



# SAN ANTONIO WATER COMPANY

## BOARD OF DIRECTORS MEETING

Tuesday, December 18, 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 November 13, 2018.
- B. Approval of Board Budget Workshop Meeting Minutes  
Meeting minutes of December 6, 2018.
- C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
Meeting minutes of September 25, 2018.
- D. Administration and Finance Committee (AFC) Meeting Minutes  
No meeting minutes to report.
- E. Financial Statement  
Income Statement and Balance Sheet for October 31, 2018 and year-to-date.
- F. Investment Activity Report  
Monthly Report of Investments Activity
- G. Water Production  
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec.]
- H. Prominent Issues Update  
Status summaries on certain on-going active issues.
- I. Projects and Operations Update  
Status summaries on projects and operations matters.
- J. Groundwater Level Patterns [Quarterly in January, April, July, and October]  
Tracking patterns of groundwater elevations relative to ground surface.
- K. Correspondence of Interest –

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 update by staff.
- E. Administration and Finance Committee (AFC) Chairman's Report  
Report on October 23, 2018 meeting.
- F. Planning, Resources, and Operations Committee (PROC) Chairman's Report  
Report on November 27, 2018 meeting.
- G. Office Feasibility Study Ad Hoc Committee  
No meeting to report.

6. General Manager's Report on Activities

- A. Annual Review of Employee Dental, Vision, and Life Insurance Benefits  
Recommend authorizing GM to execute new contracts for 2019.
- B. Disposition of Benson Avenue Property  
Recommend approval of request by City of Upland for three-month time extension
- C. IEUA Water Rates & Charges  
Recommend authorizing staff to send presented letter response
- D. Adoption of 2019 Fiscal Year Budget  
Recommend adoption of presented 2019 Fiscal Year Budget
- E. Award of Contracts for Construction of Phase I, Holly Drive Reservoir  
Recommend authorizing GM to execute contract
- F. SCADA Server Replacement  
Recommend authorizing GM to execute contracts and project expenditures
- G. Temporary Construction Easement with SBCTA  
Recommend authorizing GM execute paperwork for temporary construction easement
- H. 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, January 15, 2019 at 5:00 p.m.*

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 N. Euclid Avenue.

POSTING STATEMENT: On December 13, 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, November 13, 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, John Gerardi, Jose Sanchez, and Bob Cable. Also in attendance were Red Hill North Homeowners Association Board member Neil O'Dwyer, Melissa Calabretta with JLR Insurance, Public Works Director for the City of Upland Rosemary Hoerning, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Director Will Elliott
- 1. Recognitions and Presentations: None.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: Mr. Neil O'Dwyer representing Red Hill North Homeowners Association (HOA) spoke to the Board about the HOA's irrigation water supply from SAWCo being abruptly shut off the previous week. He was advised the water supply from SAWCo would not become available again until the start of 2019. The HOA now must utilize the City of Upland for their irrigation water supply, which is more costly.

Mr. O'Dwyer questioned whether the HOA would receive a written statement from SAWCo explaining the abrupt water shut off. He questioned the reason water service was discontinued though stated he was told by SAWCo that the water company had reached its 2018 entitlement for the basin the water is drawn from.

Mr. Lee stated SAWCo has used its 2018 entitlement to water in the Cucamonga Basin, however, there was a miscommunication and the HOA should not be out of water. He stated he will make certain the error is corrected expeditiously.

- 4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of October 16, 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 August 28, 2018.
  - D. Financial Statement  
Income Statement and Balance Sheet for September 30, 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 –

Director Sanchez noted duplication in the report for Item 4G regarding SB606.

Mr. Lee replied the information in Item 4G is correct, however, the first mention of the approval date of SB606 should be corrected to read AB1668.

Director Elliott moved and Director Sanchez seconded to approve the Consent Calendar with correction. Motion carried.

5. Board Committee – Delegate Report:

**A. Pomona Valley Protective Association (PVPA) Representative’s Report** – Director Thomas reported the November PVPA meeting will take place the next day.

**B. Six Basins Representative Report** – Director Thomas reported there was continued talks about the location of the monitoring well. Also discussed was the 2019 budget and how it will likely impact next year’s assessment amount. The Operating Safe Yield was lowered to 13,000 acre feet (AF) the previous year and there are talks of it either remaining the same for the upcoming year or possibly being reduced. The Strategic Planning Workshop was held directly after the Six Basins Board meeting.

**C. Chino Basin Representative Report** – Ms. Layton reminded the Board that at the September 13, 2018 Appropriative Pool meeting, the Pool approved the 2018 agreement to the Judgment and CAMA amendments including Exhibit A subject to the following: 1) That there is a clarification that the desalter replenishment formula with respect to Adjusted Physical Production includes the production of Exhibit G section 9 transferred water from the non-ag Pool to the Appropriative Pool; 2) Non-Ag’s Pooling Plan is refined to match agreement; 3) Conditional of governing Party’s Board approval (documents have yet to be received); 4) Watermaster understands agreement and explains implementation.

In October Ms. Layton, as the Appropriative Pool Chair, sent a letter to the Watermaster Board. The General Manager did provide the comments and the review at the November 8<sup>th</sup> Appropriative Pool meeting. The Six Pack is reviewing and providing a response to this review. Once changes are finalized it will be brought to the Board for approval.

Meanwhile, the Non-Agriculture Pool filed a motion on October 4<sup>th</sup> changing their Pooling Plan which requires the changes yet made in the agreement. This motion goes before the court on December 28<sup>th</sup> at 1:30 p.m. and changes how Non-Agriculture Pool transfers their water. The Appropriative Pool has engaged their attorney to work with the Six Pack to provide a response to this motion. In the interim, the Pools have approved a \$655/AF price for Exhibit G water.

The Watermaster Board is coming up for re-appointment. Previously, the parties agreed that there were some issues with governance and approved a three year term limit. Discussion in closed session during the most recent Appropriative Pool meeting, the parties decided to re-appoint the Watermaster for a 5 year term. In addition, they will continue to direct Watermaster staff to initiate an evaluation of Watermaster business operations including stakeholder input, Pool interaction, the role of the Board and other areas determined by the Parties. The intent is to look for opportunities to maximize effective implementation of the Judgment, OBMP, and related court orders.

The Pools approved the proposed assessment package. If the package is approved at the upcoming Board and Advisory meetings, SAWCo’s assessment for 2019 will be roughly \$85,000.

**D. Cucamonga Basin Representative Report** – Ms. Layton reported that staff attended a Cucamonga Basin meeting with Cucamonga Valley Water District (CVWD) and West End Consolidated Water Company (WECWC) on November 6<sup>th</sup>. The cost sharing Memorandum of Understanding (MOU) was discussed and hopefully will be ready for approval at the next meeting. SAWCo staff discussed concerns for exceeding water rights for the year and CVWD representative seemed willing to work out a solution. Parties were encouraged to bring comments and talking

points in regards to the latest rendition of the modernized Judgment to the next meeting. Monthly meetings are continuing.

**E. Administration and Finance Committee (AFC) Chairman's Report** – Director Sundell was absent from the meeting therefore no report was given.

**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. Annual Review of Employee Health Benefits** – Mr. Lee explained that this item traditionally goes before the AFC prior to the Board, however, the information was only recently obtained which didn't allow time for AFC review.

Ms. Melissa Calabretta with JLR Insurance presented information to the Board regarding healthcare, vision, dental, and life insurance for SAWCo. She reviewed a PowerPoint presentation and answered questions from the Board.

JLR Insurance recommended SAWCo remain with the grandfathered HealthNet plan they currently offer.

Regarding dental, vision, and life insurance, Ms. Calabretta noted the renewal costs in these areas have been stable for several years. JLR Insurance is doing a deeper analysis of the benefits offered for these three items to determine whether better benefits can be offered for roughly the same cost. Proposals will be provided to SAWCo management in the coming weeks.

Mr. Lee recommended the Board authorize him to sign for renewal of the HealthNet plan. He stated if more information was needed on the dental, vision, and life insurance it can be brought to the Board in December.

Director Sanchez inquired about the inconsistency in the amount of percentage increase listed in the PowerPoint presentation as opposed to the Board agenda item. Ms. Calabretta provided more input on the numbers and will report more detailed percentages for the next Board meeting agenda packet.

Director Sanchez moved and Director Elliott seconded to approve renewing health insurance with SAWCo's grandfathered HealthNet plan with additional information regarding dental, vision, and life insurance to be presented to the Board in December. Motion carried.

Ms. Calabretta exited the meeting.

**B. Document Imaging** – Director Thomas stated a detailed report was provided at the most recent AFC meeting.

Mr. Lee reported staff researched document imaging companies narrowing the choices to three; Tyler Content Manager, DocStar ECM, and DocuShare. After consideration of offerings and costs, SAWCo recommends the purchase of DocStar ECM.

Director Elliott moved and Director Gerardi seconded to authorize the General Manager to sign the contract with DocStar for the purchase and implementation of the DocStar ECM document imaging software. Motion carried.

- C. CY2019 Calendar** – Director Thomas inquired about the dates for the Board Budget Workshop and the End of Year Luncheon. Ms. Layton advised staff would attempt to have the two events on different days as requested.

Mr. Lee commented the PROC meeting in November is scheduled the same week as Thanksgiving. He inquired if there was any conflict with meeting that week.

Director Thomas suggested staff inquire with PROC members during the October Board meeting as to whether the date conflicts and adjust accordingly.

Director Cable advised he may miss the May, June, and July Board meetings.

Director Sanchez moved and Director Cable seconded to approve the CY2019 Calendar as presented. Motion carried.

- D. Board Gift – End of the Year Luncheon** – Director Thomas gave a brief history on the end of the year monetary gift to SAWCo employees. The recommendation from the committee was to continue the monetary gift in the amount of \$1,250.

Director Gerardi moved and Director Cable seconded to approve the end of the year monetary gift to SAWCo employees in the amount of \$1,250 with prorated amounts for part time employees and those employed with the company less than one year. Motion carried.

- E. Consideration for 9/80 Work Schedule** – Mr. Lee advised the Board that staff has been discussing options for improving the work environment while maintaining/increasing value to shareholders. One of the options staff presented was switching to an alternative work schedule.

Two main alternative work schedules, the 4/10 plan (4 days, 10 hours worked each day) and the 9/80 plan (9 days, 80 total hours worked) were considered with the 9/80 work schedule determined to be the better fit for SAWCo. This plan would have the company office open later Monday thru Thursday and closed every other Friday. In order to move to the 9/80 work schedule, two-thirds of non-exempt staff must agree to the change by way of secret ballot.

Director Cable expressed his opposition to moving to a 9/80 work schedule as he did not feel as though this is the right fit for SAWCo at this time. SAWCo is there for the public and should be open Monday thru Friday during public working hours. He pointed out the projected slight budget increase and asked that SAWCo take into account the public's perception of these types of changes happening shortly after a new general manager is hired.

Director Thomas explained the AFC recommended the Board authorize the 9/80 work schedule due to the additional hour of operation Monday thru Thursday. They felt this gave greater opportunity for shareholders to visit the office before going to work or after returning from work. Another reason was that the new schedule would be put on a six month trial basis to allow for any comments from those attempting to do business with SAWCo.

Director Cable also stated SAWCo will be building another facility at some point and felt there is an opportunity to do more for the public with the new building. The 9/80 schedule would reduce these opportunities being offered by 2 days per month.

Director Thomas pointed out the new building is several years from being built as the company does not currently have the funds needed. Moving to a new building might also be cause to revisit the work schedule.

Director Sanchez reiterated what he made mention of at the AFC meeting and advised the Board that while working at Metropolitan Water District (MWD) he was on the committee that investigated

alternative work schedules. Various options were looked at and originally a 9/80 work schedule, with half of staff working on one Friday and the other half working the other Friday, was implemented. This made it impossible to schedule meetings on Fridays and staff was often unaware who worked what Friday. These difficulties eventually led to all staff working every other Friday. What he did not previously consider was that MWD is largely a wholesaler. He felt being closed every other Friday for a wholesaler would be different than for a retailer but noted most of the water SAWCo sells is via wholesale, not end user retail.

Another item Director Sanchez reiterated was the small impact to the budget for On-Call rounds. He did not have a problem with the small increase as long as staff was aware of this added benefit and it is taken into consideration in future handling such as when cost of living adjustment are being considered.

Director Sanchez also mentioned the implicit cost of the additional hour of Holiday pay employees would receive as most work days would be 9 hours instead of 8 hours. This would have SAWCo paying possibly 8 to 10 hours per year for work they are not receiving.

Director Sanchez felt all of these items should be considered at the appropriate time and not just viewed as a gift of the water company to the employees unless the Board wants to fully acknowledge that that is what is being done. He agreed that a six month trial period is appropriate but believes there is no going back on what most people view as a positive thing. He felt a good compromise would be to survey the retail shareholders before implementing a new work schedule.

There was consensus on the Board to have staff work with Director Cable in collaborating with SAHA to inform retail shareholders about the possible work schedule change and gather feedback to present to the Board.

**F. Consideration of Contract Approval for Relocation of SCADA Equipment** – Mr. Lee informed the Board there is no SCADA equipment at SAWCo's Shaft 6. Currently, there is SCADA equipment at SAWCo's Well 25A site that staff believes is unnecessary as the well is a low yield producer and has been out of production for years.

Mr. Lee requested the Board authorize staff to execute a not-to-exceed \$20,215 contract with TESCO to relocate existing SCADA equipment from Well 25A to Shaft 6.

Director Thomas questioned whether the equipment at Well 25A was modern enough to provide the information needed. Mr. Lee assured the equipment is capable of providing the data needed from the site.

Director Elliott moved and Director Cable seconded to approve staff executing a not-to-exceed \$20,215 contract with TESCO to relocate existing SCADA equipment from Well 25A to Shaft 6. Motion carried.

**G. Project Status Report** –

- **Holly Drive Booster Station** – Pictures were shown of the new building. The project should be completed in the next few weeks.
- **Cucamonga Basin – Desilting project at the crosswalls** – Pictures were shown of the work finished at the site. SAWCo's portion of the project is complete. The materials will be processed and moved off the property over the next five years.
- **Basin 6 Desilting** – Pictures were shown of the basin after water was released into it from the northern basin. The water was released on Friday and by Monday morning it had all percolated into Basin 6.
- **Edison Pond – Sulice Gate** – A picture of the delivered trash rack was shown. The measurements of the trash rack did not match up and the manufacturer will be picking the item up and either repairing or replacing it with the correct size.

7. Closed Session: None.

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

Adjournment: Seeing no further business, the meeting was adjourned at 6:01 p.m.

The End of Year Luncheon is scheduled for Wednesday, December 5, 2018 at 11:30 a.m.

The Board Budget Workshop is scheduled for Thursday, December 6, 2018 at 2:00 p.m.

The next Board Meeting will be held on Tuesday, December 18, 2018 at 5:00 p.m.

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Assistant Secretary  
Brian Lee



**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Thursday, December 6, 2018**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 2:03 p.m. on the above date at the San Antonio Water Company, 139 North Euclid Avenue, Upland, California. Directors present were Will Elliott, Bob Cable, Tom Thomas, Gino Filippi, and Jose Sanchez. Also in attendance were City of Upland Councilmember Sid Robinson and Public Works Director Rosemary Hoerning, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Water Utility Superintendent Tommy Hudspeth. Director Thomas presided.

▪ Call to Order

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: Ms. Hoerning spoke regarding the acquisition of the property located at 17<sup>th</sup> Street and Benson Avenue in Upland, California. She expressed appreciation for consideration of an extension in utilizing the original appraisal price as the purchase price. Utilizing that particular location is key to the City of Upland building their much needed reservoir.

Ms. Hoerning also commented on the impact SAWCo's most recent water rate adjustment has had on the cost of City of Upland's water sources. She noted the cost of a new corporate office was not factored into the water rate adjustment and cautioned against any rate increases to facilitate SAWCo building and moving to a new location.

Mr. Thomas commented the goal was to have the funds from the sale of the southern portion of 17<sup>th</sup> Street and Benson Avenue property, and the current company office and yard facility cover the bulk of the costs to build a new, combined company office and yard facility. Raising rates to cover the building and move has not been considered. A loan to cover any differences or pulling money from reserves are more likely options should more funds be needed.

Mr. Lee thanked Ms. Hoerning for her comments and concerns.

4. General Manager's Report on Activities: None.

5. Budget Workshop:

Mr. Lee explained his approach to budgeting for the upcoming year(s). He hoped to plan well enough ahead that the rate and revenue structures won't be suddenly changed or impacted. He commented that SAWCo is one of the healthiest water companies he has seen in terms of finances.

City of Upland Councilmember Sid Robinson entered the meeting. He also expressed his concern of SAWCo raising rates.

Copies of the proposed 2019 budget were provided to attendees. Mr. Lee delivered a PowerPoint presentation and reviewed the handout.

**A. "Draft" CY2019 – Administration and Operations Budget** - Mr. Lee presented the original budget amounts for 2018, funds generated and/or used through September of 2018 as well as projected through the end of the year, and the budgeted amount for 2019.

**Revenues**

Budgeted revenues for 2018 total \$5,130,240 with projected revenue coming in at \$4,444,050. This variance is mostly attributed to SAWCo not delivering all shareholders entitlement to water.

The net projected end of year Income, excluding depreciation, is roughly \$440,000.

Projected water sales for 2019 are 10,800 acre feet (AF) which is 1,200AF less than total entitlement. The total projected revenue for 2019 is \$5,201,000. This amount includes \$500,000 from the sale of the south portion of the 17<sup>th</sup> Street and Benson Avenue site.

**Facilities and Operations and Maintenance Expenses**

Facilities and Operations and Maintenance Expenses are projected to reach \$1,784,999 in 2018.

A total of \$2,122,000 is budgeted for Facilities and Operations and Maintenance Expenses in 2019.

**General Administrative Expenses**

A total of \$1,375,000 of General and Administrative Expenses is projected for 2019.

Budgeted Total Operating Expenses are \$3,549,391 for 2018 with projected total Operating Expenses expected to reach \$3,001,261 by the end of the year.

The projected Total Operating Expenses for 2019 are \$3,497,000.

***B. "Draft" CY2019 Capital Improvement and Capital Outlay Budget***

Budgeted Capital Expenses for 2018 total \$1,971,124 with the Capital Expenses for the year projected to be under budget at \$1,000,000.

The projected Capital Expenses for 2019 total \$2,751,000. A transfer of \$1,047,000 from Depreciation & Obsolescence Reserves (Capital Reserves) is expected.

Mr. Lee advised of the amounts currently held in SAWCo's operating reserves account and capital reserves account. He felt more was being held in the operating reserves than what was needed and proposed keeping three months of operating costs in the account and moving the remaining amount into the capital reserves account.

Mr. Lee presented a list of proposed capital projects for 2019 which were categorized as either a capital improvement/replacement project or an inventory capital project.

Several projects will carry over into 2019; Campus Avenue Waterline Replacement, Basin 6 Infiltration Restoration, WFA Pipeline Connection, Holly Drive Reservoir Site Improvement Phase 1 and 2, Reservoir 7 Reroofing, SCADA Master Computer Replacement, and Office Relocation. Mr. Lee reviewed the carry-over projects; their budgeted amounts, expended amounts and the amount budgeted to be spent in 2019 to complete the projects.

Mr. Lee then presented additional Capital improvement/Replacement projects to begin in CY2019. These projects consist of the Edison Box 24" Drain Valve, Retail Meter Replacement, WFA Pipeline Connection, and Cucamonga Crosswalls Environmental Mitigation.

Historically SAWCo has itemized depreciation as an operating expense, however, Mr. Lee advised it should be recognized as a liability. Depreciation should be accounted for when settling company net position and net change in position. Capital expenditures are also included when settling net position, ideally balancing out depreciation.

Mr. Lee advised his efforts for the upcoming year will be to focus on constructing projects already under design, tightening the facility asset management plan, and developing a 5-year and 10-year capital improvement plan.

6. Director's Comments and Future Agenda Items:

Staff was asked to separate the accounting and legal expenses on the General Administrative Expenses portion of the budget and to state SAWCo's net cost of the Edison Ponds project as the City of Pomona will be sharing in the costs.

Adjournment: 3:10 p.m.

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Assistant Secretary  
Brian Lee



MINUTES OF THE SAN ANTONIO WATER COMPANY  
 PLANNING, RESOURCES, and OPERATIONS COMMITTEE  
 September 25, 2018

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 p.m. on the above date at the company office located at 139 N. Euclid Avenue, Upland, California. Committee members present were Will Elliott, John Gerardi, Gino Filippi, and Tom Thomas. Also in attendance were City of Upland Public Works Director Rosemary Hoerning, SAWCo Board Director Jose Sanchez, and SAWCo's outgoing General Manager Charles Moorrees, incoming General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Mr. Elliott presided.

1. Recognitions and Presentations – None.
2. Additions-Deletions to the Agenda – None.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
  - A. **Regular Committee Minutes of July 24, 2018** – Mr. Gerardi moved and Mr. Filippi seconded to approve the meeting minutes of July 24, 2018. Motion carried.
5. Planning and Operational Issues:
  - A. **Water Supply Projection** - Mr. Moorrees referred to the water supply chart included in the meeting packet. With figures through the end of August, it is projected the total end of year water supply will be at 11,935 acre feet (AF). Accordingly, staff recommends maintaining the annual entitlement at 12,000AF/YR for 2019 and respective entitlement distributions as well as the current Moderate Shortage Stage Alert.
 

Mr. Gerardi moved and Mr. Filippi seconded to recommend the Board approve maintaining the annual entitlement at 12,000AF/YR for 2019 and respective entitlement distributions and current water conservation stage. Motion carried.
  - B. **IEUA Water Rates & Charges** – Mr. Moorrees reminded the Committee this item was previously presented to the Board with no official determination. SAWCo has now received an invoice for Meter Equivalent Unit (MEU) charges from Inland Empire Utilities Agency (IEUA). He inquired what value SAWCo was receiving from IEUA and whether or not the monies requested would be put to better use in SAWCo's conservation budget.

Mr. Thomas noted the invoice is retroactive from July 2018.

Mr. Filippi felt SAWCo should not upset a good relationship with IEUA.

Ms. Hoerning recalled some of her experiences dealing with IEUA. The City of Upland received SRF program help through IEUA in the past, however, attempts for grant writing and local project assistance were rejected.

