counts. That is why the California Water Awareness Campaign is helping Californians re-discover the most precious resource on Earth. Born from one of the state's worst droughts (1987-1992) that caught many by surprise, the Water Awareness Campaign provides every Californian with practical information and personal connections that help ensure the Golden State maintains a plentiful supply of clean water to drink, grow food, power the state's robust economy and sustain the environment.

With the help of generous donors, the Water Awareness Campaign annually reaches millions of school children, residents and businesses who want to keep California's water healthy and flowing.

Contribute: \$300/Annually

On April 24, there was consensus by the AFC Committee to recommend Board approval.

Impact on the Budget:

\$800 annually incorporated in the budget.

Previous Actions:

The Board previously approved the grouped annual contributions in February 2011.

Item Title: Citizen's Patrol Contribution

Purpose:

To approve a monetary contribution to the Citizen's Patrol (COP) as requested per letter attached.

Issue:

The Water Company benefits from the COP services of monitoring activities at its facilities and reporting water waste in the San Antonio Heights as well as monitoring activities that affect water quality in the San Antonio Canyon Watershed.

Manager's Recommendation:

That the Board agree with the AFC to approve a \$1,000 monetary contribution to the San Antonio Heights Citizen's Patrol as appropriate.

Background:

The Annual Pancake Breakfast event hosted in the past by the COP at the San Antonio Park will be hosted by the San Antonio Heights Association. The event will be held on Saturday, May 19th at the Life Bible Fellowship Church at 2426 North Euclid Avenue.

A letter was received from the Citizen's Patrol dated March 23, 2018 requesting a donation of funds towards this organization. The Water Company contributed annually to the Citizen's on Patrol in the past and contributed \$1,000 as approved by the Board last year.

In addition to monitoring daily activity in the San Antonio Heights, the Citizen's Patrol also agreed to assist the Water Company in reporting any water leak or water waste. Additionally, because their patrols include the Mt. Baldy area, they also "partner" with the San Antonio Canyon Watershed Committee in monitoring issues affecting water quality within the watershed area and provide quarterly reports.

On April 24, there was consensus by the AFC Committee to recommend Board approval.

Impact on the Budget:

Not a budgeted item. Any recommendation for donations shall be appropriated from Operations.

Previous Actions:

Board authorized previous contributions as follows:
2008 thru 2017 - \$1,000
2007 - \$750
2006 - \$500

ASSOCIATION FOR
Since 1887
SAN ANTONIO HEIGHTS
Gem of the Foothills

March 23, 2018

Charles Moorrees, Manager
 San Antonio Water Company
 139 North Euclid Avenue
 Upland CA 91786

Subject: San Antonio Heights Annual Pancake Breakfast

Dear Mr. Moorrees:

2018
BOARD OF DIRECTORS

PRESIDENT
 Bob Child

VICE PRESIDENT
 Martha Goss

SECRETARY
 Elise Skout

TREASURER
 Donna Davidson

DIRECTORS

Deen Gallagher
 Boby Garza
 Tom Gomez
 Linda Kuegel
 Grace Kunkel
 Jenny Morales
 John Navarro
 Ken Patechow
 Cindy Smith
 Francesca Zamora

The Annual Pancake Breakfast has been held in San Antonio Heights for the past 20+ years hosted by the San Antonio Heights-Mt. Baldy Citizens on Patrol. It has always been a well-attended community event. Effective this year, the Pancake Breakfast will be hosted by the San Antonio Heights Association who plan to continue this fun activity.

This year it will be held on Saturday, May 19, at Life Bible Fellowship Church, 2426 North Euclid Avenue, from 8:00 AM to 11:00 AM. All-you-can-eat pancakes, sausages, scrambled eggs, coffee, orange juice, and milk will be provided. Cost is \$5.00 (adult) and \$2.00 (children 6-12). There is no cost for children under 6 years of age.

In the past years, your organization has made a donation toward this event. We hope you are able to continue SAWCo's generous \$1,000 donation by mailing it to the San Antonio Heights Association, P. O. Box 1438, Upland CA 91785.

The SAHA appreciates your past support and hopes you continue to support this community event.

RECEIVED

MAR 23 2018

San Antonio Water Company

Francesca Zamora, Chairperson
 Francesca Zamora, Chairperson
 Pancake Breakfast Committee

SAN ANTONIO HEIGHTS-MT. BALDY CITIZENS ON PATROL

P O BOX 1438
UPLAND CA 91785-1438

RECEIVED

April 5, 2018

APR 11 2018

San Antonio Water Company


Charles Moorrees, Manager
San Antonio Water Company
139 North Euclid Avenue
Upland CA 91786

Dear Charles:

Our Citizens on Patrol members want to thank you for SAWCo's support of our patrol activities in San Antonio Heights and Mt. Baldy. As you know, we are the 'eyes and ears' of the San Bernardino County Sheriff's Department. We also keep an eye out for water problems during our patrol notifying your organizations of signs of waste.

Even though our Annual Pancake Breakfast responsibility has been accepted by the San Antonio Heights Association, our COP members will be supporting that activity.

If at all possible, COP members will sincerely appreciate continued financial support from SAWCo - since those funds are extremely helpful in providing uniforms and supplies. Your consideration of this request will be appreciated.



Thomas J. McCarthy, Commander

TJM:bjg

Item Title: AB3057 [Quirk-Silva] as amended]

Purpose:

To approve support for the proposed assembly bill that would amend the California Revenue and Taxation Code to conform to federal income tax law (Section 501(c)(12) of the Internal Revenue Code) by exempting not for profit mutual water corporations from California income taxes and franchise fees.

Issue:

The inconsistency with Federal law and the State is that the California Revenue and Taxation Code does not contain an exemption that is equivalent to the Internal Revenue Code Section 501(c)(12). This is a problem because in order to be eligible for certain state grants and loans dedicated to small water systems such as the Water Company, a mutual water company must attest to its tax-exempt status.