Ms. Layton suggested gathering more information on what assistance SAWCo has received from IEUA and performing a cost comparison.

Mr. Lee asked to defer the item for 30 days to allow him to meet with representatives from IEUA to discuss the topic. Being new to SAWCo, he wanted to learn more about the value they receive from partnering with IEUA.

The committee discussed the costs of the MEU charge as well as the fact that if the charges are paid there is no opting out of the program; charges will be incurred indefinitely.

Mr. Sanchez provided information on the Metropolitan Water District (MWD) parcel tax paid by San Antonio Heights property owners. The intention of the tax is that even though you may not be receiving water from MWD, you could get water service from them in the future. The idea that property owners could file an exemption from the parcel tax may not be possible as the tax is for the possibility of receiving water from MWD, not that they currently can or do receive water from them.

Mr. Sanchez also brought the Committee's attention to a report compiled and provided by IEUA. The report, titled FY 2016/17 Annual Water Use Report for IEUA Service Area, implies that SAWCo is purchasing water from IEUA. There was concern that IEUA may believe they are selling water to SAWCo and they therefore should charge SAWCo the MEU charge. He also noted that a chart provided in the report shows SAWCo having the ability to receive water from the City of Upland and Monte Vista Water District (MVWD). These entities receive water from MWD and could lend credence for a standby charge.

There was consensus on the committee to allow additional time for SAWCo staff to meet with IEUA staff and also to determine actual benefits received thru partnership.

**C. Assistant Secretary/Assistant Chief Financial Officer Designation** – Mr. Moorrees advised that the Company's designation of representatives and appointments is approved annually by the Board of Directors during the Organizational Meeting in April. The new General Manager of SAWCo, Mr. Lee, began work on September 17, 2018 and the Board has since voted to have him designated as the Assistant Secretary/Assistant Chief Financial Officer by way of resolution.

Mr. Moorrees requested the PROC recommend Mr. Brian Lee as the Assistant Secretary/Assistant Chief Financial Officer and the draft Resolution as appropriate.

Mr. Filippi moved and Mr. Gerardi seconded to recommend the Board approve Mr. Brian Lee as the Assistant Secretary/Assistant Chief Financial Officer and the draft Resolution. Motion carried.

6. Planning and Operational Update -

A. Project Status Report –

- **Basin 6 Desilting** – The preconstruction meeting will be held the following Friday. Staff is renegotiating the price of the project due to the fact there is no water in the basin that needs to be pumped out to facilitate the project.
- **Cucamonga Crosswalls Project** – Five crosswalls have been completed. An extension through November 16<sup>th</sup> has been granted for the current portion of the project. There has been a dust complaint from a Rancho Cucamonga resident. The contractor has been spoken to about it and a resolution has been found and enacted.

8. Closed session: – At 3:51 p.m. the Committee went into closed session to discuss the Water Rights Investigation – Legal Complaint filed in Mt. Baldy (§54956.9(c)).

The Committee completed the closed session at 3:58 p.m.

7. Basin Issues and Updates

- **Chino Basin** – Ms. Layton reported on the previous Thursday meeting regarding language on the agreement. The Advisory and the Recharge Investigation Projects Committee (RIPCom) meetings followed last Thursday’s Appropriative Pool meeting.
- **Six Basins** – The next meeting is scheduled for Wednesday, September 26<sup>th</sup>. Water Utility Superintendent Tommy Hudspeth and Mr. Lee will attend the meeting.
- **Cucamonga Basin** – A meeting with Cucamonga Valley Water District (CVWD), West End Consolidated Water Company (WECWC), and SAWCo to discuss modernizing the judgment is scheduled for October 4<sup>th</sup>.

9. Committee’s Comments and Future Agenda Items: Mr. Thomas made the Committee aware of some displeasure with those wishing to bid on the upcoming stock auction. Individuals and small businesses have to submit a cashier’s check when public agencies only need a check used in regular business. SAWCo’s legal counsel has advised staff how to facilitate and what is required of them for stock auctions. The cashier check and public entity check were part of that legal advisement.

Adjournment: – The meeting was adjourned at 4:03 p.m. Motion carried.

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Assistant Secretary  
Brian Lee







San Antonio Water Company, CA

# Income Statement

## Group Summary

For Fiscal: 2018 Period Ending: 10/31/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
<b>Category: 4 - Income</b>					
<b>SubCategory: 40 - Shareholder Revenue</b>					
1185 - Domestic Water Income (Base)	230,636.01	230,636.01	50,767.35	213,475.07	17,160.94
1215 - Domestic Water Income (Supplemental)	306,135.00	306,135.00	41,570.18	181,314.52	124,820.48
1220 - Domestic Water Income (Tier 3)	150,000.00	150,000.00	47,267.40	222,820.43	-72,820.43
1230 - Domestic Water Income (Readi/Chrg)	201,333.00	201,333.00	33,153.52	166,009.11	35,323.89
1235 - Domestic Water Availability Charge (WAC)	60,480.00	60,480.00	9,997.31	49,610.02	10,869.98
1245 - Municipal Water Income (Base)	2,732,080.00	2,732,080.00	270,741.42	2,291,754.45	440,325.55
1268 - Municipal Water Income (Readi/Chrg)	79,800.00	79,800.00	6,650.00	66,500.00	13,300.00
1274 - Misc Water Income (Base)	234,192.00	234,192.00	20,693.48	181,759.37	52,432.63
1275 - Misc Water Income (Supplemental)	256,363.00	256,363.00	7,162.26	106,706.43	149,656.57
1276 - Munnicipal Water Availability Charge (WAC)	493,536.00	493,536.00	39,690.00	396,900.00	96,636.00
1280 - Misc Water Income (Tier 3)	3,000.00	3,000.00	625.97	14,181.78	-11,181.78
1288 - Misc Water Income (Readi/Chrg)	23,500.00	23,500.00	1,900.00	20,180.00	3,320.00
1290 - Misc Water Availability Charge (WAC)	44,592.00	44,592.00	1,922.00	19,220.00	25,372.00
1295 - Dormant Water Availability Charge (WAC)	14,722.00	14,722.00	8,894.59	44,804.20	-30,082.20
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	750.00	4,320.00	-320.00
1410 - Late/Re-establishment Fee	6,181.00	6,181.00	915.00	5,025.00	1,156.00
1420 - Return Check Fee	167.00	167.00	25.00	100.00	67.00
1430 - Stock Certificate Storage and Handling Fee	100.00	100.00	40.00	200.00	-100.00
<b>SubCategory: 40 - Shareholder Revenue Total:</b>	<b>5,040,817.01</b>	<b>5,040,817.01</b>	<b>542,765.48</b>	<b>3,984,880.38</b>	<b>1,055,936.63</b>
<b>SubCategory: 42 - Non-Shareholder Revenue</b>					
1725 - Misc. Income	1,623.00	1,623.00	0.00	1.11	1,621.89
1728 - Plans & Spec Fee	0.00	0.00	0.00	75.00	-75.00
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	68.57	551.65	248.35
1753 - Ground Lease Income	55,000.00	55,000.00	4,707.84	44,229.68	10,770.32
1755 - Interest Earned	27,000.00	27,000.00	19,704.57	61,681.91	-34,681.91
1875 - Overhead Income	0.00	0.00	605.71	2,467.63	-2,467.63
<b>SubCategory: 42 - Non-Shareholder Revenue Total:</b>	<b>89,423.00</b>	<b>89,423.00</b>	<b>25,086.69</b>	<b>109,006.98</b>	<b>-19,583.98</b>
<b>Category: 4 - Income Total:</b>	<b>5,130,240.01</b>	<b>5,130,240.01</b>	<b>567,852.17</b>	<b>4,093,887.36</b>	<b>1,036,352.65</b>
<b>Category: 5 - O &amp; M Expense</b>					
<b>SubCategory: 50 - Operating Facilities</b>					
2175 - Facility Related Field Labor	218,213.00	218,213.00	29,887.26	219,040.54	-827.54
2235 - Repairs to Facilities and Equipment	751,167.00	751,167.00	11,583.14	215,090.13	536,076.87
2265 - Power-Gas & Electric (utilities)	587,293.00	587,293.00	66,820.54	693,545.37	-106,252.37
<b>SubCategory: 50 - Operating Facilities Total:</b>	<b>1,556,673.00</b>	<b>1,556,673.00</b>	<b>108,290.94</b>	<b>1,127,676.04</b>	<b>428,996.96</b>
<b>SubCategory: 51 - Operating Activities</b>					
2475 - Customer Service	72,327.00	72,327.00	6,351.34	78,112.18	-5,785.18
2498 - Conservation	30,000.00	30,000.00	1,580.55	25,820.07	4,179.93
<b>SubCategory: 51 - Operating Activities Total:</b>	<b>102,327.00</b>	<b>102,327.00</b>	<b>7,931.89</b>	<b>103,932.25</b>	<b>-1,605.25</b>
<b>SubCategory: 52 - Other Operating Expense</b>					
2205 - Non-Facility Related Labor	88,586.00	88,586.00	7,003.49	70,767.37	17,818.63
2210 - O & M - All Other	3,201.00	3,201.00	384.80	809.46	2,391.54
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	105.32	4,805.10	5,147.90
2565 - Depreciation/Amortization	974,807.00	974,807.00	75,474.91	733,120.12	241,686.88
2715 - Property Taxes	221,456.00	221,456.00	0.00	109,298.42	112,157.58
2805 - Water Resource Mgmt.	269,037.00	269,037.00	8,991.15	109,318.46	159,718.54

## Income Statement

For Fiscal: 2018 Period Ending: 10/31/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
<b>SubCategory: 52 - Other Operating Expense Total:</b>	<b>1,611,397.00</b>	<b>1,611,397.00</b>	<b>91,959.67</b>	<b>1,028,118.93</b>	<b>583,278.07</b>
<b>Category: 5 - O &amp; M Expense Total:</b>	<b>3,270,397.00</b>	<b>3,270,397.00</b>	<b>208,182.50</b>	<b>2,259,727.22</b>	<b>1,010,669.78</b>
<b>Category: 6 - G &amp; A Expense</b>					
<b>SubCategory: 60 - Personnel</b>					
2115 - Administrative Services	181,060.00	181,060.00	23,168.28	203,605.81	-22,545.81
2130 - Development/Water Svc. App.	2,300.00	2,300.00	0.00	876.23	1,423.77
2325 - Payroll Taxes	67,797.00	67,797.00	5,665.23	58,245.60	9,551.40
2355 - Worker's Compensation Insurance	15,853.00	15,853.00	1,703.00	11,590.73	4,262.27
2385 - Benefit Pay (Vac., sick, etc.)	136,744.00	136,744.00	6,018.82	117,894.46	18,849.54
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc)	231,805.00	231,805.00	13,182.18	168,106.66	63,698.34
2430 - Benefit Administrative Services	1,675.00	1,675.00	1,275.00	1,375.00	300.00
<b>SubCategory: 60 - Personnel Total:</b>	<b>637,234.00</b>	<b>637,234.00</b>	<b>51,012.51</b>	<b>561,694.49</b>	<b>75,539.51</b>
<b>SubCategory: 61 - Other</b>					
2445 - Office/IT Support	75,000.00	75,000.00	5,303.00	57,010.51	17,989.49
2505 - Directors Fees & Expense	33,611.00	33,611.00	2,829.34	28,161.03	5,449.97
2535 - Liability Insurance	35,394.00	35,394.00	0.00	27,227.00	8,167.00
2595 - Communication	41,239.00	41,239.00	1,283.77	18,231.49	23,007.51
2625 - Dues & Publications	3,700.00	3,700.00	0.00	2,449.81	1,250.19
2655 - Outside Services	70,747.00	70,747.00	125.07	37,364.27	33,382.73
2745 - Income Tax Expense	4,700.00	4,700.00	0.00	7,400.00	-2,700.00
2775 - Accounting & Legal Expense	242,332.00	242,332.00	39,160.03	237,973.92	4,358.08
2790 - Human Resources Expense	59,430.00	59,430.00	3,401.89	39,608.85	19,821.15
2865 - All other	50,414.00	50,414.00	2,477.49	20,799.01	29,614.99
<b>SubCategory: 61 - Other Total:</b>	<b>616,567.00</b>	<b>616,567.00</b>	<b>54,580.59</b>	<b>476,225.89</b>	<b>140,341.11</b>
<b>Category: 6 - G &amp; A Expense Total:</b>	<b>1,253,801.00</b>	<b>1,253,801.00</b>	<b>105,593.10</b>	<b>1,037,920.38</b>	<b>215,880.62</b>
<b>Total Surplus (Deficit):</b>	<b>606,042.01</b>	<b>606,042.01</b>	<b>254,076.57</b>	<b>796,239.76</b>	<b>-190,197.75</b>

**Fund Summary**

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	606,042.01	606,042.01	254,076.57	796,239.76	-190,197.75
<b>Total Surplus (Deficit):</b>	<b>606,042.01</b>	<b>606,042.01</b>	<b>254,076.57</b>	<b>796,239.76</b>	<b>-190,197.75</b>



San Antonio Water Company, CA

# Balance Sheet

## Account Summary

As Of 10/31/2018

Account	Name	Balance
<b>Fund: 10 - 10</b>		
<b>Assets</b>		
<b>BalSubCategory: 10 - Cash</b>		
<a href="#">10-00-00-10100-00000</a>	Petty Cash	250.00
<a href="#">10-00-00-10200-00000</a>	Checking Account	2,133,420.47
<a href="#">10-00-00-10300-00000</a>	Savings-Money Market	695,274.81
<a href="#">10-00-00-10400-00000</a>	Savings-CD Accounts	20,000.00
<a href="#">10-00-00-10415-00000</a>	D&O Checking Account	83,650.82
<a href="#">10-00-00-10438-00000</a>	Depre/Obsolescene Res (LAIF)	3,616,005.22
	<b>Total BalSubCategory 10 - Cash:</b>	<b>6,548,601.32</b>
<b>BalSubCategory: 11 - Accounts Receivable</b>		
<a href="#">10-00-00-11100-00000</a>	Accounts Receivable-Domestic	175,127.82
<a href="#">10-00-00-11200-00000</a>	Accounts Receivable-Municipal	317,081.42
<a href="#">10-00-00-11250-00000</a>	Accounts Receivable-Misc.	32,271.71
<a href="#">10-00-00-11260-00000</a>	Accounts Receivable - Dormant	9,157.33
<a href="#">10-00-00-11275-00000</a>	Contra Accounts Receivable - Unapplied Cre	-11,172.62
<a href="#">10-00-00-11300-00000</a>	Accounts Receivable-Other	526.81
	<b>Total BalSubCategory 11 - Accounts Receivable:</b>	<b>522,992.47</b>
<b>BalSubCategory: 12 - Inventory</b>		
<a href="#">10-00-00-12100-00000</a>	Inventories-Materials & Supply	88,659.41
	<b>Total BalSubCategory 12 - Inventory:</b>	<b>88,659.41</b>
<b>BalSubCategory: 13 - Prepaid</b>		
<a href="#">10-00-00-13100-00000</a>	Prepaid Insurance	8,868.75
<a href="#">10-00-00-13105-00000</a>	PREPAID POSTAGE	369.00
	<b>Total BalSubCategory 13 - Prepaid:</b>	<b>9,237.75</b>
<b>BalSubCategory: 14 - Investments</b>		
<a href="#">10-00-00-14150-00000</a>	P.V.P.A. Investment	1.00
	<b>Total BalSubCategory 14 - Investments:</b>	<b>1.00</b>
<b>BalSubCategory: 15 - Property, Plant, &amp; Equipment</b>		
<a href="#">10-00-00-15100-00000</a>	Land & Water Rights	924,864.03
<a href="#">10-00-00-15110-1507J</a>	Work in Progress "Proj J"	41,133.01
<a href="#">10-00-00-15110-1601N</a>	Work in Progress	11,405.11
<a href="#">10-00-00-15110-1602U</a>	Work in Progress	154,542.69
<a href="#">10-00-00-15110-1701A</a>	Work in Progress	52,035.28
<a href="#">10-00-00-15110-1801B</a>	Work in Progress	186,575.19
<a href="#">10-00-00-15110-1802E</a>	Work in Progress	70,809.96
<a href="#">10-00-00-15110-1803H</a>	Work In Progress	47,256.84
<a href="#">10-00-00-15110-1804G</a>	Work In Progress	80,173.10
<a href="#">10-00-00-15110-1805F</a>	Work In Progress	107,733.69
<a href="#">10-00-00-15110-1806K</a>	Work In Progress	7,419.55
<a href="#">10-00-00-15110-1807P</a>	Work In Progress	21,663.84
<a href="#">10-00-00-15150-00000</a>	Buildings & Site Improvements	1,745,708.81
<a href="#">10-00-00-15200-00000</a>	Wells-Shafts, Bldgs, & Equip	4,877,875.22
<a href="#">10-00-00-15250-00000</a>	Boosters-Bldgs & Equip	2,181,280.63
<a href="#">10-00-00-15300-00000</a>	Reservoirs	1,635,164.98
<a href="#">10-00-00-15350-00000</a>	Tunnels, Forebay, & Ponds	1,587,111.19
<a href="#">10-00-00-15400-00000</a>	Spreading Works-Cucamonga Wash	54,859.53
<a href="#">10-00-00-15410-00000</a>	Spreading Works-SanAntonio Wash	50,235.18
<a href="#">10-00-00-15450-00000</a>	Pipelines	15,613,893.22
<a href="#">10-00-00-15500-00000</a>	Autos & Equipment	377,943.30
<a href="#">10-00-00-15550-00000</a>	Tools	76,492.47
<a href="#">10-00-00-15600-00000</a>	Telemetry System	482,714.06
<a href="#">10-00-00-15650-00000</a>	Office Equipment	495,036.41

**Balance Sheet**

**As Of 10/31/2018**

Account	Name	Balance
<a href="#">10-00-00-15990-00000</a>	Accumulated Depreciation	-11,713,132.20
<b>Total BalSubCategory 15 - Property, Plant, &amp; Equipment:</b>		<b>19,170,795.09</b>
<b>BalSubCategory: 16 - Other Assets</b>		
<a href="#">10-00-00-16100-00000</a>	Documents & Studies	867,778.67
<a href="#">10-00-00-16990-00000</a>	Accumulated Amortization	-564,261.26
<b>Total BalSubCategory 16 - Other Assets:</b>		<b>303,517.41</b>
<b>Total Assets:</b>		<b>26,643,804.45</b>
		<b><u>26,643,804.45</u></b>

**Liability**

<b>BalSubCategory: 20 - Short-term less than 1 year</b>		
<a href="#">10-00-00-20100-00000</a>	Trade Accounts Payable	114,756.79
<a href="#">10-00-00-20115-00000</a>	D&O Trade Accounts Payable	55,123.18
<a href="#">10-00-00-20260-00000</a>	Sec.125/Cafeteria Plan Withhld	-3,069.48
<a href="#">10-00-GN-20820-00000</a>	Accrued Vacation Payable	20,404.60
<a href="#">10-00-OP-20820-00000</a>	Accrued Vacation Payable	24,818.57
<b>Total BalSubCategory 20 - Short-term less than 1 year:</b>		<b>212,033.66</b>
<b>BalSubCategory: 21 - Long-term more than 1 year</b>		
<a href="#">10-00-00-21500-00000</a>	Unclaimed Credits	408,223.25
<b>Total BalSubCategory 21 - Long-term more than 1 year:</b>		<b>408,223.25</b>
<b>Total Liability:</b>		<b>620,256.91</b>

**Equity**

<b>BalSubCategory: 30 - Stockholder equity</b>		
<a href="#">10-00-00-30200-00000</a>	Contributed Capital - Ext. Fee	447,258.02
<a href="#">10-00-00-30210-00000</a>	Contr. Property, Plant & Equip	2,404,270.37
<a href="#">10-00-00-30300-00000</a>	Capital Account	1,500,000.00
<a href="#">10-00-00-30310-00000</a>	Unissued Capital Stock	-861,100.00
<a href="#">10-00-00-30400-00000</a>	Retained Earngs-Brd Designated	3,626,009.43
<a href="#">10-00-00-30410-00000</a>	Retained Earnings-Unrestricted	18,110,869.96
<b>Total BalSubCategory 30 - Stockholder equity:</b>		<b>25,227,307.78</b>
<b>Total Beginning Equity:</b>		<b>25,227,307.78</b>
Total Revenue		4,093,887.36
Total Expense		3,297,647.60
<b>Revenues Over/Under Expenses</b>		<b>796,239.76</b>
<b>Total Equity and Current Surplus (Deficit):</b>		<b>26,023,547.54</b>

**Total Liabilities, Equity and Current Surplus (Deficit): 26,643,804.45**



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

Institution	Type of Investment	Date of Maturity	Rate of Interest	Amount of Deposit	*Accumulated Yearly	Accumulated Yearly
			(A.P.Y.)	as of 10/31/2018	Service Fees	Interest Earnings
					thru October	thru October
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 2,133,420.47	\$ 18.00	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 83,650.82		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.25%	\$695,274.81	\$	1,026.53
Local Agency Investment Fund	LAIF	N/A	1.66%	\$ 3,616,005.22	\$	60,588.76
Golden State Business Bank	12 Month C.D.	April 15,2019	0.40%	\$ 20,000.00	\$	66.62
<b>TOTAL:</b>				\$ 6,548,351.32		
<b>TOTAL IN CD'S:</b>				\$ 20,000.00		





A. Water Supply

- Cumulative Yearly production through November was 10,657 AF
- Annual entitlement for CY2018 is currently was 12,000 AF
- Cumulative yearly consumption through November was 9,998 AF

Six Basins Production

- Cumulative production through November was 886 AF.
- Annual production right is 932.10 AF.
- Production is sent to the WFA treatment facility to meet City of Ontario and MVWD entitlement.
- The Company has spread a total of 169.255 AF through November.

Cucamonga Basin Production

- Cumulative production through November was 6,282 AF<sup>1</sup>.
- Annual production right is 6,060 AF<sup>2</sup>.
- The Company has spread a total of 218.431 AF through November.

Chino Basin Production

- Cumulative production through November was 483 AF.
- Annual production right is 1,232 AF.
- There has been no water recharged into Chino Basin in this calendar year to date.

Surface Water (San Antonio Creek)

Total flows to date are 1098.2 AF.

San Antonio Tunnel

Tunnel flows to date are 1,902.7 AF.

B. Company Stock

There is one ¼ share of water stock moving from dormant to active this transfer period.