Manager's Recommendation:

That the Board support the Manager to send a letter of support as attached.

Background:

The bill as proposed by Quirk-Silva is an act to amend and to add to the Revenue and Taxation Code relating to taxation for exempt organizations. This bill acts to conform to federal income tax laws which the Water Company is currently exempt from federal taxes. To qualify for the federal tax exemption, the Water Company must derive 85% or more of its revenues from shareholders. The inconsistency with Federal law and the State is that California Revenue and Taxation Code does not contain an exemption that is equivalent to Internal Revenue Code 501(c)(12).

The solution this bill provides is to amend the Revenue and Taxation Code to conform to tax-exemption provided under Section 501(c)(12) in the U.S. Internal Revenue Code. Additionally this will help the state expedite grants to help small water systems.

The request to support the bill with the associated letter was presented to the AFC on April 24 with consensus to recommend Board approval. Since then the Assembly Committee on Revenue and Taxation voted 10-0 in support and now moves to the Assembly Appropriations Committee; hearing date is still pending. A revised letter for the Chair of the Assembly Appropriations Committee is attached.

Impact on the Budget:

None.

Previous Actions:

None.

The Honorable Autumn Burke
Chair
Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, California 95814
Via Email: carlos.anguiano@asm.ca.gov

Subject: **Support for AB3057 (Quirk-Silva) – As Amended
California Water Not-For-Profit Tax Rules for Mutual Water Companies**

Dear Chairperson Burke:

This letter on behalf of (Name of Organization) is to express support for AB3057 (Quirk-Silva) as amended. As amended, AB3057 would resolve a technical tax issue that is hurting efforts to conserve water and distribute grants statewide to small water systems known as mutual water companies.

To qualify for tax-exemption at the federal level under Internal Revenue Code Section 501(c)(12), mutual water companies must derive 85% or more of their revenue from serving their communities, and are limited to charging only for the cost of service. Mutual water companies in California are currently able to obtain tax-exemption at the federal level under Section 501(c)(12), but no similar statutory authority is now available under California law.

AB3057 would amend the 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, mutual ditch, or irrigation corporations from California income taxes and franchise fees beginning on or after January 1, 2018.

AB3057 will help the state expedite grants to help small water systems with infrastructure improvements and/or consolidations, as well as remove current disincentives to water-efficiency measures. We thank you for recognizing this need and appreciate the step you have taken to help improve safe drinking water for California residents that are served by mutual water companies.

Sincerely yours,

(Name)

(Organization)

cc: The Honorable Sharon Quirk-Silva

May 16, 2018

The Honorable Lorena Gonzalez Fletcher
Chair – Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, CA 95814
via Email: Luke.Reibach@asm.ca.gov

**Re: Support for AB3057 (Quirk-Silva) – As Amended
California Water Not-For-Profit Tax Rules for Mutual Water Companies**

Dear Chairperson Gonzalez:

On behalf of the San Antonio Water Company and the Board of Directors, I wish to express support for AB3057 (Quirk-Silva) as amended. As amended, AB3057 would resolve a narrow tax issue that is hurting efforts to conserve water and distribute grants state wide to small water systems known as mutual water companies.

To qualify for tax-exemption at the federal level under Internal Revenue Code Section 501(c) (12), mutual water companies must derive 85% or more of their revenue from serving their communities, and are limited to charging only for the cost of service. Mutual water companies in California are currently able to obtain tax-exemption a federal level under Section 5019(c) (12), but no similar statutory authority is now available under California law.

AB3057 would amend the 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, mutual ditch, or irrigation corporations from California income taxes and franchise fees beginning on or after January 1, 2018.

AB3057 will help the state expedite grants to help small water systems with infrastructure improvements and/or consolidations, as well as remove current disincentives to water efficiency measures. We thank you for recognizing this need and appreciate the step you have taken to help improve safe drinking water for California residents that are served by mutual water companies.

Sincerely,

Charles Moorrees
General Manager
San Antonio Water Company

Cc: SAWCo Board of Directors

Denise Peralta Gailey, CalMutuals

The Honorable Sharon Quirk-Silva

The Honorable Anthony Portanitano
201 East Bonita Ave
San Dimas, CA 91773

DRAFT

Agenda Item No. 6D

Item Title: Conflict of Interest Policy

Purpose:

To present a conflict of interest policy for Officers of the Board, Directors and key employees for adoption.

Issue:

The IRS requires that the Company has a conflict of interest policy substantially similar to what is presented.

Manager's Recommendation:

That the Board review, comment and approve the Conflict of Interest Policy for adoption.

Background:

The IRS requires that the company has a Conflict of Interest policy. This is part of their regime for monitoring and seeking compliance with the "Excess Benefit Transaction" contained in the intermediate sanctions statute (See Attached).

On April 24, there was consensus by the AFC Committee to recommend Board approval.

Impact on the Budget:

None.

Previous Actions:

None.

Conflict-of-Interest Policy Statement San Antonio Water Company

Article 1. Purpose

The purpose of a conflict-of-interest policy is to protect an organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest.

Article II. Definitions

1. Interested Person

An Interested Person is any director, principal officer, or member of a committee with governing board-delegated powers who has a direct or indirect Financial Interest, as defined below.

2. Financial Interest

A person has a Financial Interest if the individual has, directly or indirectly, any actual or potential ownership investment, or compensation arrangement with San Antonio Water Company ("SAWCO").

A Financial Interest is not necessarily a conflict of interest in all cases. Under Article III, Section 2 of IRS Form 1023, a person with a Financial Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III. Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board-delegated powers considering the proposed transaction or arrangement. In an effort to aid such disclosure, each member (board, committee, or staff) shall complete a conflict-of-interest questionnaire as circumstances warrant, but no less frequently than annually.

2. Determining Whether a Conflict of Interest Exists

The board shall review each member questionnaire and any other disclosures regarding the Financial Interests of its members. After disclosure of the Financial Interest, the Interested Person shall leave the board meeting while the remaining board members discuss and vote on whether a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

After exercising due diligence, the governing board or committee shall determine whether the organization can obtain with reasonable effort a more advantageous transaction or arrangement from a person or entity that would not product a conflict of interest. The Interested Person shall not be present in the room during the determination.