C. Communication and Information Activities

Staff currently working on the Winter Newsletter, which will mail the end of December.

Staff is communicating on “Facebook” with 170 friends liking our page. Communication is posted regularly.

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<sup>1</sup> CVWD and Company have agreed to ‘swap’ water to accommodate overproduction. CVWD is unable to utilize its full Cucamonga Basin rights. The Company is unable to utilize its full Chino Basin rights. Therefore, for every 2 units of water Company produces above rights in the Cucamonga Basin, the Company will transfer one unit of ‘paper’ water to CVWD in the Chino Basin.

<sup>2</sup> Cucamonga Basin production right consists of 4,500 AF plus 10-yr average of recharge (up to 2,000 AF).

D. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal

The Pool approved the 2018 agreement to Judgment and CAMA amendments including Exhibit A subject to the following:

1. That there is a clarification that the desalter replenishment formula with respect to Adjusted Physical Production includes the production of Exhibit G section 9 transferred water from the non-ag Pool to the Appropriative Pool.
2. Non-Ag's Pooling Plan is refined to match agreement
3. Conditional of governing Party's Board approval [Waiting for final document to send through to our Board]
4. Watermaster understands agreement and explains implementation [The General Manager provided his review in the recent Pool's packet on November 8<sup>th</sup>]...The Six Pack is reviewing and providing a response to this review.

Non-Ag filed a motion on 10/4 changing their Pooling Plan which requires the changes yet made in the agreement. The Appropriative Pool has engaged their attorney to work with the Six Pack to provide a response. Meanwhile the Pools have approved a \$655 an acre foot price for Exhibit G water.

Governance issue

The Watermaster Board is coming up for re-appointment. Last time, the parties agreed that there were some issues with governance and approved a three year term limit. After discussion in closed session at the last Appropriative Pool meeting, the parties decided to re-appoint the Watermaster for a 5 year term in addition continue to direct Watermaster staff to initiate an evaluation of Watermaster business operations including stakeholder input, Pool interaction, the role of the Board and other areas determined by the Parties with the intent of looking for opportunities to maximize effective implementation of the Judgment, OBMP and related court orders.

Fiscal Year 2018/19 Assessment Package

The Pools approved the assessment package and was subsequently approved at the Board and Advisory meetings. SAWCo's assessment will be around \$85,000.

Court hearing regarding staying the Judgement and the Non-Ag Pooling Plan is set for December 28, 2018 @ 1:30 pm.

Six Basins

There is no Board meeting scheduled for December.

Cucamonga Basin

The working group met on Dec 4<sup>th</sup>.

- Developing a modernized judgement with intent to complete a draft by May 2019
- Agreed to water-swap between Company and CVWD; Cucamonga Basin water for Chino Basin water.

**E. Monitoring of Assembly Bills Affecting the Water Company**

1. **AB1323, AB 1668, SB 606** - "Making Conservation a California Way of Life" Bills: - 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.

AB1323 currently listed as 'In Committee: Held under submission'.

AB1668 was approved by the Governor on May 31, 2018

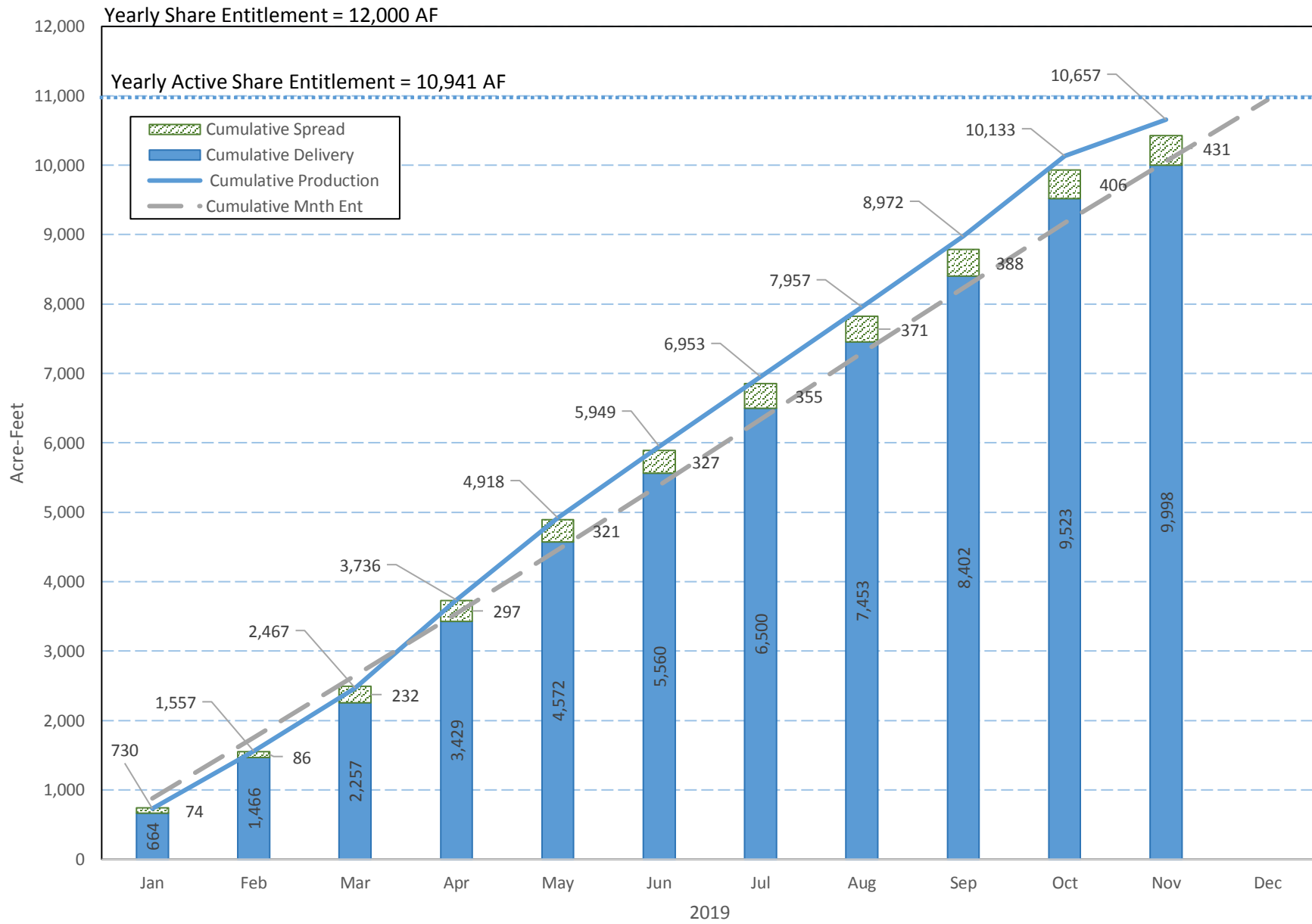
SB606 was approved by the Governor on May 31, 2018.

Staff continues to assess the impact of these two approved Bills and will update as new information becomes available.

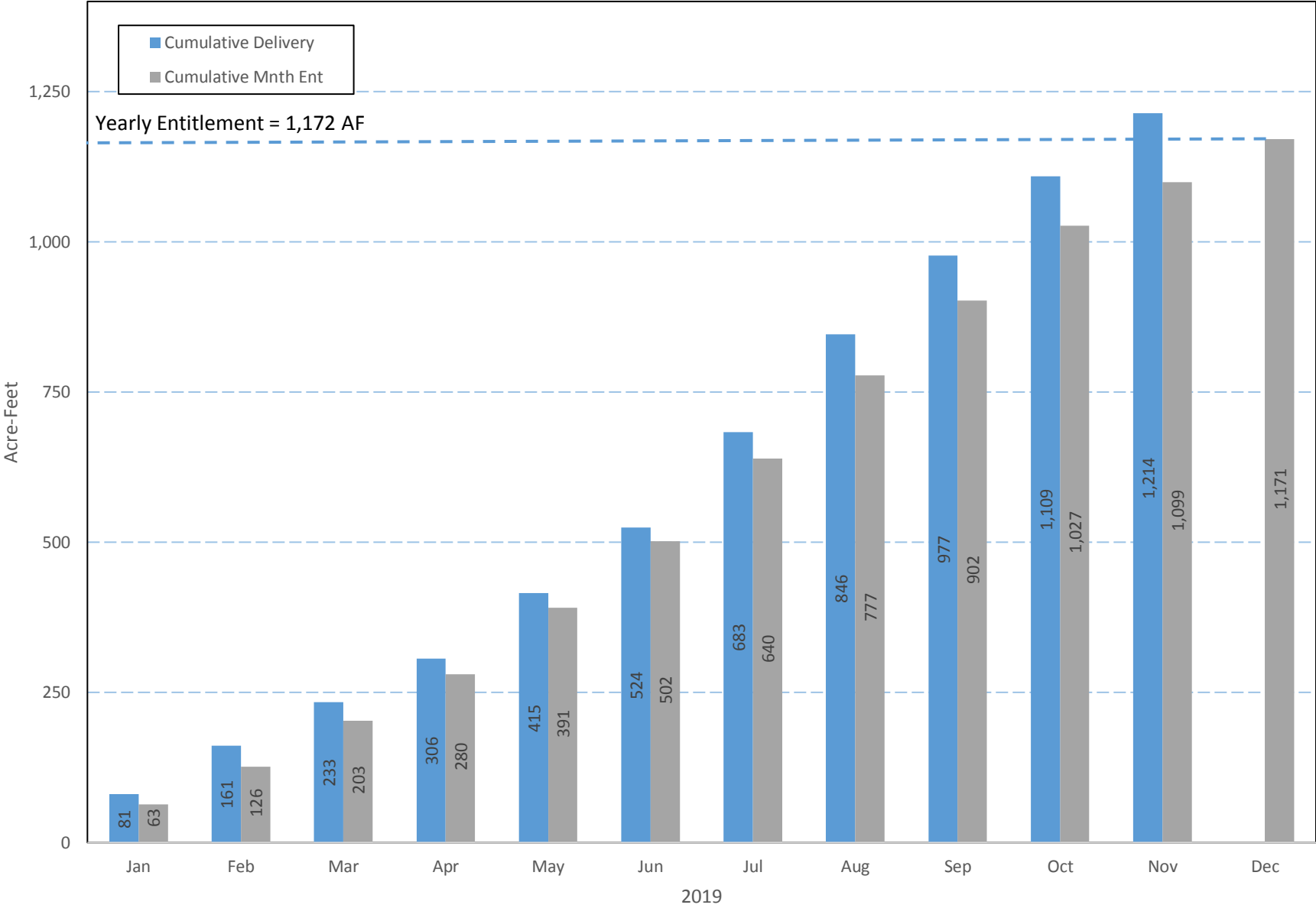
2. **AB3057** – California Water Not-For-Profit Tax Rules for Mutual Water Companies  
Proposed amendment to the California Revenue and Taxation Code to conform to federal income tax law by exempting not-for-profit mutual water, mutual ditch, or Irrigation corporations from California income taxes and franchise fees beginning on or after January 1, 2018. Ab3057 currently listed as 'In Committee: Held under submission'
3. **SB 998 (Dodd)** - This was the most onerous bill passed by the legislature that CalMutuals opposed this year. SB 998 requires water systems, including mutual water companies, with more than 200 connections, to grant delinquent customers a 60 day grace period. If it is signed by the Governor, it will also severely limit water utilities in assessing late fees or reconnection charges on delinquent customers who fall under Federal poverty standards. SB 998 was approved by the Governor on Sept 28, 2018. Staff is assessing impact and will report back at a later date.
4. **SB 845 (Monning)** - CalMutuals successfully opposed SB 845 that would have imposed a "voluntary" meter tax on our shareholders and customers. The measure failed in the Assembly. Funds collected were to help disadvantaged communities, mostly in the Central Valley, meet operational and management costs. The bill included a convoluted "opt-out" provision that would have allowed customers to decline the voluntary tax. SB845 currently listed as 'Re-referred to Com on APPR. Pursuant to Assembly Rule 96 (8/24/18)'.