If an alternative transaction or arrangement is not possible, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interests of the organization, for its own benefit, and fair and reasonable. Based on these determination, the board or committee shall make its decision on whether to enter into the transaction or arrangement.

4. Disciplinary Action

If the committee has reason to believe an individual has failed to disclose actual or potential conflicts of interest, it will inform the member and allow him/her to explain the alleged failure to disclose. If the committee still has reason to believe a conflict of interest exists after the alleged conflict is explained, it will take corrective action.

Conflict-of-Interest Questionnaire

1. Are you an officer of an organization that conducts business or has a relationship with SAWCO?
Yes_____ No_____

If yes, please define_____

2. Have you ever served on the board of a business in which SAWCO invests?

Yes_____ No_____

If yes, please define._____

3. Do you have a family relationship with anyone who has a noted relationship with SAWCO? Family connections include an individual's spouse, parent, child, grandparent, grandchild, great-grandchild, and sibling. The spouses of any children, grandchildren, great-grandchildren, and siblings are considered family relationships as well.

Yes_____ No_____

If yes, please define._____

4. Have you participated, directly or indirectly, in any employment agreement, compensation relationship, or any other arrangement/investment opportunity with a third-party vendor doing business with SAWCO that has resulted or could result in personal benefit to you?

Yes_____ No_____

If yes, please define._____

5. Have you received, directly, or indirectly, any salary payments, loans, or gifts of any kind or any free service, discounts, or other fees from any person/organization engaged in any transaction with SAWCO?

Yes_____ No_____

If yes, please define._____

6. Do you share ownership of a business that does business with SAWCO? Ownership means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.

Yes_____ No_____

If yes, please define._____

Agenda Date: April 24, 2018

Signature _____

Date _____

Print Name _____



Intermediate sanctions - excess benefit transactions

An excess benefit transaction is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of a disqualified person, and the value of the economic benefit provided by the organization exceeds the value of the consideration received by the organization.

To determine if an excess benefit transaction occurred, include all consideration and benefits exchanged between or among the disqualified person and the applicable tax-exempt organization and all entities it controls.

In addition, if a supporting organization makes a grant, loan, payment of compensation, or similar payment to a substantial contributor of the organization, the arrangement is an excess benefit transaction. The entire amount of the payment is taxable as an excess benefit.

In an excess benefit transaction, the general rule for the valuation of property, including the right to use property, is fair market value. Fair market value is the price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of all relevant facts.

An excess benefit can occur in an exchange of compensation and other compensatory benefits in return for the services of a disqualified person, or in an exchange of property between a disqualified person and the applicable tax-exempt organization.

Certain transactions to which donor-advised funds or supporting organizations are parties are excess benefit transactions.

Date an Excess Benefit Transaction Occurs

An excess benefit transaction occurs on the date the disqualified person received the economic benefit from the applicable tax-exempt organization for federal income tax purposes. However, when a single contractual arrangement provides for a series of compensation payments or other payments to a disqualified person during the disqualified person's taxable year, any excess benefit with respect to these payments occurs on the last day of the disqualified person's taxable year.

Section 4958 applies to all excess benefit transactions occurring on or after September 14, 1995. However, Section 4958 does not apply to excess benefit transactions that occurred under a written contract, if the contract was binding on September 13, 1995 and at all times thereafter before the excess benefit transaction occurred.

Correcting the Excess Benefit

A disqualified person corrects an excess benefit transaction by undoing the excess benefit to the extent possible, and by taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards. The organization is not required to rescind the underlying agreement; however, the parties may need to modify an ongoing contract with respect to future payments.

A disqualified person corrects an excess benefit transaction by making a payment in cash or cash equivalents equal to the correction amount to the applicable tax-exempt organization. The correction amount equals the excess benefit plus the interest on the excess benefit. The interest rate may be no lower than the applicable Federal rate. There is an anti-abuse rule to prevent the disqualified person from effectively transferring property other than cash or cash equivalents.

With the agreement of the applicable tax-exempt organization, a disqualified person may make a payment by returning the specific property previously transferred in the excess benefit transaction. The return of property is considered a payment of cash (or cash equivalent) equal to the lesser of:

- The fair market value of the property on the date the property is returned to the organization, or
- The fair market value of the property on the date the excess benefit transaction occurred.

If the payment resulting from the return of property is less than the correction amount, the disqualified person must make an additional cash payment to the organization equal to the difference.

If the payment resulting from the return of the property exceeds the correction amount, the organization may make a cash payment to the disqualified person equal to the difference.

Page Last Reviewed or Updated: 02-Apr-2018

Item Title: Workers Compensation Insurance

Purpose:

Annual renewal for workers' compensation insurance is due by May 1, 2018. California's system of workers' compensation is compulsory, meaning that employers are required to provide workers' compensation insurance for their employees.

Issue:

Previous renewal policy terms were from July-July of each year. Last year the Board approved changing the Company's Workers' compensation insurance to Cal- Mutual JPRIMA via The Zenith, a Fairfax Insurance Company with a revised renewal term from 7/01/2017 to 5/01/2018.

This renewal should have been presented to the Board at the April 17th meeting for approval; however, staff received the renewal after the Board meeting on April 18th. Therefore, it was presented to the AFC for review and/approval for the Board to ratify the decision at the May Board meeting.

Manager's Recommendation:

That the Board agree with the AFC to ratify the automatic renewal of our Workers' Compensation insurance three year program with Cal-Mutual JPRIMA The Zenith, a Fairfax Insurance Company for 5/1/2018 to 5/1/2019 at an annual premium of \$16,027.

Background:

CalMutuals JPRIMA (Joint Powers Risk Insurance Management Authority) provides a 3 year program for water systems. Last year the Board approved changing to JPRIMA which utilizes Zenith for workers compensation insurance.

The renewal for 5/01/2018 to 5/01/2019 is attached to this report. Zenith calculates an experience modification (ExMod) for accounts in which manual premium is \$13,000 or greater. Zenith has calculated an ExMod of 83% for this year which is slightly up from 80% last year. The primary driver are payroll numbers.

See comparison below.

Premium Does Not Include State Taxes and Fees							
Workers Compensation San Antonio Water Company							
		7/1/2017 to 5/1/2018 (Short-Term) Short-Term Payroll Used Cal Mutual JPRIMA The Zenith, a Fairfax Insurance Insurance Company			5/1/2018 to 5/1/2019 (Annual Term) Cal Mutual JPRIMA The Zenith, a Fairfax Insurance Company		
State/Class Code	Description	Estimated Payroll	Base Rate	Net Rate	Estimated Payroll	Base Rate	Net Rate
CA 7520	Waterworks Ops	\$289,942	5.07	3.58	\$369,071	5.07	3.67
CA 8742	Salespersons- Outside	\$156,682	0.73	0.51	\$332,241	0.72	0.52
CA 8810	Clerical - NOC	\$253,952	0.59	0.42	\$176,904	0.57	0.41
Experience Modification Factor		80%			83%		
Total Payroll		\$700,577			\$878,217		
TOTALS							
Estimated Short Term Premium		\$12,233					
Estimated Annual Premium (\$14,688)					\$16,027		

Agenda Date: May 15, 2018

The proposal from CalMutuals JPRIMA (Joint Powers Risk Insurance Management Authority) provides a 3 year program for water systems. Although, the program is for 3 years, it has an "off ramp" for those to opt out if premiums increase 15%.

Due to timing, staff requests the AFC to approve the renewal with CalMutual JPRIMA to be ratified by the Board at the May Board meeting.

Impact on the Budget:

Staff budgeted \$15,853 for CY2018.

Previous Actions:

None.



**Workers' Compensation Insurance
Proposal**

SAN ANTONIO WATER CO.

**7/1/2017 to 7/1/2018
and
7/1/2017 to 5/1/2018 Short-Term**

Presented by:
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Insurance Summary

Carriers Approached

Carrier	Best's Rating	Result
7/1/2016 to 7/1/2017 State Compensation Ins. Fund	NR	Premium: \$20,277
7/1/2017 to 7/1/2018 State Compensation Ins. Fund	NR	Renewal Quote: \$16,744
Cal Mutual JPRIMA 3 Year Program	AIX	Short-Term Quote: \$12,233 (Estimated Annual Premium \$14,688) Needed to Bind - CSIP Certification
AmTrust Ins. Co.	AXI	Declined-Does Not Meet Underwriting Guidelines
BHHC (Cypress)	A++XV	Declined-Does Not Meet \$50,000 Minimum Premium
ICW (Ins. Co. of the West)	A-X	Declined-Does Not Meet Minimum Premium for Class
Starstone Insurance Co.	A-X1	Does Not Meet \$100,000 Minimum Premium
Alaska National Ins.	AIX	Does Not Meet \$400,000 Minimum Premium
CompWest Ins. Co.	A-X	Does Not Write Water
Employers Insurance Co.	A-X	Does Not Write Water
Everest Ins. Co.	A+XV	Does Not Write Water
Preferred Employers Ins. Co.	A-X	Does Not Write Water
Republic Indemnity Ins. Co.	AX	Does Not Write Water
Zurich Ins. Co.	A+XV	Does Not Write Water
Travelers Insurance Co.	A++ XV	Does Not Write Mono-Line Workers' Compensation
Liberty Mutual Ins. Co.	A XV	Does Not Write Mono-Line Workers' Compensation

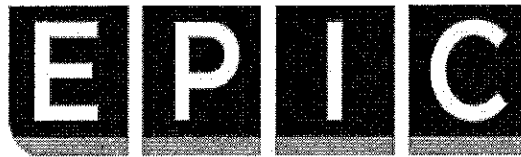
28% ★

Premium Does Not Include State Taxes and Fees

Workers Compensation
San Antonio Water Company

State/Class Code	Description	Estimated Payroll	Base Rate	Net Rate	Estimated Payroll	Base Rate	Net Rate	Estimated Payroll	Base Rate	Net Rate	
		7/1/2016 to 7/1/2017 (Annual Term)		7/1/2017 to 7/1/2018 (Annual Term)		7/1/2017 to 5/1/2018 (Short-Term)					
		State Compensation Insurance Fund		State Compensation Insurance Company		Short-Term Payroll Used Cal Mutual JP/RIMA The Zenith, a Fairfax Insurance Company					
CA 7520	Waterworks Ops	341,422	9.06	5.09	348,121	6.90	4.08	289,942	5.07	3.58	
CA 8810	Clerical - NOC	298,446	0.99	.56	304,909	.80	.47	253,952	.59	.42	
CA 8742	Salespersons O/S	180,139	1.22	.69	188,122	.99	.58	156,682	.73	.52	
Experience Modification Factor		.77			.80			.80			
Total Payroll		\$820,007			\$941,152			\$700,576			
TOTALS: Estimated Annual Premium		\$20,277			\$16,744			\$12,233			
								\$14,688		Annual 17%	





Workers' Compensation Insurance Proposal

SAN ANTONIO WATER COMPANY

5/1/2018 to 5/1/2019

Presented by:
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Premium Does Not Include State Taxes and Fees

Workers Compensation San Antonio Water Company							
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Experience Modification Factor		80%			83%		
Total Payroll		\$700,577			\$878,217		
TOTALS:							
Estimated Short Term Premium		\$12,233					
Estimated Annual Premium (\$14,688)					\$16,027		



CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES
JOINT POWERS RISK AND INSURANCE MANAGEMENT AUTHORITY (JPRIMA)