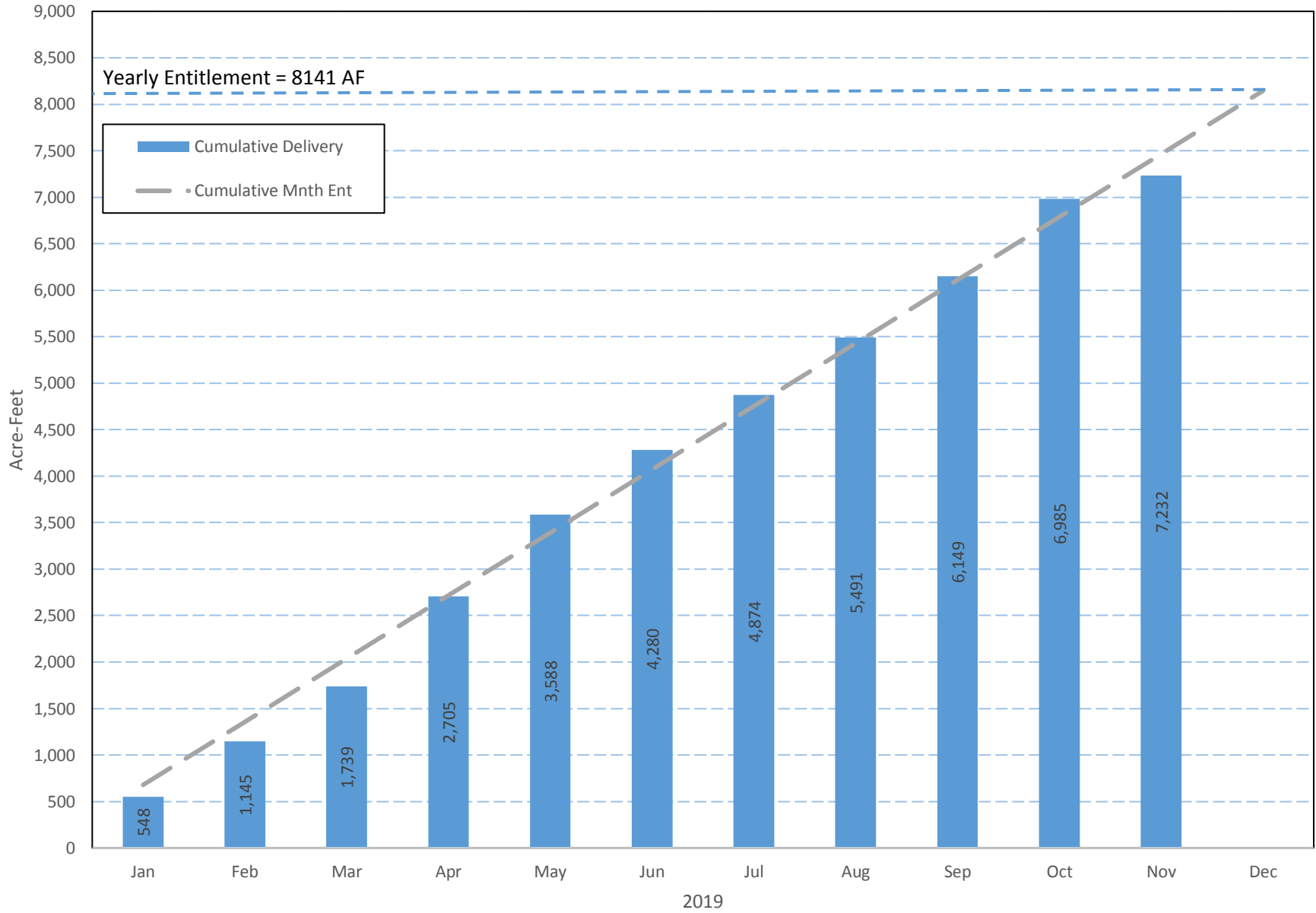
### Production and Consumption



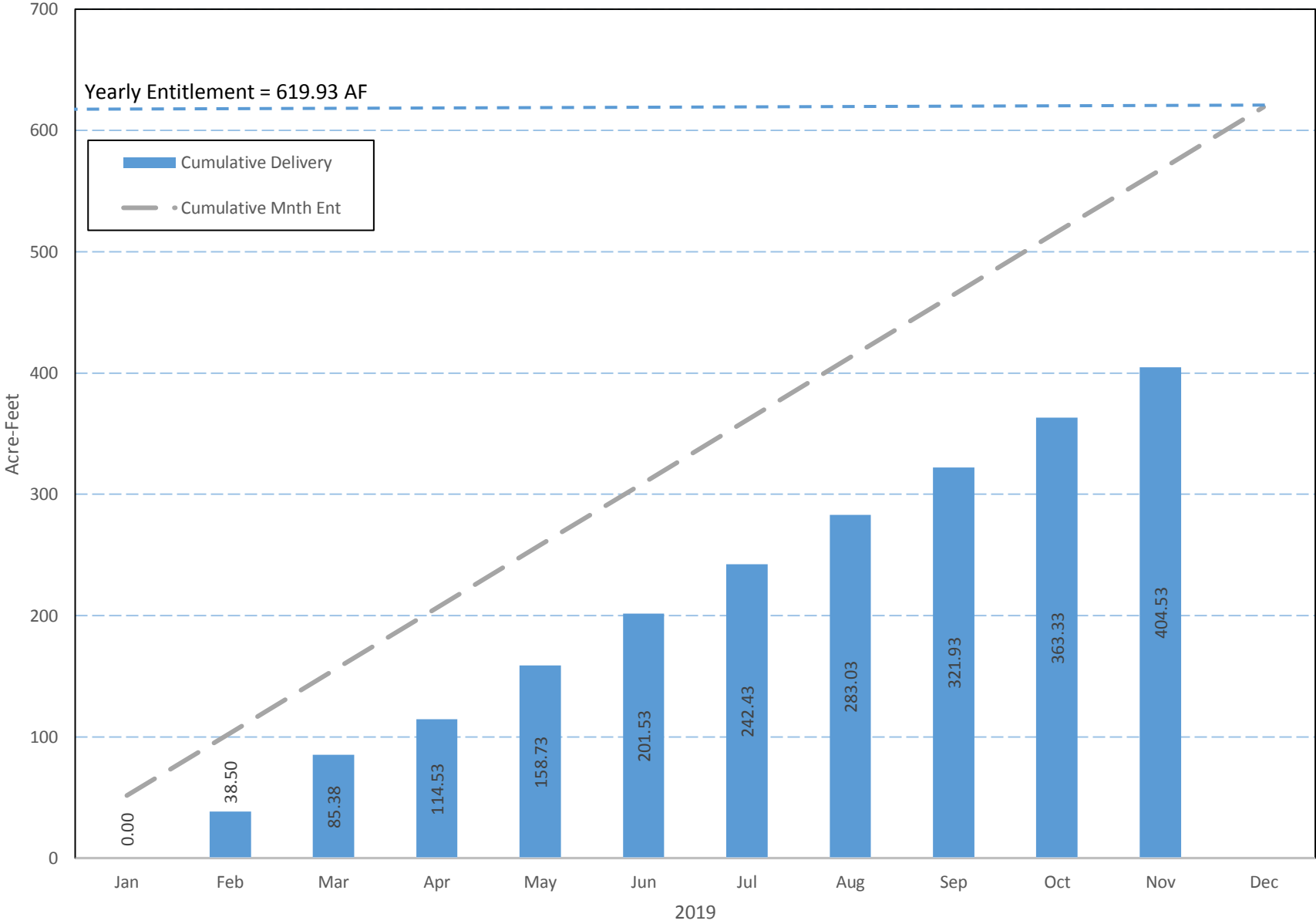
### Domestic Deliveries



# City of Upland Deliveries

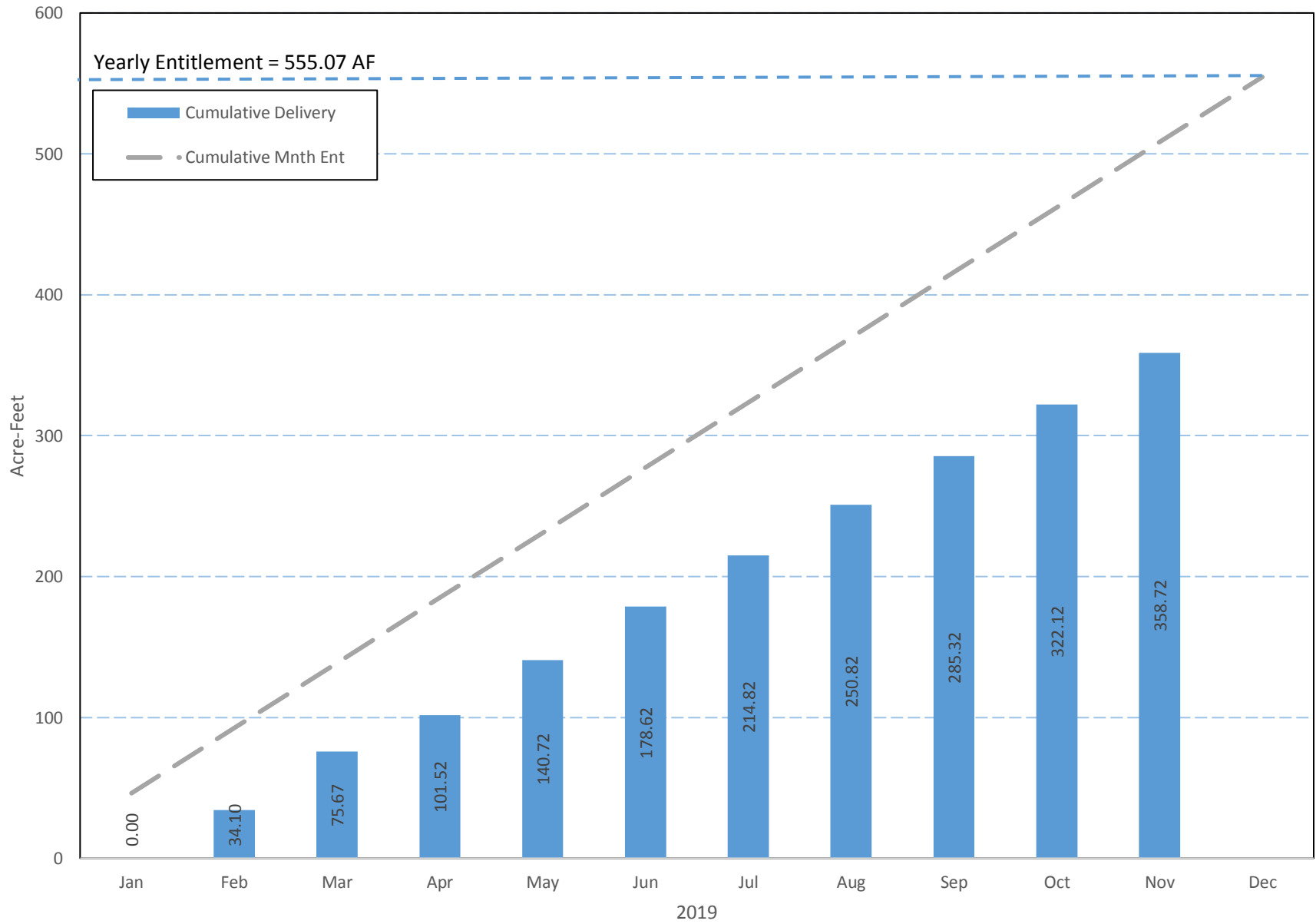


### Monte Vista Deliveries





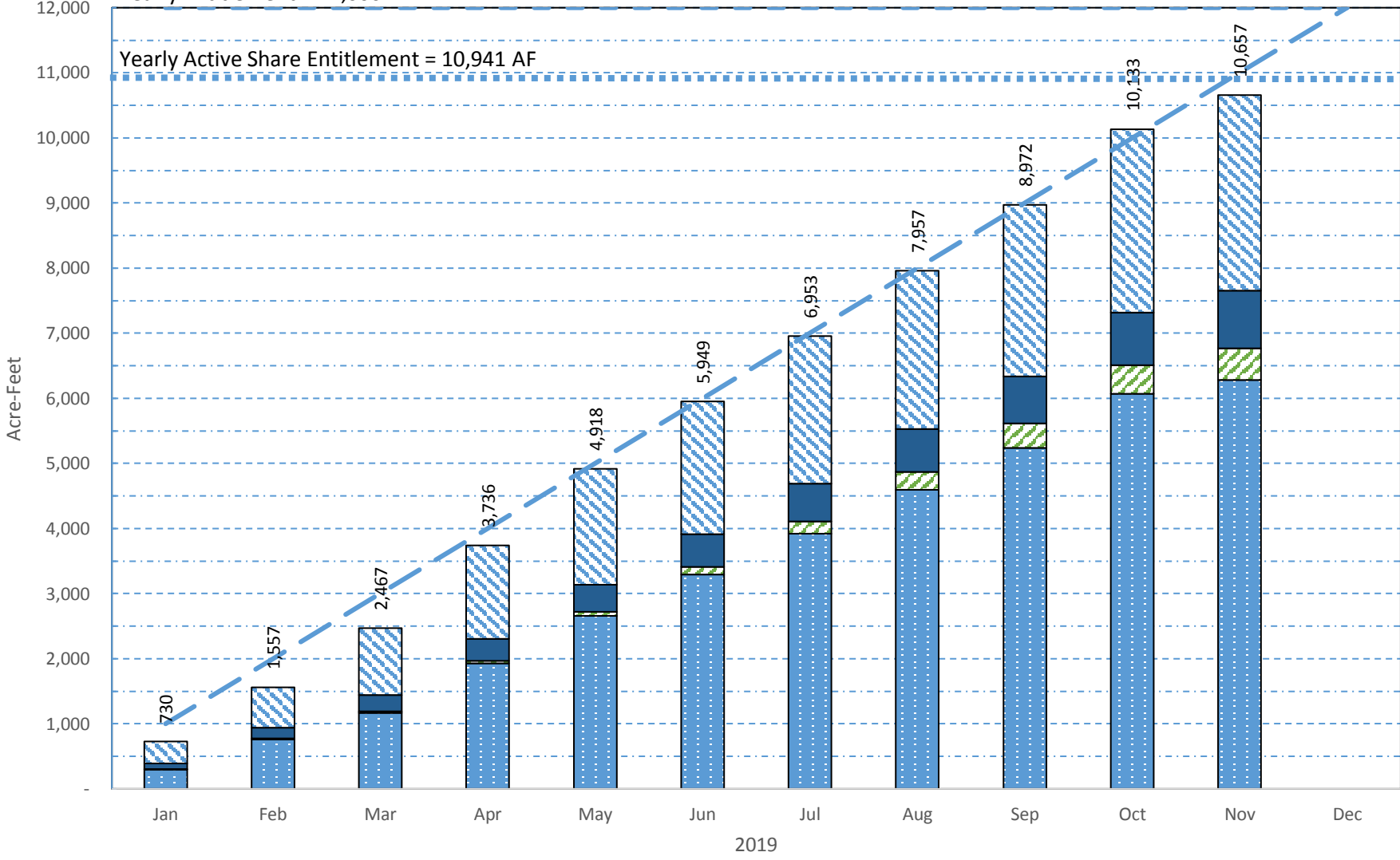
# Ontario Deliveries



# Yearly Production

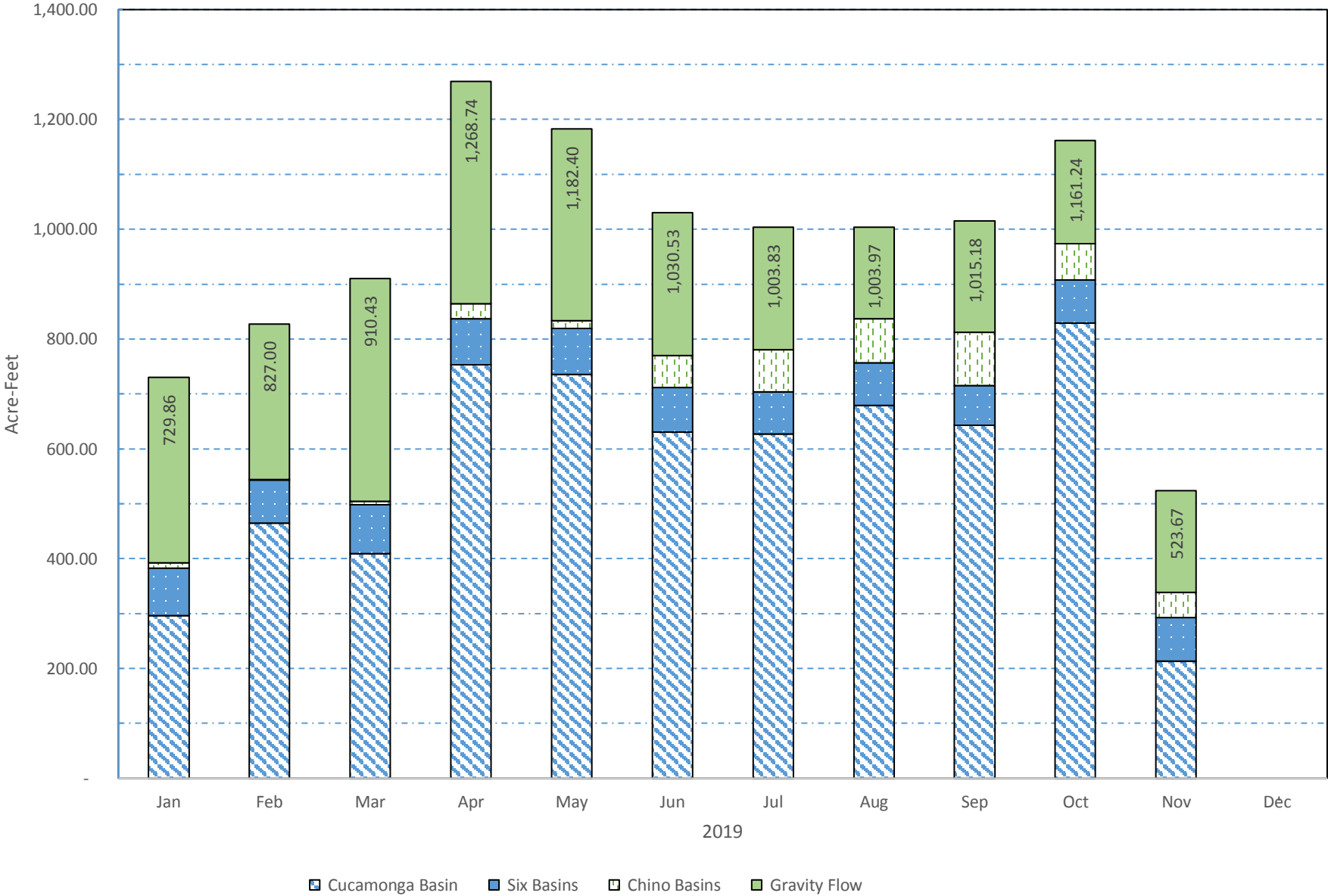
Yearly Entitlement = 12,000 AF

Yearly Active Share Entitlement = 10,941 AF

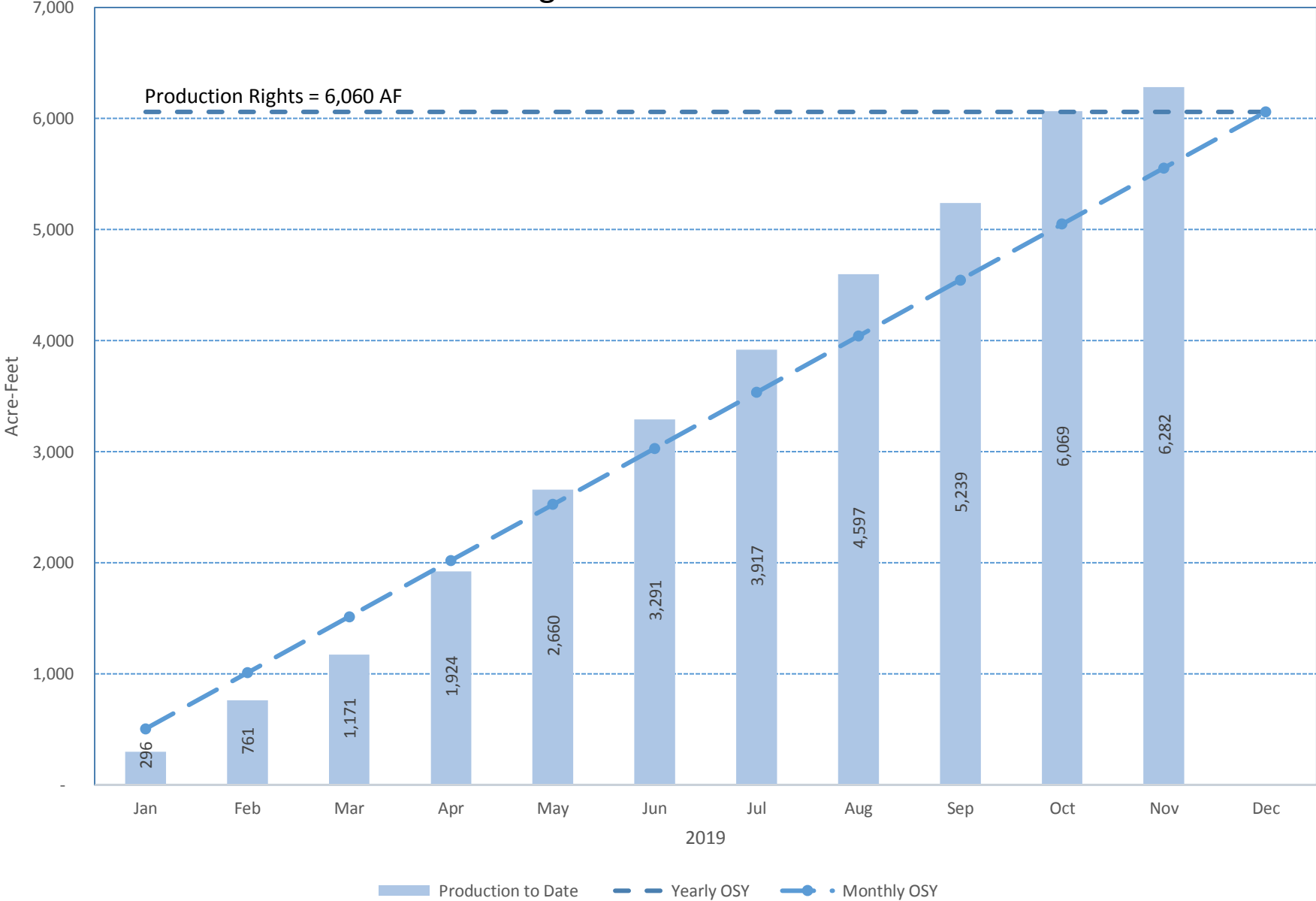


Cucamonga Basin    
  Chino Basin    
  Six Basins    
  Gravity Flow  
 Cumulative Production    
  Monthly Entitlement    
  Yearly Entitlement

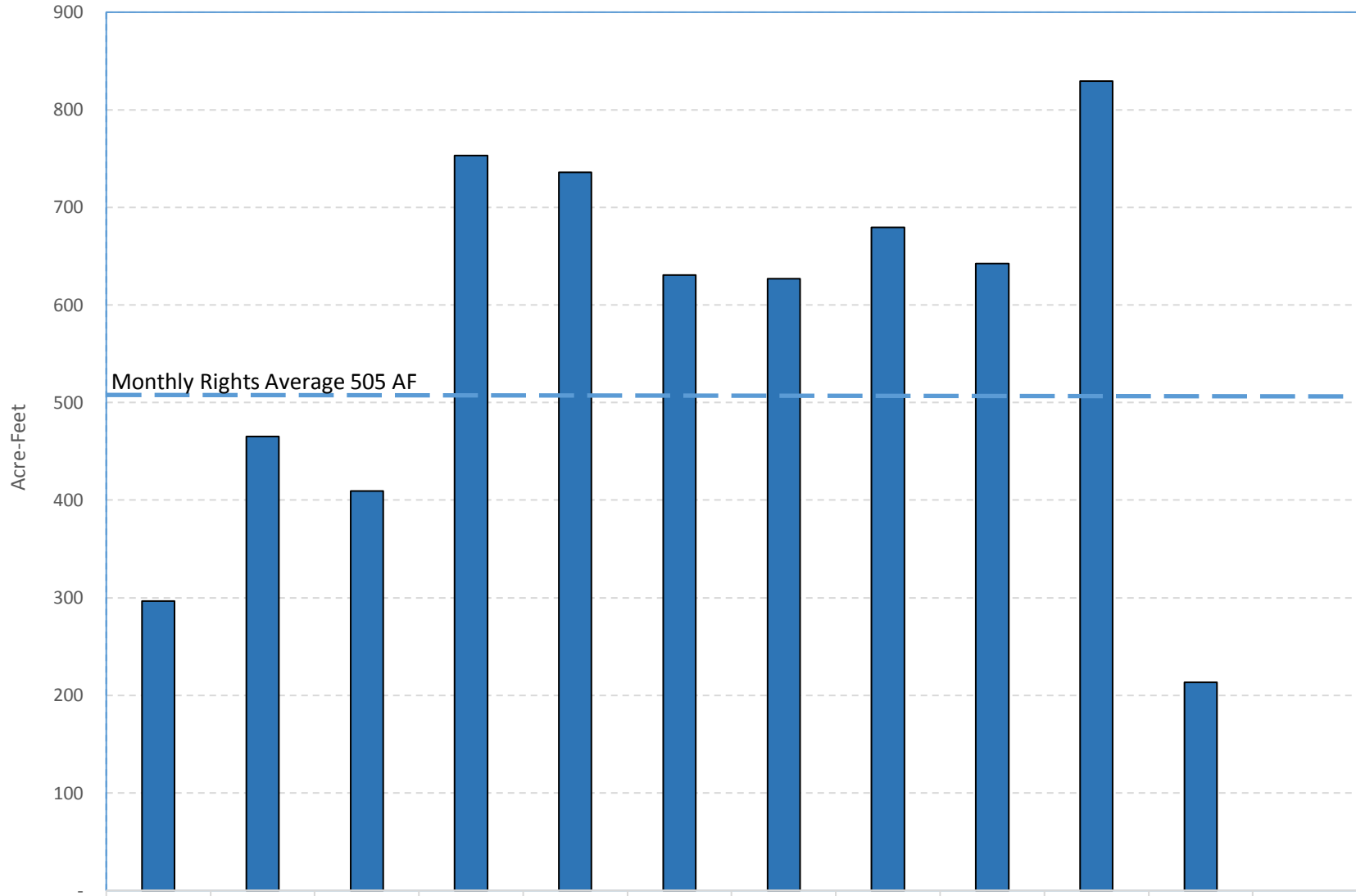
# Monthly Production



# Cucamonga Basin Cumulative Production



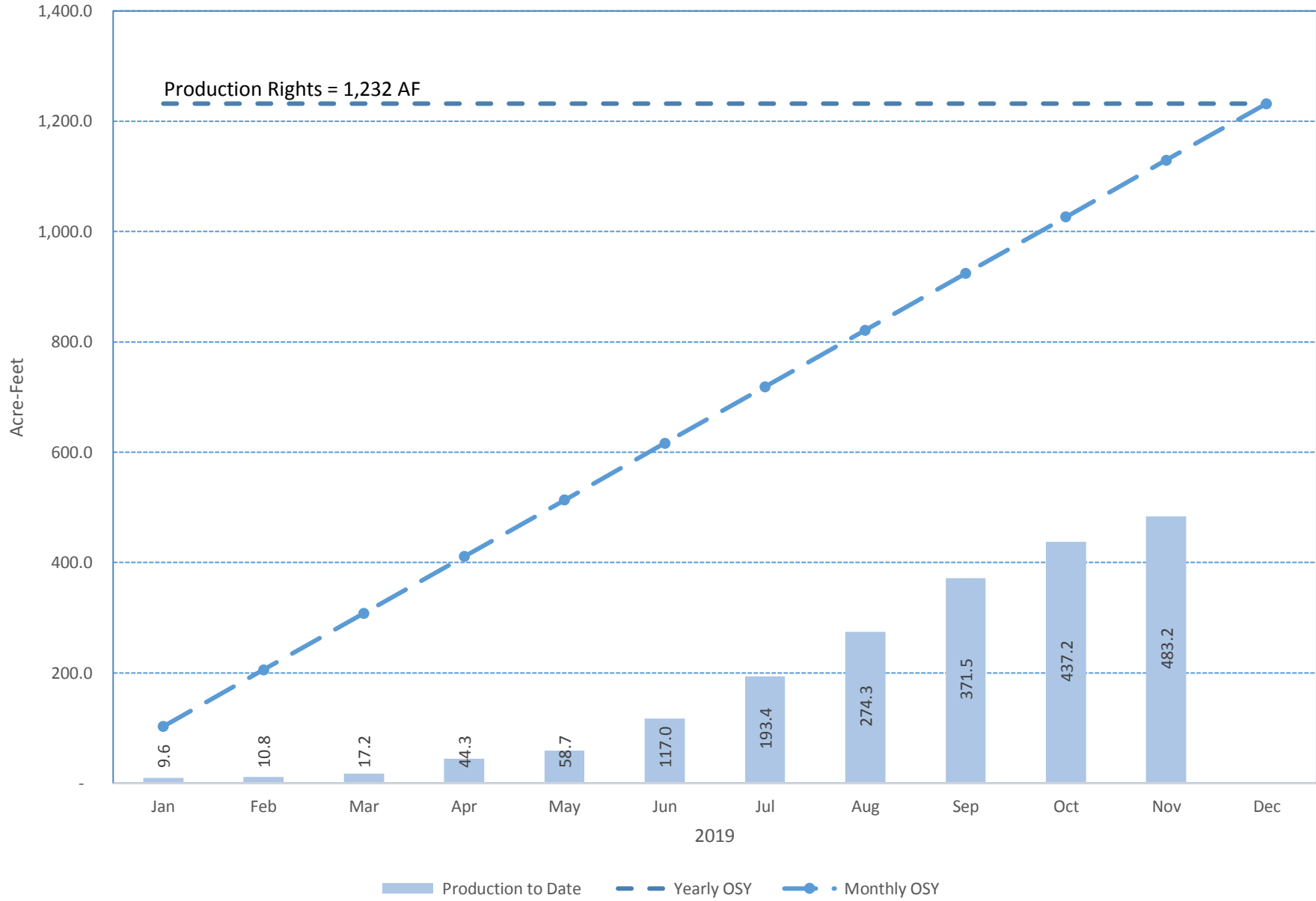
### Cucamonga Basin Monthly Production



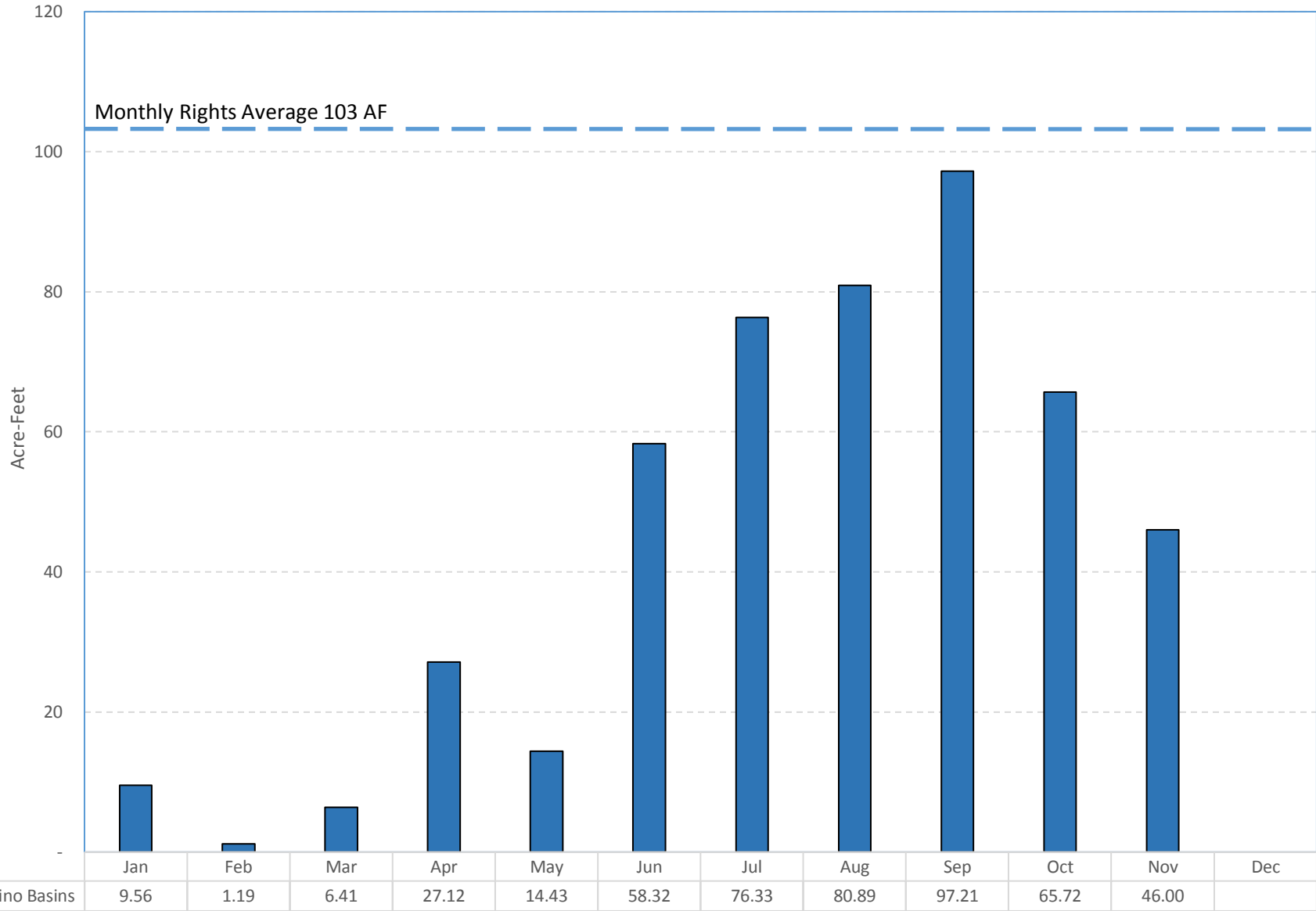
■ Cucamonga Basin	296.34	465.10	409.57	753.17	735.69	630.77	626.83	679.33	642.62	829.42	213.26	
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2019