WORKERS' COMPENSATION BINDING CONFIRMATION

BINDER: J134325502	BROKER CONTACT: Mia Garza
DATE PREPARED: 03/19/2018	PRODUCER CODE: 093482A 21.0
MEMBER: SAN ANTONIO WATER COMPANY 139 N. EUCLID AVENUE UPLAND, CA 91786	
REINSURER: Zenith Insurance Company 21255 Califa Street Woodland Hills, CA 91367 (100% Risk Bearer)	INSURANCE ADMINISTRATOR: ALLIED PUBLIC RISK, LLC 11452 EL CAMINO SUITE 250 SAN DIEGO, CA 92130 National Producer Number: 3537131

Policy Period:	05/01/2018 at 12:01 a.m. to 05/01/2019 at 12:01 a.m.
Manual Premium:	\$22,112
Adjustments:	\$-6,085
Total Estimated Premium:	\$16,027
Group Membership:	JPRIMA

Estimated Manual Premium Calculation

COVERAGE							
State	From Through	Class Code	Description	Est. Payroll	No. of Employees FT/PT	Manual Rate	Est. Manual Premium
CA	05/01/18 05/01/19	7520-0	WATER COMPANIES--ALL EMPLOYEES--INCLUDING CONSTRUCTION OR EXTENSION OF LINES.	369,071	5/0	5.07	18,712
CA	05/01/18 05/01/19	8742-0	SALESPERSONS--OUTSIDE.	332,241	2/0	0.72	2,392



CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES
JOINT POWERS RISK AND INSURANCE MANAGEMENT AUTHORITY (JPRIMA)

COVERAGE							
State	From Through	Class Code	Description	Est. Payroll	No. of Employees FT/PT	Manual Rate	Est. Manual Premium
CA	05/01/18 05/01/19	8810-0	CLERICAL OFFICE EMPLOYEES--N.O.C.	176,904	4/0	0.57	1,008

Adjustments and Calculation Details

05/01/18 to 05/01/19		
Manual Premium		\$22,112
Employers Liability Limits 1,000,000 Per Accident / 1,000,000 Per Disease / 1,000,000 Policy Limit	(0%)	\$0
Experience Mod	(83%)	\$-3,759
Modified Premium		\$18,353
Risk Adjustment Factor	(-6.0%)	\$-1,101
Premium Discount	(-7.1%)	\$-1,225
Total Estimated Policy Premium		\$16,027

Selected Payment Plan

Selected Payment Option: Billing Type: Frequency: Deposit Premium: This remaining premium will be paid in 8 installments of \$1,703	Installment Plan Direct Bill Monthly \$2,404 / 15%
---	---

Your **EPIC** Account Team & Contact Information

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Private Client866.722.2526

Employee Benefits 877.225.2648

We Are **EPIC**

As a full service brokerage, EPIC provides you with a wide array of risk management, commercial insurance, personal insurance & employee benefits products and services

EPIC is a premier Independent Insurance Brokerage firm with expertise in the development, coordination and marketing of insurance portfolios. We already are one of the top insurance brokers in the United States of America with premium volume in excess of \$200 million.

Our client base is loyal and diversified which provides us with opportunities to trouble shoot the most complex of issues facing clients. We believe this experience makes us invaluable to our clients. Your challenges become our opportunities to prove our value to you. Our philosophy is "The client always comes first". We accomplish this through action as we do not have the corporate edicts or bureaucracy many of our competitor's must endure.

With EPIC Partner's acquisition of Calco, we not only remain flexible and hands-on, we have \$100 million in financial and corporate backing to provide the resources our clients need. EPIC's backing will enable our clients to have the best of both worlds! We believe this is an unbeatable combination.

The principals of EPIC each bring over 25 years of industry experience working with clients like Salesforce, Yahoo, Peoplesoft and Sanmina, to name a few. Our expansion will continue in California with a focus on Employee Benefits, Business Insurance, Technology, Wind & Energy, Construction and other specialized industry segments. Plans are in place to open several new locations including San Francisco and the East Bay, along with explosive growth in Sacramento and Southern California.

Commercial Insurance

Property, Casualty, Auto, Environmental, Directors and Officers, Employment Practices Liability, Professional Liability, Excess, Workers' Compensation, Crime, K&R, Fiduciary, Marine, Multinational, Warranty/Recall, Patent Infringement, Internet & Cyber Liability, and more ...

Emphasis in particular Industry segments: Technology, Construction, Wind & Energy, Real Estate and more ...

Employee Benefits

Toll free HELP Line, On-line Human Resource Services, Health & Benefits Fairs, 5500 Filing Signature Ready, Compliance Audit, COBRA Compliance Audit, Employee Communications Materials, Multinational Benefits, Benefits Management, 125 Plans, ERISA & HIPAA Compliance, Industry Surveys and more

Medical, Dental, Vision, Key Man Life, Executive Benefits, STD/LTD, Life/AD&D, Flex Spending Accounts, Long-term Care, 401K, Cobra Administration, EAP and more ...

Private Client

Provides personalized coverage and service to protect personal assets such as Homes of any value, standard and unique Automobiles, Excess Liability (Umbrella) for that extra level of protection, Watercraft from Yachts to Sailboats, Personal Articles such as Jewelry, Fine Arts, Wine Collections, Silverware, Musical Instruments, Sports Memorabilia .Our Private Client Division goes the extra mile to provide the best service possible by offering clients an Asset Protection Review, and more ...

EPIC's Service Commitment

EPIC will provide you with the following services:

- Return all telephone calls within 24 hours.
- Issue Certificates of Insurance on a 24-hour turnaround or same day if received before 3:00 PM (as needed).
- Process requests for insurance program changes promptly.
- Track the status of all open claims.
- Review estimated payrolls and receipts.
- Review coverages with you as needed or at least.
- Present renewal insurance program in a timely manner.
- Keep you up-to-date about important insurance industry developments throughout the year.

When to Notify **EPIC**

It is very important that we are informed whenever a significant change in your operation takes place.

We should be notified promptly of any change, such as:

- Additional locations, new construction/projects
- Change in property values
- Change of ownership
- Sudden changes in sales/income/payroll
- Change in hazards (increase or decrease)
- Change in security or protection
- Change in product line
- New contractual obligations
- Change of vehicles/drivers
- Change of operation
- Change in shipment
- Leased, rented and borrowed equipment

The above are listed *as examples* of situations we should be made aware of; there are many others as well. If any questions arise, please call us.

EPIC's Claims Advocacy

Claim reporting is simple!

Choose the most convenient method to report your claim:

- **Telephone:** Call our toll free number 800.282.2526
- **Fax:** Complete your paperwork and fax it to us at 888.789.5971

- **Internet:** Workers' Compensation Claims and questions
Email EPIC or Carrier directly for assistance

- **Internet:** Property & Casualty Claims and questions
Email Marie Engstrom – marie.engstrom@epicbrokers.com

Your EPIC Claims Team...second to none.

We have highly effective Claims Advocacy and Specialists with extensive depth and breadth. They have held positions with insurance carriers, insurance brokers and managing general agents representing reinsurance carriers. This experience provides our clients with broad-based claims expertise in multiple areas of insurance. Because of this diversity they are successful in communicating with all parties including claims adjusters, attorneys and you.

Our dedicated team responds to all of your Commercial Insurance claims needs including:

- Assisting you with reporting of Property & Casualty claims
- Providing you with Workers' Compensation claims reviews & advocacy
- Acting as liaison between you and the insurance carrier
- Reviewing summons and complaints prior to insurance carrier submission

Item Title: Making Domestic Shareholdings Appurtenant to Land

Purpose:

To present a proposal to make domestic shares currently receiving water appurtenant to real property within the service area of the San Antonio Heights.

Issue:

Would Section 14300 be good policy whether or not if it was mandatory?

Manager's Recommendation:

That the Board agrees with the AFC to reject the proposal to make certain shareholdings appurtenant to land within the Domestic service area of the San Antonio Heights.

Background:

Section 14300:

Section 14300 provides in full:

(a) Any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes may provide, and any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use shall provide, in its articles or bylaws that water shall be sold, distributed, supplied, or delivered only to owners of its shares and that the shares shall be appurtenant to certain lands when the same are described in the certificate issued therefor; and when the certificate is so issued and a certified copy of the articles or bylaws recorded in the office of the county recorder in the county where the lands are situated the shares of stock shall become appurtenant to the lands and shall only be transferred therewith, except after sale or forfeiture for delinquent provision in its articles or bylaws, any such corporation may sell water to the state, or any department or agency thereof, or to any school district, or to any public agency, or, to any other mutual water company or, during any emergency resulting from fire or other disaster involving danger to public health or safety, to any person at the same rates as to holders of shares of the corporations; and provided further, that any corporation may enter into a contract with a county fire protection district to furnish water to fire hydrants and for fire suppression or fire prevention purposes at a flat rate per hydrant or other connection. In the event lands to which any stock is appurtenant are owned or purchased

by the state, or any department or agency thereof, or any school district, or public agency, the stock shall be canceled by the secretary, but shall be reissued to any person later acquiring title to the land from the state department, agency, or school district, or public agency. (Emphasis Supplied).

(b) A corporation described in subdivision (a) shall be known as a mutual water company.

Section 14300 became law on January 2, 1998.

Section 14300, by its plain language, applies to all mutual water companies, whether newly formed, or formed prior to the effective date of Section 14300.

The Legislative History of Section 14300 makes it clear that the Legislature intended for it to apply to all mutual water companies, regardless of when formed.

First, at one point, the Section contained a provision that would allow any mutual water company formed prior to the effective date to elect to have Section 14300 apply to it. That would clearly indicate that Section 14300 would not apply to prior formed mutual water companies. But that language was amended out, and was not included in the final version of Section 14300.

First point – The Section contained a provision that would allow any mutual water company formed prior to the effective date to elect to have Section 14300 apply to it. That would clearly indicate that Section 14300 would not apply to prior formed mutual water companies. But that language was amended out and not included in the final version of Section 14300.

Clearly the Legislature intended Section 14300 apply to all mutual water companies, regardless of when formed as the plain language of Section 14300 reflects that intent.

Principal Advantages:

The Company expends a lot of time and money each year trying to keep stock transfers current. A lot of work is caused by shareholders not keeping the Company advised of transfers, such as divorce, death, transfers in Trust, etc.

All of the time and expense would go away because the stock would automatically be transferred with the real property. The correct holder of the Stock could always be obtained by checking title of the real property.

Successors would be found, and the time required to establish ownership and correct the register would be minimized.

Principal Disadvantages:

There are no disadvantages to making the shares appurtenant to the Land with respect to the Domestic System. The shareholders still own the stock. They can still transfer stock so long as it is transferred concurrently with land to which it is attached.

Implementation:

The Articles of Incorporation or Bylaws must be amended to include the appropriate language. It would be preferable to amend the Bylaws rather than the Articles of Incorporation.

A certified copy of the Bylaws would be required to be filed with the Recorder's Office.

Stock certificates would be issued to shareholders in the domestic system. Additional language would be required to be included on the certificates, something to the effect: The shares represented by the Certificate are appurtenant to the Land, namely, (insert a street address), (Insert Assessor's Parcel's Number). The prior certificate would be canceled concurrently with the issuance of the new certificate.

The Adoption Process:

The normal and usual voting process would be required to amend the Bylaws. Although there will be a vote, it appears that the requirement of Section 14300 is mandatory in any event.

The proposal was presented to the AFC on April 24, 2018. There was a consensus with the committee to recommend the Board reject the proposal.

Impact on the Budget:

Future savings of staff time and legal consultation.

Previous Actions:

None.

Agenda Item No. 6G

Item Title: 24th Street 6" Waterline Installation

Purpose:

To approve a budget appropriation for installing 640 LF of 6" waterline in 24th Street.