# Chino Basin Cumulative Production

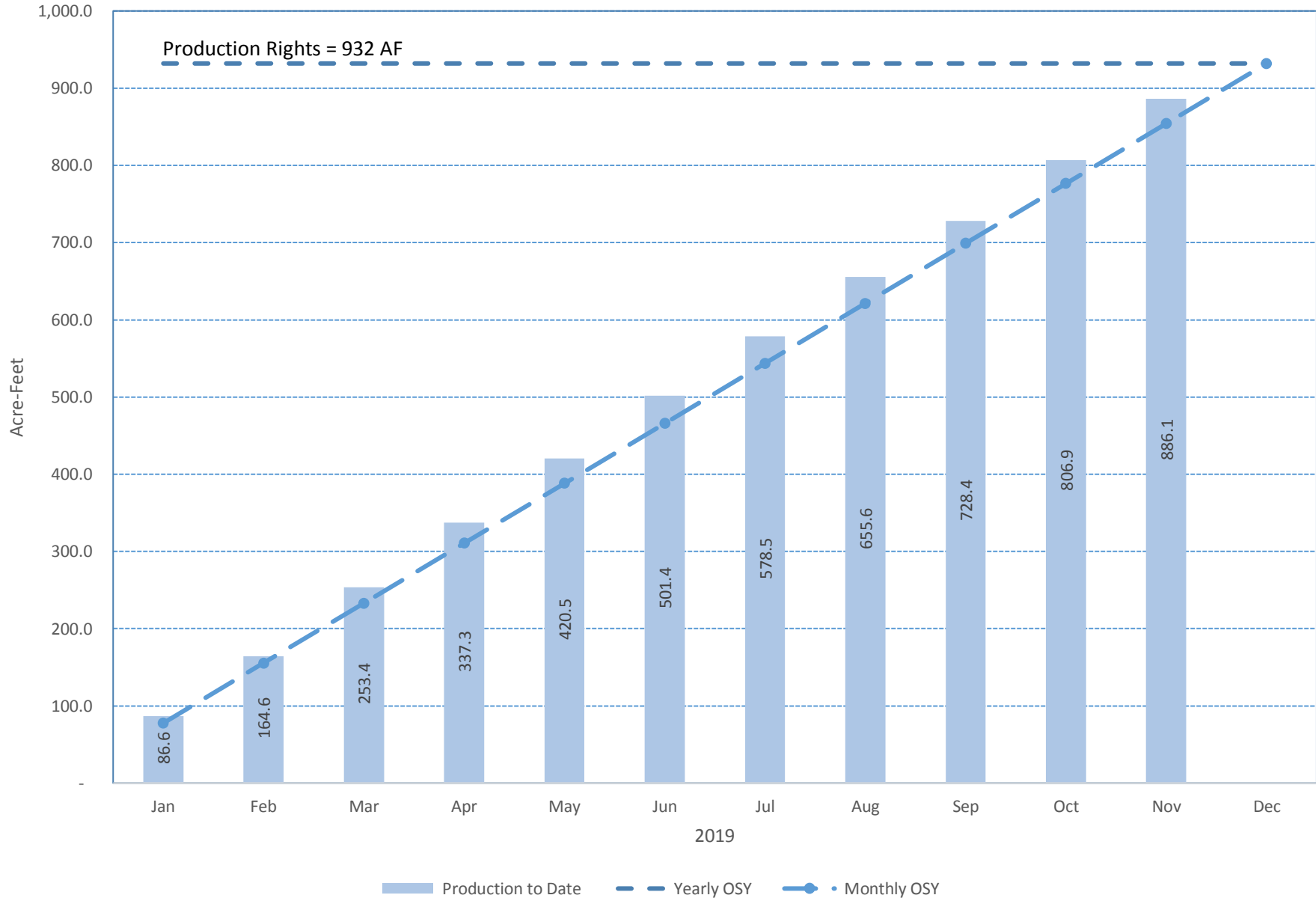


### Chino Basin Monthly Production



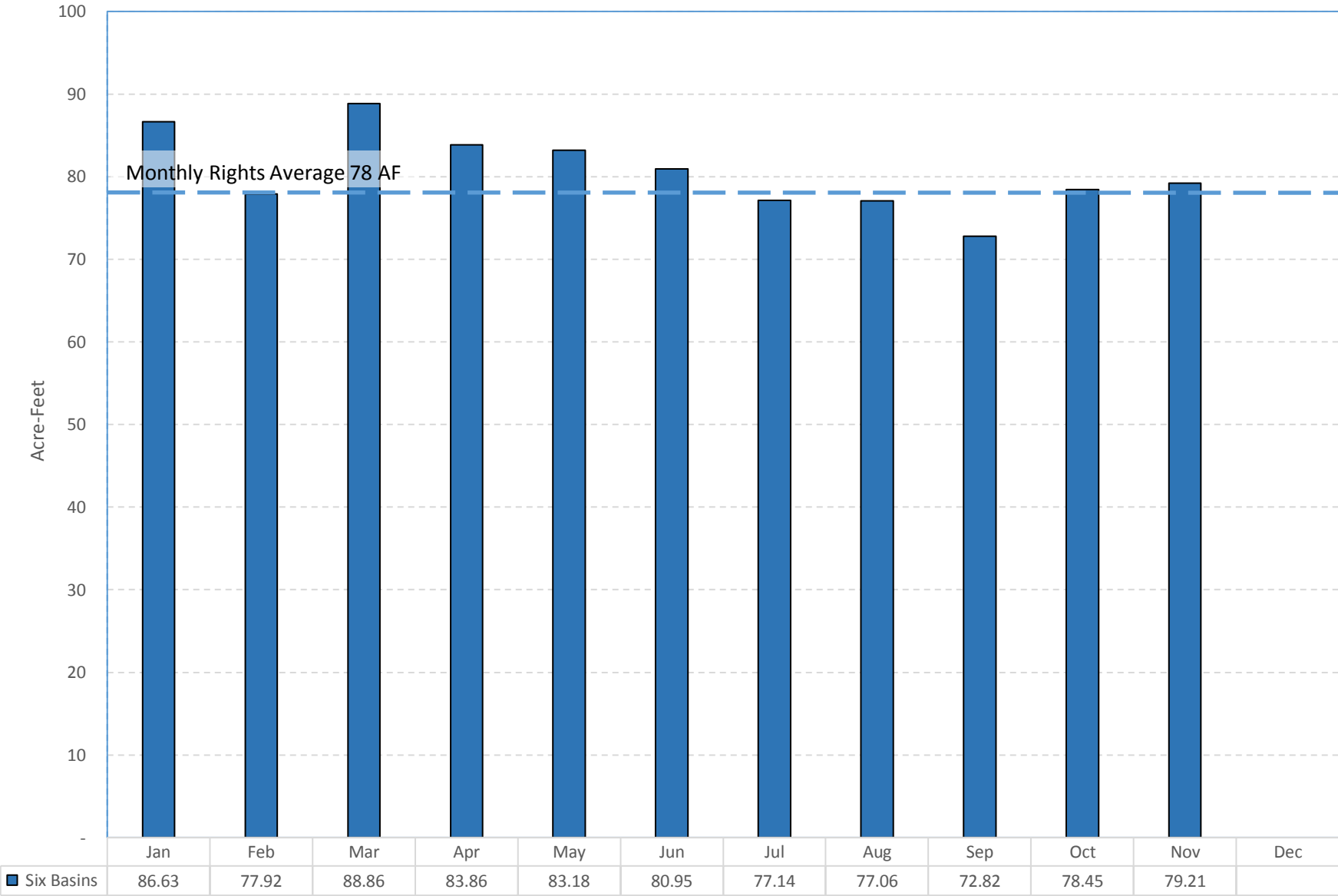
2019

# Six Basins Cumulative Production





### Six Basins Monthly Production



2019



Project Title: **Cucamonga Basin 6A**  
 Construction Order: **1303**  
 Approved Budget: \$ **266,000**

	Estimated	Actual
Design Start Date:		3/18/2015
Design Completion Date:		
Construction Start Date:	9/13/2017	10/1/2018
Constuction Completion Date:	11/15/2018	10/19/2018
Project Close Out Date:	12/15/2018	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ 10,823.63	
Permitting/CEQA			\$ 15,280.78	\$ (15,280.78)
RWQCB 401			\$ 775.00	
DFW Streambed Alteration			\$ 54,398.00	
Engineering	TKE Engineering	\$ 25,000.00	\$ 28,105.11	\$ (3,105.11)
Geotechnical	CHJ/Terracon	\$ 9,578.00	\$ 16,780.03	\$ (7,202.03)
CO#1		\$ 1,672.00	\$ 1,672.00	\$ -
CO#2		\$ 1,224.00	\$ 1,224.00	\$ -
Surveyor			\$ -	\$ -
Environmental	Altum/Baker Int	\$ 39,740.00	\$ 29,855.97	\$ 9,884.03
CO#1		\$ 31,800.00	\$ 245.00	\$ 31,555.00
Prime Contractor	CP Construction	\$ 253,030.00	\$ 175,207.50	\$ 77,822.50
	<b>TOTAL</b>	<b>\$ 362,044.00</b>	<b>\$ 334,367.02</b>	<b>\$ 27,676.98</b>

Project Title: **Cucamonga Crosswalls**  
 Construction Order: **1405**  
 Approved Budget:

	Estimated	Actual
Design Start Date:		7/18/2014
Design Completion Date:		7/15/2018
Construction Start Date:		7/16/2018
Constuction Completion Date:		11/15/2018
Project Close Out Date:	2/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to	
			Date	Remaining
Staff	SAWCo		\$ 1,605.91	\$ (1,605.91)
Permitting/CEQA			\$ -	\$ -
RWQCB		\$ 90,000.00	\$ 90,000.00	\$ -
NWP31 (5-yr maint/ plan)		\$ 11,000.00	\$ -	\$ 11,000.00
Noise Monitoring		\$ 12,145.00	\$ 12,145.00	\$ -
Engineering	TKE Engineering	\$ 65,040.00	\$ 68,262.83	\$ (3,222.83)
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental	Altum/Baker Int	\$ 126,295.00	\$ 120,801.82	\$ 5,493.18
CO#1		\$ 5,012.00	\$ 7,829.00	\$ (2,817.00)
Prime Contractor	GRB	\$ -	\$ -	\$ -
	<b>TOTAL</b>	<b>\$ 309,492.00</b>	<b>\$ 300,644.56</b>	<b>\$ 8,847.44</b>

Project Title: **Office Relocation**  
 Construction Order: **1507**  
 Approved Budget:

	Estimated	Actual
Design Start Date:	2016	2016
Design Completion Date:	6/1/2019	
Construction Start Date:	10/1/2019	
Constuction Completion Date:	6/1/2022	
Project Close Out Date:	8/1/2022	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Permitting/CEQA			\$ -	\$ -
Architect	CEDG	\$ 40,060.00	\$ 32,000.00	\$ 8,060.00
Engineering			\$ -	\$ -
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental			\$ -	\$ -
Prime Contractor		\$ -	\$ -	\$ -
	<b>TOTAL</b>	<b>\$ 40,060.00</b>	<b>\$ 32,000.00</b>	<b>\$ 8,060.00</b>

Project Title: **WFA Connection**  
 Construction Order: **1601**  
 Approved Budget: \$ 110,000.00

	Estimated	Actual
Design Start Date:	7/9/1905	7/9/1905
Design Completion Date:	12/1/2018	
Construction Start Date:	5/1/2019	
Constuction Completion Date:	7/1/2019	
Project Close Out Date:	9/1/2109	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Permitting/CEQA			\$ -	\$ -
Engineering	CivilTech	\$ 30,895.00	\$ 9,965.00	\$ 20,930.00
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental			\$ -	\$ -
Prime Contractor		\$ -	\$ -	\$ -
	<b>TOTAL</b>	<b>\$ 30,895.00</b>	<b>\$ 9,965.00</b>	<b>\$ 20,930.00</b>

Project Title: **Holly Drive Reservoir**  
 Construction Order: **1602**  
 Approved Budget: \$ **365,000**

	Estimated	Actual
Design Start Date:		4/15/2016
Design Completion Date:		10/17/2018
Construction Start Date:	1/15/2019	
Constuction Completion Date:	1/12/2020	
Project Close Out Date:	3/1/2020	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Engineering	TKE Eng	\$ 186,970.00	\$ 160,327.50	\$ 26,642.50
Prime Contractor			\$ -	\$ -
	<b>TOTAL</b>	<b>\$ 186,970.00</b>	<b>\$ 160,327.50</b>	<b>\$ 26,642.50</b>

Project Title: **Reservoir 7 Roof Repair**  
 Construction Order: **1701**  
 Approved Budget: \$ **110,000**

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	
Construction Start Date:	4/1/2019	
Constuction Completion Date:	8/1/2019	
Project Close Out Date:	10/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Structural Inspection	Harper	\$ 51,230.00		
Engineer	CivilTech	\$ 62,750.00	\$ 49,081.93	\$ 13,668.07
Prime Contractor			\$ -	\$ -
	<b>TOTAL</b>	<b>\$ 113,980.00</b>	<b>\$ 49,081.93</b>	<b>\$ 64,898.07</b>



Project Title: **Holly Drive Booster Station**  
 Construction Order: **1801**  
 Approved Budget: \$ **290,000**

	Estimated	Actual
Design Start Date:		4/16/2018
Design Completion Date:		7/13/2018
Construction Start Date:		9/26/2018
Constuction Completion Date:	11/29/2018	
Project Close Out Date:	2/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Engineering	TKE Eng	\$ 28,040.00	\$ 27,865.00	\$ 175.00
Structural	HK Structural	\$ 50,738.00	\$ 64,180.00	\$ (13,442.00)
Mechanic al	KSM Mechanical	\$ 220,785.38	\$ 22,172.80	\$ 198,612.58
Material Supplier	United Fabrication Inc.	\$ 500.00	\$ 323.25	\$ 176.75
Welding	J&K Welding		\$ 4,372.57	\$ (4,372.57)
	<b>TOTAL</b>	<b>\$ 300,063.38</b>	<b>\$ 118,913.62</b>	<b>\$ 181,149.76</b>

Project Title: **Edison Pond Sluice Gate**  
 Construction Order: **1803**  
 Approved Budget: \$ **70,000**

	Estimated	Actual
Design Start Date:		
Design Completion Date:		
Construction Start Date:		5/10/2018
Constuction Completion Date:	11/30/2018	
Project Close Out Date:	12/30/2018	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Prime Contractor	CP Construction	\$ 64,500.00	\$ 64,500.00	\$ -
CO#1		\$ 2,350.00	\$ 2,350.00	\$ -
	<b>TOTAL</b>	<b>\$ 66,850.00</b>	<b>\$ 66,850.00</b>	<b>\$ -</b>

Project Title: **Campus Avenue Pipeine**  
 Construction Order: **1807**  
 Approved Budget: \$ **60,000**

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	
Construction Start Date:	4/1/2019	
Constuction Completion Date:	6/1/2019	
Project Close Out Date:	8/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Engineer	CivilTech	\$ 58,324.00	\$ 21,078.78	
Prime Contractor			\$ -	\$ -
	<b>TOTAL</b>	<b>\$ 58,324.00</b>	<b>\$ 21,078.78</b>	<b>\$ 37,245.22</b>

Project Title: **New Company SCADA**  
 Construction Order: **1808**  
 Approved Budget: \$ **100,000**

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	
Construction Start Date:	4/1/2019	
Constuction Completion Date:	6/1/2019	
Project Close Out Date:	8/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Material Supplier	Inland Productivity	\$ 17,750.09		
Engineer	TESCO	\$ 100,000.00	\$ -	
Prime Contractor			\$ -	\$ -
	<b>TOTAL</b>	<b>\$ 117,750.09</b>	<b>\$ -</b>	<b>\$ 117,750.09</b>

**Agenda Item No. 6A**

**Item Title: Annual Review of Employee Dental, Vision and Life Insurance Benefits**

**Purpose:**

Change Dental, Vision and Life Insurance benefits for employees.

**Issue:**

Employee health benefits for 2019.

**Manager's Recommendation:**

Authorize the General Manager to execute new contracts for Dental, Vision and Life Insurance benefits for employees through 2019.

**Background:**

Staff has been reviewing current employee benefits and available options for Dental, Vision and Life Insurance. Staff has determined that savings can be achieved, and benefits increased by switching plans.

**At publication final costs were still being determined. A full proposal will be presented at the Board Meeting. The numbers discussed below have not been finalized and are presented simply for premeeting consideration.**

Dental – The proposed dental plan will save the company \$881 per year over the current plan. Additionally, the proposed plan increases benefits. Up to three cleanings per year versus the current two. Additionally, staff is proposing the addition of \$1,000 Child Orthodontics coverage, included in the proposed cost.

Vision – The proposed vision plan will save the company \$310 per year over the current plan. Additionally, the proposed plan increases benefits. New frames every year instead of two years.

Group Term Life Insurance – The proposed GTLI plan will save the company \$355 per year over the current plan. Staff recommends a floor of \$100,000 and ceiling of \$150,000 life insurance coverage provided by Company for each employee, based on individual salary. Employees with a salary below \$100,000 will be provided a Life Insurance Policy of \$100,000. Employees with a salary above \$100,000 will be provided a Life Insurance Policy matching their salary, up to a maximum of \$150,000. This is a change from the Company's current plan, which matches Life Insurance to the employee's salary, up to a maximum \$150,000.

Overall, the Dental, Vision and Life Insurance coverage is expected to be \$1,203 per month. This is down from the current \$1,331 per month. Total cost for 2019 is projected to be \$14,432, a ~10% yearly savings of \$1,545 over our current plan.

**Previous Action:**

At its regular meeting in November 2018 the Board authorized staff to execute paperwork necessary to continue health coverage through 2019. At that time the Board requested confirmation of the change in premiums over 2018 rates. The following table shows confirmed rate increases.

Agenda Date: December 18, 2018

Year	Overall Premium Increase
2016	17.93%
2017	13.01%
2018	9.68%
2019	5.99%

Impact on Budget:

A premium reduction of \$xx for FY2019 (Premiums have been budgeted for 2019.)

**Agenda Item No. 6B**

**Item Title: Benson Avenue Property Acquisition by City of Upland**

**Purpose:**

Consider City of Upland's request to acquire south portion of Benson Avenue property for City's new reservoir.

**Issue:**

Should Company allow extension of time for City to complete acquisition of Benson Avenue Property?

**Manager's Recommendation:**

That the Board allow a time extension through the first quarter of 2019 for City to Complete acquisition of property.

**Background:**

The City of Upland desires to acquire the south half of Company's property for the construction of their new reservoir. The City has been approved for a funding loan from the State Revolving Fund for reservoir construction. At its regular meeting in July 2017 the Board ratified an appraisal of the property at \$1,720,000. Additionally, the Board agreed to hold that price to the end of 2018, giving the City time to complete the SRF application process.

The SRF application process is now scheduled to be completed in early 2019 (see attached letter). Given the slip in scheduling funds, the City is requesting that the Company grant a three-month time extension to March 31, 2019.

City and Company staff have been discussion terms of the acquisition. It is appropriate for payment to be split among multiple budget years to ensure the Company maintains a minimum 85% yearly revenue from shareholders for company expenses (water sales). This 85% threshold is required to maintain the Company's tax-exempt status under section 501(c) (12) of the Internal Revenue Code. Although the details have not been worked-out yet, staff anticipates a five-year payment plan, with appropriate interest charged on any remaining outstanding balance. The purchase contract will be brought back to the Board for approval early in 2019.

**Previous Action:**

July 2017 – Board ratified property appraisal of \$1,720,000 and committed to hold that price through 2018.

**Impact on Budget:**

\$1,720,000 in non-water sale revenue, split over multiple years.



**PUBLIC WORKS DEPARTMENT**  
**1370 North Benson Avenue**  
**Upland, California 91786-0460**  
**Telephone (909) 291-2930**  
**Facsimile (909) 291-2974**

November 29, 2018

Brian Lee, General Manager  
San Antonio Water Company  
139 N. Euclid Avenue  
Upland, CA. 91786

**Subject:** Request for a Time Extension for the Purchase a Portion of the SAW Co. Property Located on the NWC of 17<sup>th</sup> Street & Benson Avenue (APN 1005-271-03)

Dear Mr. Lee:

On July 18, 2017, the SAW Co. Board approved the property appraisal report for the subject property value prepared by the Bronstein Company in the amount of \$1,720,000 and provided the City until the end of the calendar year 2018 to complete the transaction.