Issue:

24th Street east of Cliff Road is serviced by a 2" galvanize pipeline. Staff request a budget appropriation to replace the existing waterline with 6" Ductile Iron Pipe.

Including 24th Street with bids for the budgeted Santa Rosa Court Waterline replacement will provide economy of scale and reduced cost to install.

Manager's Recommendation:

That the Board approve the 24th Street waterline installation and appropriate \$70,000 from Depreciation and Obsolescence Reserves.

Background:

24th Street east of Cliff Road is currently serviced with a 2" galvanized waterline and a 2" blow off at the end of the street. The existing 2" waterline is not sufficient to maintain adequate residual pressure and fire flows. Although not in the current Water Master Plan, staff recommends replacement with a 6" waterline to be installed concurrent with the contract to replace the budgeted waterline for Santa Rosa Court.

Plan for the 24th Street waterline is attached to this report. In essence of time, this project was not submitted to the June PROC for recommendation.

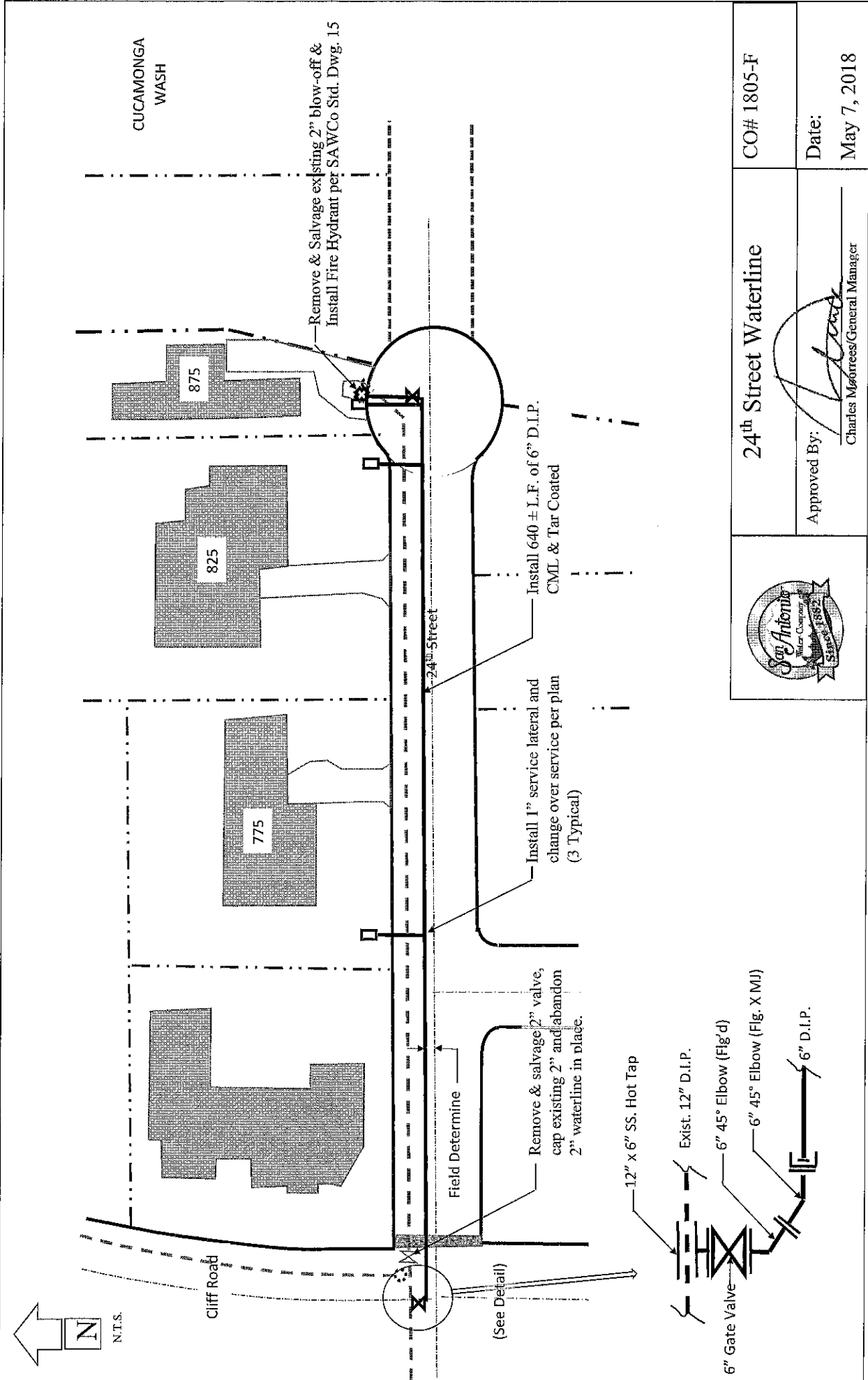
Impact on the Budget:


Appropriate \$70,000 from Depreciation & Obsolescence Reserves.
Santa Rosa Waterline is budgeted for \$65,000 in the CY2018 budget.

Previous Actions:

None.

Item 66



	<p>24th Street Waterline</p>	<p>CO# 1805-F</p>
<p>Approved By: <i>[Signature]</i> Charles McInnes/General Manager</p>	<p>Date: May 7, 2018</p>	

Agenda Item No. 6H

Item Title: 401K Change in Current Investment Platform

Purpose:

To approve change in the current Nationwide 401K group annuity to a Nationwide Flexible Advantage investment platform.

Issue:

The current employee 401K Plan through Nationwide Group Retirement Plan is a variable annuity. Although the annuity provides some flexibility investing in Mutual Funds the fees taken out to protect against losses and beneficiary protection reduces return on investments as observed in the market place.

Until recently, small Mutual Water Companies have not been eligible to participate in the Nationwide Flexible Advantage Programs.

Manager's Recommendation:

That the Board approve the proposed change in the current employee Nationwide 401K plan to the Nationwide Flexible Advantage Plan.