At this time, the City has completed all of the application documents with the State to secure an SRF loan and the draft loan agreement document is being prepared by the State in coordination with our City Attorney's Office. I am requesting an additional 3 months to complete the loan agreement and financing with the State. During this period, the City and SAW Co. open escrow with a final escrow closing contingent upon securing the SRF funding. At this time, based upon my conversations with the State, I believe this work can be completed within the 3 month extension period. As such, I respectfully request the SAW Co. Board allow the 3 moth extension to complete the land purchase.

Should you have any questions or need additional information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Rosemary Hoerning".

Rosemary Hoerning, PE, PLS, MPA  
Public Works Director/City Engineer  
City of Upland  
909-291-2931

\_\_\_\_\_  
Tom Thomas  
Board President  
San Antonio Water Company

\_\_\_\_\_  
Date

cc: San Antonio Water Company Directors  
Jeannette Vagnozzi, City Manager, City of Upland



**Rosemary Hoerning**

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**From:** Tamanaha, Marques@Waterboards <Marques.Tamanaha@waterboards.ca.gov>  
**Sent:** Thursday, November 01, 2018 1:09 PM  
**To:** Rosemary Hoerning  
**Subject:** RE: Upland SRF

Hi Rosemary,

I just received the credit review clearance for \$16.5 million at 1.8% with a 30-year repayment. It sounds like our legal just reached out to you with a draft agreement. As soon as the consultation is done, I will begin routing the agreement for final management approval. I still anticipate the agreement will get issued early 2019.

Let me know if you have questions.

**Marques Tamanaha**

Project Manager - SWRCB  
(916) 449-5645



**Agenda Item No. 6C**

Item Title: IEUA Water Rates & Charges

Purpose:

Consider staff's recommended response letter to IEUA's letter and invoice dated 08/23/2018.

Issue:

Should Company retail customers pay IEUA monthly meter charge?

Manager's Recommendation:

Board authorize staff to send the attached letter to IEUA respectfully declining to pay the charge.

Background:

In 2016 IEUA Board passed Resolution 2016-6-7 establishing Ordinance No. 104. Included in Ordinance 104 is a current monthly charge of \$0.99 per meter equivalent unit (MEU) to all meters... within the IEUA service area... served by an IEUA Local Agency. The MEU charge is scheduled to increase to \$1.04 for FY2019/2020.

IEUA representatives provided information to the full Board in July 2018. Since that time staff has discussed the issue internally and met with IEUA staff to further explore the value IEUA represents to SAWCo shareholders. Finally, the PROC discussed the issue and draft Company response letter at its regular meeting in November 2018. The PROC unanimously recommended sending the attached letter to IEUA.

During review staff developed the following points for consideration:

- The Company does not have an individual service connection from IEUA and is currently not considering an individual service connection from IEUA. Therefore, per IEUA's own definitions, the Company is not an IEUA Local Agency and not subject to the MEU charge.
  - IEUA Ordinance No. 104 defines a Meter Equivalent Unit (MEU) as, "...the number of equivalent base meters served by an IEUA Local Agency..."
  - IEUA Ordinance No. 104 further defines 'Local Agency' as, "...users of water in such quantity as to merit being considered for an individual service connection from IEUA."
- SAWCo is primarily a wholesale agency, providing wholesale water to 80%+ of our customers at rates significantly below what IEUA charges for their wholesale water.
- SAWCo's wholesale shareholders are direct members of IEUA and contribute directly to the IEUA meter charge.
- SAWCo's retail customers (San Antonio Heights) receive no direct benefit from IEUA's wholesale water. The company's retail customers are independent from any other wholesale agency other than the Company.

- It is not clear if the Company's retail customer area lies within the IEUA service area. IEUA's charter document describes the center line of 24<sup>th</sup> street as the northern most boundary. Staff hasn't found any record that the Company or individual homeowners in the Heights ever agreed to include the Heights into IEUA's service area.
- The Company has budgeted \$15,000 for FY2019 to implement an internal retail conservation program to replace company involvement in IEUA's conservation program.

Previous Action:

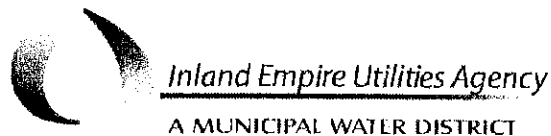
None.

Impact on Budget:

Estimated IEUA MEU cost for FY2019 is \$22,903.

Proposed conservation budget for FY2019 increasing by \$15,000 for company conservation efforts.

Proposed net savings to the Company for FY2019 is \$7,903.



6075 Kimball Avenue • Chino, CA 91708  
P.O. Box 9020 • Chino Hills, CA 91709  
TEL (909) 993-1600 • FAX (909) 993-1985  
www.ieua.org

August 23, 2018

Teri Layton  
San Antonio Water Company  
139 N. Euclid Ave  
Upland, CA 91786

**Re: IEUA – Meter Equivalent Unit (MEU) Charge**

Dear Ms. Layton:

Thank you for allowing the Inland Empire Utilities Agency (IEUA) to meet with the San Antonio Water Company (SAWCO) Board of Directors on July 17, 2018, to discuss the monthly MEU charge applicable to customers within your service area. As previously noted, costs associated with IEUA's regional water resources program are collected through an annual MEU charge. All parcels located within SAWCO's service area are required to pay the MEU charge.

The attached invoices for \$1,843.38 are for the \$0.99 per MEU per month charge for the period July 1, 2018 through September 30, 2018, for all water meter accounts active as of January 1, 2018, within the SAWCO service area boundary.

If you should have any questions or require additional information, please feel free to contact me at 909-993-1645.

Sincerely,

Craig Proctor  
Source Control/Environmental Resources Supervisor  
Inland Empire Utilities Agency

*Water Smart – Thinking in Terms of Tomorrow*

Steven J. Elie  
President

Michael E. Camacho  
Vice President

Jasmin A. Hall  
Secretary/Treasurer

Paul Hofer  
Director

Kati Parker  
Director

Halla Razak  
General Manager



# Invoice

**CUSTOMER NO: 20920**

**SAN ANTONIO WATER COMPANY  
ATTN: TERI LAYTON, ASST. MGR.**

**139 NORTH EUCLID AVENUE  
UPLAND, CA 91786**

**Reference:**

**INVOICE NUMBER: 90022751**

**INVOICE DATE: 08/27/2018**

**SERVICE PERIOD: 07/01/2018 to 09/30/2018**

**DATE DUE: 09/21/2018**

ITEM	SERVICE	METER READINGS			BILLING UNIT	BILLING UNITS CONSUMED	CHARGE PER BILLING UNIT	NET AMOUNT
		METER	CURRENT	PRIOR				
10	Meter Equivalent Unit Charge - JUL 2018				MEU	1,862	\$0.99	\$1,843.38
11	Meter Equivalent Unit Charge - AUG. 2018				MEU	1,862	\$0.99	\$1,843.38
12	Meter Equivalent Unit Charge - SEP. 2018				MEU	1,862	\$0.99	\$1,843.38

**RECEIVED**  
**AUG 30 2018**  
San Antonio Water Company

**Please Pay From This Invoice**

**TOTAL DUE \$5,530.14**

*Rate Res 2017-6-7,15, WW, MWD WFA*

**Payment Terms:** Due 25 Days After Invoice Date

**Remit To:**

P.O. Box 2650 Chino Hills, CA 91709  
TEL (909) 993-1600 FAX (909) 606-7364



# San Antonio Water Company

Incorporated October 25, 1882  
Serving the original Ontario Colony lands

---

December 19<sup>th</sup>, 2018

Halla Razak  
General Manager  
Inland Empire Utilities Agency  
PO Box 9020  
Chino Hills, CA 91709

**Re: IEUA Meter Equivalent Unit (MEU) Charge**

Dear Ms. Razak:

For the past year the Company and IEUA staff have been engaged in a discussion regarding the IEUA MEU Charge and its applicability to the Company and its shareholders. The issue has been discussed at length internally, by Board Committees and ultimately by the full Board. Staff and Board are very grateful for the assistance Ms. Lisa Morgan-Perales and Mr. Craig Proctor have provided to the Company during these discussions. Their proactive efforts are commendable.

After reviewing the situation at length, the Company has determined that it is not in the best interest of our retail shareholders to pay the IEUA MEU Charge. Some of the reasons include:

- The Company is not a 'Local Agency' as defined by IEUA's Ordinance 104 and does not have an active connection to IEUA.
- The San Antonio Water Company is primarily a wholesale agency. The majority of our shareholders are also IEUA customers. The Agency already collects a MEU charge from about 80% of our shareholders.
- The Company's retail customers receive no direct benefit from IEUA as a wholesale agency.

The Company is very grateful for IEUA's efforts in regard to improving local supplies, including groundwater sources. We remain excited to partner with IEUA in future efforts, either by direct agreement or through our mutual efforts at the Chino Basin Watermaster.

In closing, we are committed to working alongside all local agencies, including IEUA, for the betterment of our shareholders. We look forward to exploring future partnership opportunities with you.

Sincerely,

Brian Lee  
General Manager





**Agenda Item No. 6D**

Item Title: Adoption of 2019 Fiscal Year Budget

Purpose:

Adopt an Operating and Capital Budget for fiscal year 2019 (FY2019) that supports Company Mission, "To provide our shareholders with reliable and good quality water service at a cost-effective rate."

Issue:

Consider adopting staff's recommended budget for FY2019.

Manager's Recommendation:

Adopt the draft FY2019 Operating and Capital Budget.

Background:

A draft budget was publicly presented at the Board's Budget Workshop on December 6, 2018. Discussion was held, and no fiscal adjustments were recommended. Two clarifications were requested; break out Legal/Accounting expenditures for clarity and identify cost split between Company and City of Pomona for the Edison Pond Valve Capital Project. Those clarifications have been incorporated into the attached draft 2019 budget.

After the budget workshop staff reduced the 'Gain on Sale of Assets' revenue line from \$500,000 to \$344,000. This change ripples downward, lowering net income and increasing the withdrawal from D&O Reserves to complete capital projects. This change reflects the proposed plan to spread City of Upland payments for the Benson Avenue property out over five years. 2019 is projected to be the first of five \$344,000 payments, for a total of \$1,720,000. The remaining payments are also expected to include interest on the outstanding balance.

Pro Forma Statement of 2019 Revenues and Expenses:

	2019 Proposed	Change from 2018 Budget
Operating Revenues	\$5,045,000	+1.3%
Operating Expenses	(\$3,497,000)	-1.4%
<u>Depreciation</u>	<u>(\$822,000)</u>	
Net Income (Loss)	\$726,000	+20%

Capital expenditures for 2019 are projected to be \$2,733,400. Projected 2019 income, excluding depreciation, is expected to be \$1,548,000. The remaining funds needed to complete the 2019 proposed capital improvement projects (\$1,185,400) will come from D&O Reserves (Capital Reserves).

D&O Reserves:

As of 11/30/2018	\$3,541,000
<u>Proposed 2019 Capital Expenditures</u>	<u>(\$1,185,000)</u>
Projected D&O Reserves on 12/31/2019	\$2,356,000

The majority of planned 2019 capital projects are carry-over from previous years. All proposed projects save one are expected to be completed in the 2019 fiscal year. For the future, staff

anticipates the Company alternating years between design and construction, with needed exceptions. 2019 is a construction year. 2020 will be a design year. 2021 will be a construction year. And so on...

The only capital project in the 2019 budget that is expected to carry over into 2020 and beyond is the proposed office relocation. Staff would like to reactivate the Office Feasibility AdHoc Committee in 2019. Staff intends to work with the Committee and revise the proposed office plans, so they better reflect the Company and its history. The current concept renderings do not adequately capture San Antonio Water Company.

The 2019 budget schedules \$100,000 to develop concepts, renderings, blueprints, specifications and a funding plan. Staff does not anticipate actual construction on the new facilities until the City has completed construction on their reservoir. Therefore, we have at least two years to properly plan, design and fund the office relocation. This is a project that only happens once every one-hundred years. Let's take the time to get it right.

Previous Action:

None.

Impact on Budget:

Reduce D&O Reserves by \$1,203,000

		<b>2019 Budget</b>	<b>2018 Budget</b>	<b>2018 Actual to Sept</b>	<b>2018 Projected</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b><u>SHAREHOLDER REVENUE</u></b>							
1185	1 Domestic Water Income (Base)	340,000	230,636	162,708	239,586	205,055	165,137
1215	3 Domestic Water Income (Supplemental)	246,000	306,135	139,744	241,789	254,751	242,296
1220	4 Domestic Water Income (Tier 3)	206,000	150,000	175,553	225,553	186,041	
1230	2 Domestic Water Income (Readi/Chrg)	200,000	201,333	132,856	199,967	199,967	201,254
1235	5 Domestic Water Availability Charge (WAC)	60,000	60,480	39,613	59,773	28,910	
1245	6 Municipal Water Income (Base)	2,500,000	2,732,080	1,804,231	2,397,533	2,500,530	1,885,609
1260	8 Municipal Water Income (Supplemental)	-	0	0	-	561,419	106,951
1268	7 Municipal Water Income (Readi/Chrg)	80,000	79,800	53,200	73,150	79,800	79,800
1274	10 Misc Water Income (Base)	189,000	234,192	136,960	188,262	166,232	133,758
1275	12 Misc Water Income (Supplemental)	174,000	256,363	92,554	156,722	190,679	113,366
1276	9 Municipal Water Availability Charge (WAC)	477,000	493,536	317,520	441,052	238,140	
1280	13 Misc Water Income (Tier 3)	15,000	3,000	13,556	14,307	15,433	
1288	11 Misc Water Income (Readi/Chrg)	23,000	23,500	16,210	22,092	23,730	23,370
1290	14 Misc Water Availability Charge (WAC)	23,000	44,592	15,376	26,537	11,532	
1295	15 Dormant Water Availability Charge (WAC)	54,000	14,722	35,910	39,595	27,202	
1302	16 Meter Service Fees (Connections)	-	0	0	0	3,256	6,166
1400	35 Stock Transfer	5,000	4,000	3,570	4,571	3,630	3,510
1405	38 Capital Facilities Connection Fee	-	0	-	0	5,691	14,732
1410	26 Late/Re-establishment Fee	5,000	6,181	4,110	5,657	3,740	5,865
1415	27 Drought Ordinance Violation Fee	-	0	0	0	100	1,050
1420	33 Return Check Fee	-	167	75	117	200	175
1425	28 Broken/Missing Lock Fee	-	0	0	0	25	
1430	30 Stock Certificate Storage & Handling Fee	-	100	160	185	120	140
<b>Subtotal:</b>		<b>4,597,000</b>	<b>4,840,817</b>	<b>3,143,905</b>	<b>4,336,447</b>	<b>4,706,182</b>	<b>2,983,179</b>

<b><u>NON-SHAREHOLER REVENUE</u></b>							
1635	21 Development Plan Check Fee	-	0	0	0	0	2,242
1725	23 Miscellaneous Income	1,000	1,623	1,582	1,988	1,649	474
1728	31 Plans & Spec Fee	2,000	0	75	75	0	-
1730	24 Construction Permit & Inspection	-	5,000	0	1,252	6,659	-
1750	32 Service/Litigation Agreements	1,000	800	483	683	787	678
1753	18 Ground Lease Income	52,000	55,000	39,522	53,288	58,786	36,376
1755	17 Interest Income	48,000	27,000	41,697	48,455	29,337	19,317
1875	22 Overhead Income	-	0	1,862	1,862	0	-
	37 Gain on Sale of Assets	344,000	0	-	0	17,802	
1903	25 IEU:A BMP Support Grant	-	0	0	0	0	2,000
<b>Subtotal:</b>		<b>448,000</b>	<b>89,423</b>	<b>85,220</b>	<b>107,603</b>	<b>115,019</b>	<b>61,086</b>

<b><u>DEPRECIATION &amp; OBSOLESCENCE REVENUE</u></b>							
1300	36 Water Sales from Stored G. W. [D&O Reserves]	-	200,000	-	0	180,000	255,000
<b>Subtotal:</b>		<b>-</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>180,000</b>	<b>255,000</b>
<b>Revenue Total:</b>		<b>5,045,000</b>	<b>5,130,240</b>	<b>3,229,125</b>	<b>4,444,050</b>	<b>5,001,201</b>	<b>3,299,265</b>

	2019 Budget	2018 Budget	2018 Actual to Sept	2018 Projected	2017 Actual	2016 Actual
<b><u>FACILITIES &amp; O&amp;M EXPENSES</u></b>						
<b>Operating Facilities</b>						
2175 20 Facility Related Field Labor	228,000	218,213	182,635	243,513	234,075	205,296
2235 21 Repairs to Facilities and Equipment	393,000	751,167	130,112	173,483	473,345	319,085
2265 22 Power-Gas & Electric (utilities)	725,000	587,293	544,108	725,478	588,303	599,939
Operating Facilities Total:	1,346,000	1,556,673	856,855	1,142,473	1,295,723	1,124,319
<b>Operating Activities</b>						
2475 18 Customer Services/Billing	85,000	72,327	69,478	92,637	77,589	67,962
2498 19 Conservation Activities	45,000	30,000	22,990	30,653	27,871	18,918
Operating Activities Total:	130,000	102,327	92,467	123,289	105,460	86,880
<b>Other Operating Expense</b>						
2205 24 Non-Facility Related Labor	87,000	88,586	63,764	85,019	86,082	90,532
2210 25 O&M - All Other	2,000	3,201	425	566	2,151	3,165
2280 26 Purchased Water	-	44,357	-	-	0	36,264
2295 23 Supplies (Inventory & Tools Expense)	10,000	9,953	4,700	6,266	15,304	8,382
2715 28 Property Taxes	247,000	<b>221,456</b>	109,298	218,597	218,227	215,736
2805 27 Wtr. Resource Mgmt. (Basin Assm'ts)	300,000	269,037	81,591	208,788	200,078	548,462
2850 30 Inventory Shrinkage	-	0	-	-	160	-
Other Operating Expense Total:	646,000	636,590	259,778	519,236	521,842	902,541
<b>O &amp; M Expense Total:</b>	<b>2,122,000</b>	<b>2,295,590</b>	<b>1,209,100</b>	<b>1,784,999</b>	<b>1,923,025</b>	<b>2,113,741</b>
<b><u>GENERAL ADMINISTRATIVE EXPENSES</u></b>						
<b>Personnel</b>						
2115 2 Administrative Services	223,000	181,060	180,438	240,583	206,212	193,326
2130 3 Development/Water Svc App	2,000	2,300	876	1,168	1,878	4,978
2325 13 Taxes - Payroll (office and field)	70,000	67,797	52,580	70,107	67,213	60,687
2355 4 Worker's Compensation Insurance	18,000	15,853	9,888	13,184	16,642	23,631
2385 5 Benefit Pay (Vac., Sick, Etc.)	143,000	136,744	111,876	149,168	138,241	141,639
2415 6 Benefit Insurance (Pension, Life, Medical, Dental, Vision)	223,000	231,805	154,924	206,566	226,182	208,804
2430 7 Benefit Administrative Services	2,000	1,675	100	1,408	1,425	1,675
Personnel Total:	681,000	637,234	510,682	682,184	657,793	634,739
<b>Other</b>						
2445 9 Office/ IT Support	62,000	75,000	51,270	68,360	55,281	32,583
2505 1 Directors Fees & Expenses	35,000	33,611	25,332	33,665	31,580	39,429
2535 11 Liability Insurance (Non-empl. benft.)	32,000	35,394	27,227	27,227	31,778	35,575
2595 14 Communications	92,000	41,239	16,760	22,346	31,127	42,478
2625 15 Dues & Subscriptions	4,000	3,700	2,030	2,706	3,339	4,719
2655 10 Outside Services	81,000	70,747	37,179	49,572	60,271	43,377
2745 12 Taxes - Income	8,000	4,700	7,400	7,400	7,395	4,687
2775 8 Accounting Expense	59,000	0	50,438	67,251	54,968	55,763
2276 8 Legal Expense	242,000	242,332	148,376	197,835	158,695	84,645
2790 16 Human Resource Expense	39,000	59,430	36,207	48,276	34,010	34,253
2865 17 All Other	40,000	50,414	17,813	23,751	30,040	36,358
Other Total:	694,000	616,567	420,031	548,389	498,484	413,868
<b>G. &amp; A. Expense Total:</b>	<b>1,375,000</b>	<b>1,253,801</b>	<b>930,713</b>	<b>1,230,573</b>	<b>1,156,277</b>	<b>1,048,606</b>
<b>Total Expenses:</b>	<b>3,497,000</b>	<b>3,549,391</b>	<b>2,139,813</b>	<b>3,015,572</b>	<b>3,079,302</b>	<b>3,162,347</b>
<b>Net Income without D&amp;O funds:</b>	<b>1,548,000</b>	<b>1,380,849</b>	<b>1,089,312</b>	<b>1,428,479</b>	<b>1,741,899</b>	<b>(118,082)</b>
<b>Net Income with D&amp;O funds:</b>	<b>1,548,000</b>	<b>1,580,849</b>	<b>1,089,312</b>	<b>1,428,479</b>	<b>1,921,899</b>	<b>136,918</b>
2565 29 Depreciation	822,000	974,807	506,779	675,705	913,315	876,691
<b>Net income less Depreciation and excluding Capital Expenditures</b>	<b>726,000</b>	<b>606,042</b>	<b>582,533</b>	<b>752,773</b>	<b>1,008,584</b>	<b>(739,773)</b>

SAWCo  
2019 Capital Improvement Projects

#	Project	Spent in Prior Years	FY19 Budget	Future FY Projections	Total Project Cost
<b>Capital Improvement/Replacement</b>					
1	24" Valve at Edison Box	-	26,400	-	26,400
2	Campus Avenue Waterline	22,000	495,000	-	517,000
3	Meter Replacement	-	25,000	-	25,000
4	WFA Pipeline Connection	10,000	100,000	-	110,000
5	Holly Drive Reservoir	161,000	460,000	-	621,000
6	Res 7 Rehabilitation	27,000	1,133,000	-	1,160,000
7	SCADA Replacement	-	118,000	-	118,000
8	Cucamonga Crosswalls	291,000	20,000	-	311,000
9	Office Relocation	32,000	100,000	3,868,000	4,000,000
<b>Inventory Capital</b>					
10	18-inch Bucket	-	550	-	550
11	12-inch Bucket	-	450	-	450
12	Backhoe Tractor	-	120,000	-	120,000
13	3/4-ton Ford 4x4 with contractor bed	-	69,000	-	69,000
14	Rock Screen	-	18,000	-	18,000
15	Back-up MIOX Cell (Shaft 6)	-	48,000	-	48,000
		543,000	<b>2,733,400</b>	3,868,000	7,144,400

Net Income excluding Depreciation	<b>1,548,000</b>
Expected Funds from D&O Reserves	<b>1,185,400</b>
Total	<b>2,733,400</b>

Project Title: **Edison Box 24" Drain Valve**

Construction Order:

Total Budget: \$44,000

Construction: \$44,000

Fiscal Year 2019 Budget: \$26,400 (remainder covered by City of Pomona under 60/40 split cost share.)