Background:

The current employee Nationwide 401K plan is an annuity. The current plan does provide some options for investments in certain mutual funds. As an annuity it provides some protection against principle investments and beneficiary protection, but the downside is the associated fees which reduces the interest gained relative to current investments in the market place.

Nationwide representatives presented the available Nationwide Flexibility Platform to staff that provides more investment flexibility, in person and online education and tools and lowers overall cost and a higher return on investments. There was consensus with staff to recommend the proposed change in investment platform.

On April 24, 2018, Mark McKeon representing Nationwide presented a program based on flexibility which provides target maturity funds from multiple funds, self-directed brokerage accounts, professionally managed accounts for participants, and fixed investment choices. There was consensus with the committee to recommend board approval to change the current employee Nationwide 401K plan to the Nationwide Flexible Advantage Platform.

Impact on the Budget:

Lower overall cost.

Previous Actions:

None.

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 - Plan & specs complete. Selective bids to C.P. Construction, Norstar Plumbing & Engineering, T.E. Roberts. Pre-bid	\$70,000		\$70,000	\$0		D&O	3/16/2016	Jul-18
Edison Pond - New Sluice Gate Replacement - Pomona has prepared two engineered plans Staff received a proposal from C.P. Construction to do the work in the amount of \$64,500. Pending award and contract.	\$196,124		\$196,124			D&O	6/1/2018	Dec-18
Holly Drive Reservoir - TKE has completed the revised site layout and wall profiles based on the new tank layouts. Working with structural and environmental sub-consultants to reflect the changes.		\$0	\$0		\$105,856			
TKE Engineering		\$0	\$0		\$0			
Sub-Total =	\$196,124	\$0	\$196,124	\$0	\$105,856			
WFA Pipeline Connection - Pending the WFA Board approval in May to construct the physical connection. Staff is working with CivilTec and coordinating final plans & specifications with the WFA staff. Pending TAC and WFA Board approval.	\$110,000		\$110,000	\$0		D&O	5/6/2016	Dec-17
Basin 6 Desilting	\$110,000	\$0	\$110,000	\$0	\$52,851			
Harper & Associates. Engineering		\$0	\$0		\$105,856			
Sub-Total =	\$110,000	\$0	\$110,000	\$0	\$105,856			
Environmental Document - Received Notice of Determination. SWRCB currently reviewing the Water Company's 401 application and has issued a Project Number. Received ACE and DFW permits. TKE Engineering - Project Management CHJ Geotechnical Evaluation	\$266,000	\$0	\$266,000	\$0	\$105,856	Carry-over Facilities	03/04/15	Oct-17 Rev. date 5-1-18
Sub-Total =	\$266,000	\$0	\$266,000	\$0	\$105,856	Facilities		
Cucamonga Basin - Desilting project at crosswalls	\$103,232		\$103,232	\$0	\$0	Carry-over Facilities	10/19/10	On-going
Altum Group - Environmental Document TKE - Project Mgmt. & Noise Monitoring					\$89,330			
Pending contractual arrangements with the GRB, SBCFCD permit.& on-site pre-construction meeting.					\$148,935			
Pre-Construction meeting is scheduled for May 23, 2018.					\$90,494			
Sub-Total =	\$103,232	\$0	\$103,232	\$0	\$328,759			
Water Rights Investigation- Activity						Legal	06/10/10 (Since 1910)	On-going
USFS water rights to its special use permits					\$69,745			
SHIA - Snowcrest Heights Improvement Association /USFS					\$1,575			
Private land owners in SHIA - Pending resolution.					\$9,900			
Mt. Baldy HOA - Land exchange document.					\$765			
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.								
Sub-Total =		\$0	\$0	\$0	\$81,985			
Office Relocation Feasibility Study	\$176,000		\$176,000	\$7,000	\$25,000	Facility	07/23/15	7/1/2018
Property was appraised at \$1.7million. Staff to prepare plan options for receipt of funds without impacting the Company's IRS 85/15 ruling. Committee on hold until the City is in receipt of funds via application to SRF Funding which is anticipated by fall of CY2018. Project is on hold until the City has secured necessary funds.								
Sub-Total =	\$176,000	\$0	\$176,000	\$7,000	\$25,000			
Well 31 Biological Treatment - End product cost currently not compatible with current rate structure	\$4,200,000		\$4,200,000			Facility	09/13/16	HOLD

M/IH has an approved 60 Day extension to try an alternative filtration system.

	Sub-Total =	Total =	YTD	Previous Year	Budget Placement	Start Date	End Date
	\$0	\$0	\$0	\$634,315			
	\$875,356	\$745,356	\$0				

Item 6I

PROJECTS IN PROGRESS

	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Holly Drive Boosters Pending structural and mechanical engineering from TKE and subsequent quote from KSM for electrical/mechanical and HK for structural construction.	\$290,000	\$0	\$290,000		\$0	D&O	6/1/2018	Dec-18
			\$0		\$0			
Sub-Total =	\$290,000	\$0	\$290,000	\$0	\$0			

SCADA Upgrade from Iconics to Clear Scada / Tesco - Tesco coordinated software upgrade with the Company's IT provider (Inland Productivity). SCADA submittal 6/13, Submittal approval 6/27, SCADA Screen submittal 8/15, SCADA Screen approval 8/29, Equipment installation 10/3, Start up 10/4.

	\$100,000	\$0	\$100,000		\$0	D&O	6/1/2018	Dec-18
Sub-Total =	\$100,000	\$0	\$100,000	\$0	\$0			

Forebay Surface Waterline - [C.P. Construction - \$85,200] Pending job walk with C.P. Construction 5/10/18.

	\$180,000	\$0	\$180,000		\$0	D&O	6/1/2018	Dec-18
Sub-Total =	\$180,000	\$0	\$180,000	\$0	\$0			

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	\$0	\$7,000	\$8,048		D&O	6/1/2018	Dec-18
Truck mounted crane	\$8,000	\$0	\$8,000	\$8,363		D&O	6/1/2018	Dec-18