Schedule:

Purchase and Install Valve: Summer 2019

Project Description

Location: Edison Box



Justification: Current drain line drop gate is damaged and unable to hold back water. Water is passing under gate and discharging back to San Antonio Creek. Proposal is to purchase and install inline drain valve downstream of drop gate.

Status:

12/06/18 – BL – Bring to Board @ Budget Workshop.

Contacts

Name

Phone / email

Total Budget: \$517,000

Construction: \$485,000

Fiscal Year 2018 Invoiced: \$21,000

Fiscal Year 2019 Budget: \$496,000

Schedule:

Design: Late 2018

Bid Project: Winter 2019

Award Contract: March 2019

Construct Pipeline: Spring – Summer 2019

Close Contract: Fall 2019

Project Description



Location: Campus Ave, between 20<sup>th</sup> and 22<sup>nd</sup> Street

Justification: Replace aging 8" and 10" pipeline that traverses over private property within backyards. Relocate pipeline alignment to Campus Ave and 20<sup>th</sup> Street.

Status:

07/2018 – Contract awarded and authorization to proceed issued.

11/30/2018 – BL – 100% plans reviewed. Engineer authorized to prepare Bid Documents.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 <a href="mailto:tkerger@civiltech.com">tkerger@civiltech.com</a>

Project Title: Retail Meter Replacement

Construction Order:

Total Budget: \$25,000

Construction: \$25,000

Fiscal Year 2019 Budget: \$25,000

Schedule:

Purchase Meters: Winter 2019

Install Meters: Throughout 2019

Project Description

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Location: Various locations within Company's retail service area.

Justification: Best practice is to replace retail water meters every seven to ten years. Staff is recommending replacement of 141 retail water meters: 125 – ¾" meters and 16 1" meters.

Status:

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Contacts

Name

Phone / email

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Total Budget: \$110,000

Engineering/Project Management: \$31,000

Construction: \$79,000

Fiscal Year 2018 Invoiced: \$21,000

Fiscal Year 2019 Budget: \$89,000

Schedule:

Design Project: 2018

Bid Project: Winter 2019

Award Bid: Spring 2019

Construction: Summer 2019

Project Description

Location: WFA facilities @ Benson Avenue



Justification: Install 16" pipeline connecting Company's existing surface water pipeline on Benson Avenue to WFA facilities. The intent of this project is to allow San Antonio Creek surface water to be delivered straight to the WFA facilities. Delivering surface water to the WFA facilities will increase the Company's ability to meet entitlement for those stockholders that are members of, and receive water from, WFA; City of Upland, City of Pomona and Monte Vista Water District.

Status:

02/19/2016 – Design contract and Authorization-to-Proceed issued to CivilTech Engineering.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 <a href="mailto:tkerger@civiltech.com">tkerger@civiltech.com</a>

Total Budget: \$621,000

Engineering/Project Management: \$221,000

Construction: \$400,000

Fiscal Year 2016 Invoiced: \$62,000

Fiscal Year 2017 Invoiced: \$51,000

Fiscal Year 2018 Invoiced: \$48,000

Fiscal Year 2019 Budget: \$460,000

Schedule:

Design Project: 2016-2018

Bid Project: December 2018

Award Bid: Spring 2019

Construction: Summer 2019

Project Description

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Location: Holly Drive, North of San Antonio Heights



Justification: Initially, project was conceived as a simple 60,000-gallon tank replacement. Predesign analysis determined that fire flow and storage requirements would be better served by installing two 120,000-gallon tanks at the site. Design costs jumped due, in part, to necessary surveying, geotechnical and environmental requirements enlarging site to accommodate two tanks. Project construction is currently split into three parts; geotechnical earthwork, install new second tank, demolish and replace existing tank. The first construction project (earthwork) design is completed. Bid award is scheduled for December 18, 2018. Design for the Second phase, constructing the new tank, is scheduled to be completed in the first quarter of FY 2019. Bidding the second phase is scheduled for the second quarter of FY2019, with construction beginning soon after.

The third phase, demolishing the original 60,000-gallon tank and replacing with a new 120,000-gallon tank, is not yet scheduled.

Status:

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02/19/2016 – Design contract and Authorization-to-Proceed issued to TKE Engineering.

10/2018 – BL – 100% Plans and Specs reviewed. Engineer authorized to prepare bid documents.

11/2018 – BL – Contract advertised for bid.

Contacts	Name	Phone / email
TKE Engineering, Inc.	Terry Renner	951.680.0440 <a href="mailto:trenner@tkeengineering.com">trenner@tkeengineering.com</a>

Total Budget: \$1,160,000

Engineering/Project Management: \$160,000

Construction: \$1,000,000

Fiscal Year 2017 Invoiced: \$57,000

Fiscal Year 2018 Invoiced: \$44,000

Fiscal Year 2019 Budget: \$1,059,000

Schedule:

Design Project: 2018

Bid Project: Winter 2019

Award Bid: Spring 2019

Construction: Spring/Summer 2019

Project Description

Location: Intersection of North Mountain Avenue and North Euclid Avenue



Justification: Reservoir 7 currently has a wooden roof that is in serious disrepair. Water quality issues require secure and safe roofing on reservoirs. The Company is planning on installing an aluminum roof to replace the wood roof. Installing a new roof will require installing a concrete perimeter, new access stairways and associated appurtenances.

Status:

04/25/2017 – Design contract and Authorization-to-Proceed issued to CivilTech Engineering.

11/30/2018 – BL – 100% Design reviewed. Engineer authorized to prepare bidding docs.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 <a href="mailto:tkerger@civiltech.com">tkerger@civiltech.com</a>

Total Budget: \$130,000

TESCO Contract:	\$100,000
Inland Productivity Contract:	\$18,000
Contingency:	\$12,000

Fiscal Year 2018 Budget: \$130,000

Proposed Carry Over to 2019: \$130,000

#### Schedule:

Develop HMI Screens:	October 2018
Purchase Equipment:	December 2018
Integrate System:	December 2018 – January 2019
Install System:	January – February 2019

#### Project Description

Location: Various locations throughout Company service area. Primary location of servers will be at Company main office.

The Company currently has 21 remote Supervisory Control and Data Acquisition (SCADA) control sites consisting of reservoirs, booster stations and wells. A SCADA system is used to remotely monitor, record and control remote sites by computer (e.g. record reservoir levels or turn on booster stations) through radio, wifi, cellular or modem communication. A SCADA system consist of the control computer and remote Programable Logic Controllers (PLCs) at each control site. The master control and recording computer currently sits at the corner of a desk in the Company's office meeting room.

SAWCo currently uses an *Iconics* SCADA control system. It is an older system that has been experiencing communication issue s with the Company's remote sites.

Staff is proposing replacing the master control and recording computer with new hardware and software. The new hardware would be installed in the Company's computer closet, providing better protection and environmental control.

Staff is proposing new software from *ClearSCADA*. As a product of Schneider Electric, it is predominant in the industry, has a long history within the marketplace, is extremely scalable, easy to integrate, compatible and adaptable with leading industry PLC products, and is highly supported. PLCs are the computers located at remote sites that communicate with the central SCADA control computer.

Staff is working with TESCO Controls, Inc., an industry leading system integrator. A system integrator assembles all the hardware and software components into a viable system.

Status:

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11/27/18 – BL / Bring TESCO proposal and Inland Productivity quote to PROC for ratification.

11/27/18 – BL / PROC unanimously approved moving staff recommendation to the full Board.

Contacts	Name	Phone / email
System Integrator: TESCO Controls Inc		
	Alex Leeth Technical Sales	<a href="mailto:aleeth@tescocontrols.com">aleeth@tescocontrols.com</a> 916.395.8800 ext. 2606
	John Zitlau Project Manager	<a href="mailto:jsitlau@tescocontrols.com">jsitlau@tescocontrols.com</a> (O) 916.395.8800 ext. 3005 (D) 916.596.4529
Hardware Procurement: Inland Productivity		
	Eric Hanson Sr. Solution Developer	<a href="mailto:ehanson@inland-prod.com">ehanson@inland-prod.com</a> 909.981.4500

Total Budget: \$250,000

Environmental Monitoring: \$100,000

Environmental Mitigation: \$150,000

Fiscal Year 2019 Budget: \$50,000

Environmental Monitoring: \$20,000

Environmental Mitigation: \$30,000

Schedule:

Mitigation Request for Proposals: Jan-Feb 2019

Mitigation for 2019: Mar- Apr 2019

Mitigation for 2020: Mar- Apr 2020

Mitigation for 2021: Mar- Apr 2021

Mitigation for 2022: Mar-Apr 2022

Mitigation for 2023: Mar-Apr 2023

Project Description



As a condition of the Cucamonga Crosswalls repair project, the Company committed to conduct mitigation and associated environmental monitoring for a period of no less than five years. This commitment was a condition of the California Department of Fish and Wildlife Streambed Alteration Agreement.

The mitigation includes yearly removal of invasive plant species and seeding of native plant species. Mitigation will occur in the late winter-early spring months. The intent is to provide enough time for native seed to germinate and invasive species to germinate but not establish strong roots or go to seed.

Status:

Contacts

Name

Phone / email

Total Budget: \$4,000,000

Engineering/Project Management: \$400,000

Construction: \$3,600,000

Fiscal Year 2016 Invoiced: \$32,000

Fiscal Year 2019 Budget: \$100,000

Out Year's Budget: \$3,868,000

Schedule:

Design Project: 2018

Bid Project: Winter 2019

Award Bid: Spring 2019

Construction: Spring/Summer 2019

Project Description

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Location: Benson Ave just south of 18<sup>th</sup> Street



Justification: The Company's main office on Euclid Ave. has served as the company headquarters for almost one hundred years. When initially constructed, the main office provided a local presence for agricultural shareholders to conduct company business. Changing demographics of the surrounding area has shifted the company's retail customer base almost exclusively into the San Antonio Heights.

Current Company facilities are old and showing their age. Issues include needed modern seismic construction, energy efficiency and security. Additionally, space constraints are evident. Parking space is inadequate. Office space is at a premium. There is no additional room for desks, much less the work space necessary for productivity. Field crew and office crew are separated on two parcels. Records storage is at a premium. Office computer servers are housed in a closet. Company SCADA hardware is located on a corner desktop in the meeting room. Due to a lack of adequate public meeting space, the Company currently utilizes the City of Upland Council chambers for its Board Meetings.

The Company has an opportunity to consolidate onto property located at Benson Avenue and 18<sup>th</sup> Street. Relocating to the Benson Property will allow the Company to build a presence closer to our retail customers while modernizing our facilities.

Status:

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06/15/2016 – Needs Assessment contract and Authorization-to-Proceed issued to  
Claremont Environmental Design Group.



Contacts	Name	Phone / email
CEDG	Erik Peterson	909.973.7282 <a href="mailto:info@cedg-design.com">info@cedg-design.com</a>



# SAN ANTONIO WATER COMPANY

Proposed Budget

Fiscal year 2019

Presentation to Company Board

December 5, 2018



- ▶ Budgeted Revenue - \$5,130,000
- ▶ Budgeted Operating Expenses - \$3,549,400
- ▶ Budgeted Capital Expenses - \$1,971,000
- ▶ Projected Revenue - \$4,444,000
- ▶ Projected Operating Expenses - \$3,001,000
- ▶ Projected Capital Expenses - \$1,000,000

Net projected end of year Income excluding depreciation - \$440,000

# 2018 IN REVIEW

- ▶ Projected water sales – 10,800 AF (conservatively 1,200 less than total entitlement)
- ▶ Projected Revenue - \$5,201,000
- ▶ Projected Operating Expenses - \$3,497,000
- ▶ Projected Capital Expenses - \$2,751,000
- ▶ Projected transfer from ~~D&O~~ Capital Reserves - \$1,047,000

## PROPOSED 2019 BUDGET

Checking Account	
Balance as of 09/30/2018	\$1,646,000

Average Proposed 2019 Monthly Burn Rate (excluding Capital)
(\$291,500)

6 month burn rate	9 month burn rate
(\$1,749,000)	(2,624,000)

CHECKING ACCOUNT  
(OPERATING RESERVES?)

Balance as of 9/30/2018 (LAIF + Checking)	\$3,815,000
Additional Income from fourth quarter 2018 (estimate)	\$110,000
2019 Starting Balance	\$3,925,000
Proposed Capital Expense Transfer in 2019	(\$1,047,000)
Estimated Balance on 12/31/2019	\$ 2,878,000

~~DEPRECIATION AND OBSOLESCENCE~~  
~~ACCOUNT~~ CAPITAL RESERVE ACCOUNT

#	Project	Spent in Prior Years	FY19 Budget	Future FY Projections	Total Project Cost
Capital Improvement/Replacement					
1	24" Valve at Edison Box	-	44,000	-	44,000
2	Campus Avenue Waterline	22,000	495,000	-	517,000
3	Meter Replacement	-	25,000	-	25,000
4	WFA Pipeline Connection	10,000	100,000	-	110,000
5	Holly Drive Reservoir	161,000	460,000	-	621,000
6	Res 7 Rehabilitation	27,000	1,133,000	-	1,160,000
7	SCADA Replacement	-	118,000	-	118,000
8	Cucamonga Crosswalls	291,000	20,000	-	311,000
9	Office Relocation	32,000	100,000	3,868,000	4,000,000
Inventory Capital					
10	18-inch Bucket	-	550	-	550
11	12-inch Bucket	-	450	-	450
12	Backhoe Tractor	-	120,000	-	120,000
13	3/4-ton Ford 4x4 with contractor bed	-	69,000	-	69,000
14	Rock Screen	-	18,000	-	18,000
15	Back-up MIOX Cell (Shaft 6)	-	48,000	-	48,000
	SUM	543,000	<b>2,751,000</b>	3,868,000	7,162,000

# PROPOSED 2019 CAPITAL PROJECTS



- ▶ Not a cash expense.
- ▶ It is a liability and should be accounted for when settling Company net position and net change in position.
- ▶ Capital expenditures are also included when settling net position, ideally balancing out depreciation.

2019 Depreciation	2019 Capital Expenditures	2019 net change in Capital position
(\$822,000)	\$2,751,000	+ \$1,929,000

# DEPRECIATION

- ▶ Focus on constructing projects already under design
- ▶ Tighten Facility Asset Management Plan
- ▶ Develop 5 year and 10 year Capital Improvement Plan
  - Facilities total approx. \$40M in 2018 dollars
  - Facility Life Cycle approx. 60 years
  - Average CIP expenditure per year approx. \$670,000
  - Current Capital Reserves total over two years worth of CIP
  - Does not consider borrowing capacity or stockholder assessment (only in emergency).

## 2019 TO-DO LIST

**Agenda Item No. 6E**

Item Title: Award of Contracts for Construction of Phase I, Holly Drive Reservoir

Purpose:

Earthwork construction necessary for eventual installation of a new 120,000-gallon steel reservoir at the Holly Drive Reservoir Site.

Issue:

Award construction contract to James McMinn Inc. for a not-to-exceed price of \$228,600 for the construction of retaining wall and associated geotechnical work necessary to prepare an appropriate engineered foundation to construct a 120,000-gallon steel tank during phase II, anticipated to bid early in 2019.

Award of construction project management / geotechnical oversight services to TKE Engineering in the not-to-exceed amount of \$63,000.

Manager's Recommendation:

Authorize General Manager to execute contract documents with James McMinn Inc. necessary to construct retaining wall and associated earthwork at a not-to-exceed cost of \$228,600.

Authorize General Manager to execute contract documents with TKE Engineering necessary to provide engineering services during construction, including appropriate geotechnical testing at a time-and-material not-to-exceed cost of \$63,000.

Background:

The Holly Drive reservoir site has been in design since 2016, undergoing various changes to accommodate increased understanding of the site and water demands in the service area. Originally conceived as the replacement of a single 60,000-gallon tank, the project morphed into the installation of a 120,000-gallon tank and replacement/upgrading existing tank to a 120,000-gallon tank. These changes were necessary to meet system fire flow, as researched for the Water Master Plan developed after initiation of the Holly Drive Tank design.

The project is currently split into three phases; Phase I - geotechnical work, Phase II - construct new reservoir, Phase III - replace old reservoir. Current plan is to complete Phase I and II in FY2019. Phase III will be budgeted in a future year.

Phase I plans and specifications were advertised in November 2018 and a bid opening was held on December 13, 2018. A total of 5 bids were received.

Bid Opening Results:

<u>Engineer's Estimate</u>	<u>\$175,000</u>
H.K. Construction, Inc.	\$223,574
<b>James McMinn Inc.</b>	<b>\$228,600</b>
R.I.C. Construction Co. Inc.	\$332,141
General Consolidated Constructors, Inc.	\$386,355
Roadway Engineering & Contracting Inc.	\$472,400

Staff has determined that the apparent low bidder, H.K. Construction, was a nonresponsive bid. After the opening staff reviewed the low bid package and found the following discrepancies/omissions:

- Lack of Bid Bond
- Unit Prices were not completed
- Surety information not completed
- Subcontractor references not completed
- Manufacturers list not completed
- Contractor not 'A' licensed
- Non-collusion Affidavit not completed

Staff then reviewed, and found substantially complete, the apparent second low bidder, James McMinn, Inc.

Based on a review of the bids, staff recommends award to James McMinn, Inc. for the contract price of \$238,600.

Staff also recommends award of engineering services contract to TKE Engineering for the time and material, not-to-exceed amount of \$63,000. The ratio of engineering service costs to contract cost is high for the following reasons:

- Economy of scale – most engineering costs are relatively fixed regardless of contract costs; bidding costs, meeting costs, daily inspection costs.
- Given the location and nature of the proposed geotechnical work, it is important to ensure proper compaction of the soil and construction of the retaining wall. Geotechnical testing increases engineering costs during construction.

Previous Action:

Engineering Design budget approval of \$186,970 through various actions in 2016 and 2017 as scope changed from one 60,000-gallon tank to two 120,000-gallon tanks, including associated CEQA work.

Impact on Budget:

Capital cost of \$460,000 budgeted in 2019 for completion of Phase I and II.



standing, and verify that the bidder is qualified to complete the work by discussions with listed experience.

After the lowest responsive bidder is identified, TKE will prepare a board recommendation letter for award.

Once the board approves award, TKE will conform the contracts and deliver them for execution by the lowest responsive bidder. After they execute the contract, TKE will assist SAWCo with execution.

## **1.2 Team Coordination**

TKE will coordinate the project team, including SAWCo staff, Contractor, inspector, geotechnical engineers, materials testing, and other agency staff by advising of the project schedule and specific project requirements. All conferences will be documented.

## **1.3 Pre-Construction Conference**

A preconstruction conference will be held. The conference will be attended by SAWCo staff, TKE's Construction Manager, Construction Inspector and the Contractor. Prior to the conference, we will prepare a conference agenda. At the meeting, we will discuss communication protocol requirements, and procedures for contract submittals, contract administration, job-site access and delivery, and coordination with others. We will document the meeting and distribute meeting minutes to all appropriate parties.

## **1.4 Material Submittal Review**

TKE will prepare a list and review all project submittals. Submittals would include, but are not limited to:

- a. Construction Schedule;
- b. Emergency Contact List;
- c. SWPPP;
- d. Asphalt Concrete Pavement;
- e. Aggregate Base;
- f. Engineered Fill;
- g. Block Wall;
- h. Portland Cement Concrete; and
- i. Equipment and Related Materials

We will maintain a project log for the project and it will include descriptions of submittals, date received, and date returned. Once the submittals have been reviewed and accepted, they will be signed, dated, and sent to the Contractor. Submittals will be returned within the time frame specified by the contract documents. The construction

schedule will be a critical document. It will be reviewed to verify compliance with the contract documents and will be reviewed biweekly to ensure construction is proceeding efficiently.

TKE's Construction Manager will meet with the Contractor and Project Inspector on a biweekly basis to review progress, changed conditions, issues and progress payments to ensure the project remains on schedule and that SAWCo staff is fully aware of all project proceedings.

## **2. Construction Services**

Construction Services include the following:

### **2.1 Construction Administration**

Prior to beginning construction and throughout the course of construction, we will meet SAWCo Staff. We will prepare agendas and minutes for each meeting and will respond to questions as required. During construction, the Construction Manager will coordinate all construction activities with the construction inspector, the quality assurance professionals, other agencies and utility companies and project surveyors. In addition, the Construction Manager will visit the job site often to observe construction activities. He will document any observed deviations from the plans and he will advise the Contractor, as appropriate, for resolution of observed deficiencies. In addition, our Construction Manager will conduct biweekly meetings with the Contractor to ensure construction is progressing efficiently. We will prepare agendas and minutes for each, and refer to uncompleted business at each meeting. Also, should incidents or issues arise, Contractor will be required to submit reports regarding each.

Throughout the course of construction, our Construction Manager will respond to complaints from the public. In addition, he will review the construction progress and compare it to the approved project schedule and the contractor of deficiencies.

RFI's and RFC's (including written clarification requests and change-in-plan drawings) will be reviewed and responded to regarding the contract documents in order to ensure that the improvements are constructed in compliance with same; we will provide said responses as required to minimize delays in construction. All RFI's and RFC's will be logged, including content of inquiry and date relayed and date of response.

Our contract administration activities will include progress reviews to ensure that the project is proceeding according to requirements and schedule, biweekly progress review meetings with the contractor,

review of contract change order requests, and payment requests and related services. Payment requests and record keeping will include all correspondence, transmittals, drawings, technical manuals, reports, etc. (both hard copy and electronic formats) related to pre-construction, construction and post-construction phases of each construction contract. The documents will be kept at our office.

Project progress and any changes during construction will be noted on a set of the project's contract documents maintained in our office. If a problem occurs requiring a SAWCo decision, we will consult with staff. The Construction Manager will attempt to resolve complaints, concerns, and questions from residents and other affected agencies without staff assistance.

Through e-mail, telephone conferences, and regular meetings, the Construction Manager will keep staff informed of project progress, problems that have occurred during construction, and any changes in work. Whenever possible, we will review required changes with staff prior to making same.

Each month, we will review the construction payment requests submitted by the contractor for work completed and the construction schedule. In addition, we will verify that certified payroll has been submitted. We will review the work completed and payment requests to ensure that the quantities and amounts requested reflect the actual work completed. After each request has been reviewed (and revised if necessary), we will approve it for payment. We will also submit a monthly status report with each payment request verifying compliance with the project schedule. If the Contractor begins to fall behind the schedule, we will request corrective action.

If change conditions occur, we will negotiate with the Contractor to establish the impact of change conditions and we will attempt to complete negotiations prior to beginning work. SAWCo will be included in all negotiation requiring a contract amount increase. If we fail to reach an agreement and the work must continue, we will direct the Contractor to complete the work. The Construction Inspector document the labor, materials and equipment used for the extra work for use in future negotiations.

We will review any change order request received to determine if said request is warranted. If the change order request is not warranted, we will reject it in writing; prior to sending rejection letters to the Contractor, we will review it with SAWCo staff. If the change order request appears justified, we will review it with the Construction Inspector and compare it with field reports for confirmation of materials, equipment and/or labor involved; we will review same with



staff and receive staff's approval prior to preparing and processing the contract change order. Change orders will be prepared on standard forms. Change Orders will be summarized in a log for review at our weekly meetings.

We will ensure that telephone numbers for normal working hours, evenings, and weekends for our staff, contractor, utilities, and emergency services are provided to all concerned parties.

In addition, we will maintain documents and records. We will ensure that the contractor is submitting proper labor reports, time and material reports, material invoices and/or tickets, certifications, warranties and all other such documents as necessary for a complete and successful project.

## **2.2 Construction Staking**

TKE will provide construction staking services required to complete construction. We will prepare grade sheets and we will provide stakes for construction at required locations as established by the Contractor.

## **2.3 Construction Inspection**

TKE will provide part time construction inspection. Our construction inspector will provide daily construction inspection to verify that the project is progressing in compliance with the contract documents. He will regularly discuss anticipated construction activities to ensure quality compliance and surveying is scheduled as needed to ensure the project is proceeding efficiently. We will require strict compliance with requirements for all construction activities. All materials will be reviewed against approved material submittals as they arrive on-site. Batch tickets or weigh certificates will be collected upon material arrival.

Our Construction Inspector will verify SWPPP and safety provisions have been implemented at the start of each work day, at the construction site. Any deviations will be documented. All system service interruptions, connections and abandonments will be coordinated with staff. In addition, TKE will verify all quality testing for the project.

We will digitally photograph the activities and maintain copies in the project files and our Construction Inspector will prepare daily field reports, which will document all observed project activity, including location of the activity, number of workers present, construction equipment used, inspector present, weather conditions, and construction progress. All project documentation will be completed on standard forms. All documents will be submitted in hard copy and

electronic copy formats. TKE will provide all inspection equipment needed.

#### **2.4 Materials Testing**

LOR Geotechnical will provide quality testing services for the project including material testing and compaction testing. TKE will review all test reports completed by LOR to verify contract compliance. Materials testing costs are budgeted amounts only and will be billed based on the actual time expended for testing purposes.

### **3. Post Construction**

Post construction services include the following:

#### **3.1 Construction Close-Out**

TKE will establish punch-lists for project completion, deliver maintenance bonds and/or manufacturer warranties, operations and maintenance manuals are provided, and all other construction requirements have been completed.

Through the course of construction, TKE will document changes on a set of record drawings. Once the project has been completed, TKE will prepare record drawings and provide them. They will be signed and stamped by the construction manager and will reflect the improvements as constructed. Said record drawings will be based on data furnished by the Contractor, and our weekly field reports.

We will forward copies of all records in digital format and we will prepare a summary of construction changes, final cost, and schedule revisions. In addition, TKE will provide a final narrative summary report documenting construction activities.

### TKE Project Fees

Based on the documents provided to TKE, we estimate a period of twelve months for construction. Using this duration and knowledge of the contract documents, TKE has budgeted the following:

	<b>Description</b>	<b>Amount</b>
1.	Pre-Construction Services	
1.1	Bidding, Award and Execution	\$ 4,300
1.2	Team Coordination	\$ 2,070
1.3	Pre-Construction Conference	\$ 2,180
1.4	Material Submittal Review	\$ 4,100
2.	Construction Services	
2.1	Construction Administration	\$ 8,540
2.2	Construction Staking	\$ 4,370
2.3	Construction Inspection	\$ 14,840
2.4	Materials Testing	\$ 17,910
3.	Post Construction Services	
3.1	Construction Close-Out	\$ 3,490
	<b>Subtotal:</b>	<b>\$61,800</b>
	<b>Reimbursables:</b>	<b>\$ 1,200</b>
	<b>Total:</b>	<b>\$63,000</b>

The amount specified is a budget estimate and TKE will bill SAWCo in accordance with our rate schedule for actual hours incurred not exceeding the budget amount without prior authorization.

Again, thank you for the opportunity to submit our proposal to provide professional engineering services. If you have any questions, please contact me at (951) 680-0440.

Sincerely,



Terry Renner, P.E.  
Vice President  
**TKE ENGINEERING, INC.**

Attachment:

Fee Breakdown

**San Antonio Water Company**  
**Construction Management and Inspection Services for**  
**Holly Drive Reservoir (Phase 1)**  
**Upland, California**  
**Consulting Engineering Fee**

Task No.	Task	Construction Manager		Assistant Engineer		Clerical		Inspector		Survey Crew		Subconsultants	Total
		Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$		
<b>1</b>	<b>Preconstruction Services</b>												
1.1	Bidding, Award and Execution	4	\$ 580	8	\$ 920	40	\$ 2,800		\$ -		\$ -		\$ 4,300
1.2	Team Coordination	2	\$ 290	4	\$ 460	16	\$ 1,120	2	\$ 200		\$ -		\$ 2,070
1.3	Preconstruction Conference	4	\$ 580	8	\$ 920	4	\$ 280	4	\$ 400		\$ -		\$ 2,180
1.4	Material Submittal Review	4	\$ 580	24	\$ 2,760	8	\$ 560	2	\$ 200		\$ -		\$ 4,100
<b>2</b>	<b>Construction Services</b>												
2.1	Construction Administration	40	\$ 5,800	12	\$ 1,380	8	\$ 560	8	\$ 800		\$ -		\$ 8,540
2.2	Construction Surveying	2	\$ 290		\$ -	8	\$ 560		\$ -	16	\$ 3,520		\$ 4,370
2.3	Construction Inspection <sup>2.)</sup>	8	\$ 1,160		\$ -	24	\$ 1,680	120	\$ 12,000		\$ -		\$ 14,840
2.4	Materials Testing <sup>3.)</sup>	4	\$ 580		\$ -	4	\$ 280		\$ -		\$ -	\$ 17,050	\$ 17,910
3	Post Construction	2	\$ 290	16	\$ 1,840	8	\$ 560	8	\$ 800		\$ -		\$ 3,490
	<b>Subtotal:</b>	70	\$ 10,150	72	\$ 8,280	120	\$ 8,400	144	\$ 14,400	16	\$ 3,520	\$ 17,050	\$ 61,800
												<b>Reimbursables (@2%)<sup>1.)</sup>:</b>	\$ 1,236

**Rates:**

Construction Manager	\$ 145 /HR
Assistant Engineer	\$ 115 /HR
Clerical	\$ 70 /HR
Construction Inspector	\$ 100 /HR
2-Man Survey Crew	\$ 220 /HR

**Notes:**

- 1.) Reimbursables Include Cost for Prints, Copies, Mileage, Etc.
- 2.) Assumes Construction Period of 45 Calendar Days
- 3.) LOR Geotechnical Costs for Materials Testing and Compaction

**Total:** \$ 63,036  
**Rounded Total:** \$ **63,000**

**TKE Engineering, Inc.**

**Agenda Item No. 6F**

**Item Title:** Contract with TESCO for replacement of Company's System Control and Data Acquisition (SCADA) server

**Purpose:**

To replace Company's System Control and Data Acquisition (SCADA) server hardware and software

**Issue:**

Company's current SCADA server does not meet basic industry standards for security and reliability.

**Manager's Recommendation:**

That the Board authorize the GM to sign a not to exceed \$99,337 contract with TESCO.

That the Board authorize the GM to sign a not to exceed \$17,750 equipment quote from Inland Productivity Solutions (IPS).

That the Board authorize project expenditures up to \$130,000.

**Background:**

The Company's SCADA system is comprised of a 'server' located at the Company office, communication hardware/software, and Remote Telemetry Units (RTUs) at various sites. Working together, this equipment allows the Company to monitor and record a variety of data necessary to provide clean water to our shareholders. Current server hardware consists of a desktop computer located in a corner of the Company meeting room. This current arrangement fails on multiple issues:

- The hardware is readily accessible and at risk of damage, either maliciously or by error.
- All current services are performed by a single computer; data storage, communication, security and remote control.
- The single computer set-up lacks redundancy necessary for a mission critical system.
- The single computer set-up lacks the security protocol necessary for a mission critical system.

The Company budgeted a capital replacement project in FY2018 to replace the current SCADA hardware. Replacement equipment is proposed to consist of multiple server grade computers(resiliency) running various components of the SCADA system. The new server hardware will be installed in the Company computer closet, reducing the risk of damage.

Staff has been working for months with TESCO under the terms of the attached proposal.

Staff met with IPS in early November to review the attached equipment quote. While moving forward with approval of the equipment quote, staff was unable to find Board authorization of the project outside of last year's approved budget.

Staff is requesting that the Board authorize the GM to contract with TESCO for a not-to-exceed amount of \$99,336.65 and approve the quote from IPS for a not to exceed amount of \$17,750. Additionally, staff is requesting that the Board approve replacement of the SCADA server for a project budget of \$130,000. The project budget breaks down as follows:

TESCO Contract	\$99,337
Inland Productivity Solutions Quote	\$17,750
10% Contingency	\$12,000
Total Project Estimate	\$130,000

Previous Action:

Approval of FY2018 Company Budget, which included the SCADA replacement project.

Impact on Budget:

Capital Expenditure of up to \$130,000 for FY2019

.

**Corporate Office**

8440 Florin Road, Sacramento, CA 95828  
P.O. Box 299007, Sacramento, CA 95829  
PH: 916.395.8800 FX: 916.429.2817

To: San Antonio Water Company  
Attn: Charles Moorrees  
Re: San Antonio Water Company  
SCADA Upgrade

Quote Date: 11/19/18  
Quote No.: 17G093Q03

Dear Charles:

Thank you for your continued interest in TESCO products, services, and solutions. We are pleased to quote the following scope of work pertaining to the above-referenced project.

### Project Background

The San Antonio Water Company's (SAWC) network currently runs on an older Iconics Supervisory Control and Data Acquisition (SCADA) control system. The network has twenty-one remote sites consisting of Reservoirs, Booster Stations and well sites. The current system is having some communication errors with their Inet II radio system. SAWC has asked for TESCO's help to troubleshoot the communication issues, as well as implementing a list of modifications to the current network that was provided by SAWC. These modifications and fixes would be implemented before the proposed SCADA upgrade.

### Project Objective & Understanding

SAWC has expressed an interest in upgrading their current Iconics SCADA system to a newer SCADA solution. As such, a budgetary estimate has been requested by the Company to better understand the financial investment involved to implement a Supervisory Control and Data Acquisition (SCADA) software solution into their system. The focus of this proposal is to outline the overall scope of work involved for this project, including the engineering effort, integration services, and scope of supply required to deliver a SCADA system solution that best meets the needs of the San Antonio Water Company, as well as its administration and operations team.

The SCADA upgrade will include new computer systems and a software upgrade only. All control systems in the field will stay the same and will be programmed as is, into the new SCADA network. There will be no upgrades to PLC's, instrumentation or control structure. The system will work the way it did before except the interface for the controls will be on a different software platform and utilize a different visual interface.

IT has been determined that the Company's current IT integrator will be responsible for the computer hardware and Microsoft software for this project. The IT integrator will also be responsible for the design of the network regarding segmentation and virtualization to secure the network from intrusion, hacking, Ransomware, etc.

### Project Approach

The "best practices" and "industry standards" for SCADA control systems in the water and wastewater industry have evolved since its inception. Beyond deploying the functional needs of a SCADA control system, today there is a critical need to engineer and integrate SCADA control systems that are safe and secure. With the evolution of information system technologies comes greater complexities and responsibilities for integration, administration, and management for systems that adhere to the newer standards and best practices, allowing the system to expand into the future.

TESCO's approach methodologies ensure that our clients and systems are ready for the future. Each system we design and develop incorporate considerations for our evolving industry. These considerations include tactical needs for operations/functionality, strategic planning for future needs, advancements in technology that provide scalable management and support for system solutions, risk mitigation for the system (e.g. system management

program, disaster recovery capabilities, ease of recovery, etc.), cybersecurity vulnerabilities and mitigation practices, layered architectures, communications topology efficiency and effectiveness, sound design methodologies for lifecycle longevity, and so much more.

Implementing a SCADA system can be a big undertaking with many factors to consider, which is why TESCO has established a best practices approach for projects of this nature to ensure a successful transition. One of the more pressing items of today are the concerns for cybersecurity vulnerabilities for systems that leverage internet-connected technology. This includes considerations for secure Virtual Private Network (VPN) remote access or mobility solutions for tablet enabled view-nodes. Our best practices focus in the design and integration of SCADA solutions to meet the guidelines established by Department of Homeland Security (DHS) and American Water Works Association AWWA. TESCO developed these best practices in direct collaboration with DHS to ensure highest level of security through practical designs; of which, have endured DHS's cybersecurity reviews and audits as it applies to real project designs and implementations – demonstrating our commitment to engineering smart, safe, and secure solutions for the water/wastewater industry. TESCO will integrate the new SCADA system within the establish virtualized environment as established by the Company's IT team. The basic system hardening needs for the new SCADA system to meet the industry's minimum cybersecurity posture requirements, including the appropriate user authentication through domain controllers and active directory implementation, network segmentation and layering, and device configurations for more secure network access and traffic – will be established by the Company's IT partner.

## Scope of Work

The SCADA system, at its core, is comprised of the SCADA computer hardware systems, SCADA application software systems, and the integration of those systems with the interconnected systems that allow for data acquisition, process/equipment status monitoring, and facilitating equipment actuation/control. These interconnected systems often include the SCADA information network(s), process control communications network(s), and the components that connect to those networks, such as network devices, PLCs, OITs, and instrumentation.

The proposed scope of work and SCADA system solution offered is based on the information gathered from the field and as provided (through interviews) with Company personnel. The proposed offering is based on the following needs and criterion described by the Company combined with TESCO's best practices approach:

- The need for a centralized monitoring system for data acquisition and setpoint control adjustments.
- Centralized alarm management system, with annunciation and notification.
- Data logging and reporting needs.
- A secure solution that considers cybersecurity needs.
- Improved operations of the water network system through situational awareness and informational graphics.
- And remote system support from system integrator/supplier.

The Company's IT integrator will be procuring the related SCADA system equipment; computer server, client computer view-node (thin client), system software (Microsoft), large monitor, peripherals, network devices (excluding the Virtual Private Network-VPN appliance and modem for alarm notifications, TESCO will provide), cable management components. TESCO will be providing the engineering, SCADA system design, SCADA system development, software programming, (for ClearSCADA only), VPN and Alarm notification set-up including new modem and VPN appliance deployment, field implementation, startup, commissioning, training, documentation, and support for the proposed solution. TESCO will work with the Company's IT integrator to gain access to the server and to integrate the SCADA software into the portion of the network provided by the IT team.

SCADA screen development will be based on the existing screens for graphical representation of remote site areas, stations, equipment, instrumentation, and control/flow. Although graphical representations will be mimicked, the screen layout, specific objects, programming standards, and SCADA screen color schema will be based on the



standards and conventions finalized during the design phase of this project; with focus on high-performance graphic methods and situational-awareness (SA) screen standards established by TESCO. This approach condenses design efforts, streamlines graphical screen development, and maintains leading industry standards, ultimately minimizing costs related to screen library and standards redeveloping.

The SCADA system will allow operations personnel the ability to monitor, control, adjust setpoints, trend signals, and be notified about all functions and failures of related system (integration of such events and alarms is based on the availability of those signals within existing PLC programs for mapping to the SCADA program). The SCADA system will provide screen graphics, alarming, data logging, trending, and reporting). The SCADA HMI application will be configured, programmed, and integrated with the following:

- Screens: Graphical representation of remote sites such as; wells, booster stations and reservoirs and related equipment including, instrumentation signals, and field parameters that are monitored or controlled by the existing PLC systems. Screens will be configured for screen navigation management and hierarchy to coincide with overview screens, station screens, equipment screens, parameter/setpoint adjustment screens, trend screens, alarming screens, etc.
- Trends: Historical and real-time trends shall be provided for each analog point and applicable discrete point. Each variable per screen shall be color coded independently.
- Alarms: Alarm identification of field conditions and system alarms shall be provided in an alarm annunciation area/panel and alarm overview screen. This will include active, acknowledged, and no-longer active (unacknowledged) alarms. Alarm indication and messages will include time stamp, date stamp, tag number/alias, alarm description, alarm status, and alarm send-out notification. Alarm notification (SMS text/email) will be facilitated through the alarm management software system (SMS, or ISP services to be provided by the Owner).
- System Database: Data will be logged, including alarms, events, values, and data requiring trending or reporting. The system will leverage the software's database logging/historian systems for data management of time-series logging.
- Reports: Data points for process data (consisting of totalizations, minimum, maximum, and average values on an hourly, daily, weekly and monthly basis) of pertinent values.

The ClearSCADA software platform proposed for this system is an ideal fit for the needs of San Antonio Water Company. The ClearSCADA system platform performs well within architectures of similar size and complexity. As a product of Schneider Electric, it is predominant in the industry, has a long history within the marketplace, is extremely scalable, easy to integrate, compatible and adaptable with leading industry PLC products, and is highly supported.

The proposed solution identified herein offers innovation and technological advancements for industrial control systems and SCADA system implementations that consider the industry's direction, best practices, guidelines, evolving policy, and future needs. For example, in today's technological age, it would be considered irresponsible to not implement a virtualized solution for water/wastewater industrial control systems, and would not adhere to the guidelines established by industry governing agencies on policies regarding emergency response for critical infrastructures and the need for improved cybersecurity plan. As such, the SCADA computer sever will be configured for a virtualized environment through a hypervisor implementation and abstracted Operation System (Microsoft Windows Server). The virtualized configuration improves system management, system administration, and provides for prompt disaster recovery in the Company's time of need. the virtualized structure for this network design will be programmed by the Company's IT team.

The ClearSCADA software will be loaded onto the new server class computer and accompanied by network devices (Ethernet switches, Cisco routers), cable management components. A new SCADA thin-client computer will be used for the SCADA view-node (to be located at owner-provided desk/console/location), providing visualization access to the SCADA system (server – view-node configuration). A Network Time Server (NTS) will be used for managing synchronized atomic time across the network for the SCADA components and systems, (including PLC's). A Network Attached Storage (NAS) device will provide storage isolated from the SCADA server where computer

images can be warehoused and recovered/restored from, and provide a storage location for data/system backups. The system will also be configured for secure remote access utilizing a VPN appliance allowing for the viewing of the SCADA network remotely via a tablet style computer. A new tablet style computer will be included with this solution for remote access to the system by the operators. This feature can be utilized for monitoring the network after hours or in the field while responding to alarms. Incorporating a VPN also allows TESCO access to the SAWC SCADA network remotely when a faster support response time to critical issues is required. The VPN allows TESCO's SCADA team to be able to access the SAWC SCADA network anytime from any location that has Internet access.

SAWC would like a different auto-dialer alarm system than the one that is embedded within the ClearSCADA software solution. TESCO has chosen Win911 as the auto-dialer solution as it includes voice calls for alarm notification, similar to what the Company has imbedded now in their Iconics Supervisory control system. TESCO will be responsible for the integration of this alarm notification software into the ClearSCADA solution. The Win911 solution needs a Win911 pre-approved modem to interact with the software for the complete dial-out alarm notification system. TESCO will also supply the modem and integrate the modem with the Win911 software and the ClearSCADA platform for a complete alarm notification solution.

Services provided by TESCO will be staged from both our Corporate Headquarters and our regional Temecula Branch Facility for project management, engineering, programming, field related services, and support.

### Scope of Supply

The basis of the following scope of work and supply is based on TESCO's 45 years in SCADA system design, development, and deployment to meet today's best practices and industry standards for a project/system of this size, complexity and nature.

Scope of Supply

Item	Qty	Description
<b>SAN ANTONIO WATER COMPANY – SCADA SYSTEM</b>		
1	1	<p><b>SCADA System Server Solution:</b></p> <ul style="list-style-type: none"> <li>• ClearSCADA System Software/Platform (5000 point)</li> <li>• ClearSCADA System Client Licenses</li> <li>• ClearSCADA Software Support Service (1 year)</li> <li>• ClearSCADA Alarming Management Software</li> <li>• Win911 alarm notification software</li> </ul> <p><b>SCADA Networking Equipment:</b></p> <ul style="list-style-type: none"> <li>• Network Security Appliance for VPN</li> <li>• Win911 approved modem</li> </ul>
2	Lot	<p><b>Professional Services:</b></p> <ul style="list-style-type: none"> <li>▪ Project Management</li> <li>▪ Engineering – engineered shop drawings, equipment schematics, bill of materials generation, engineered submittals, technical data, as-built documentation, and project records</li> <li>▪ Material Procurement – vendor coordination, BOM release, procurement, receiving, and material handling</li> <li>▪ Equipment Configuration – equipment setup, software loading, computer configuration, and network interconnections</li> <li>▪ SCADA Programming – tag/object library configuration, screen development, system programming, database configurations, alarm management, and system integration</li> <li>▪ Networking/Communications/Telemetry – device programming and configuration, networking, system integration</li> <li>▪ Factory Testing – setup, verification, validation, and testing</li> <li>▪ Product Startup Services – implementation quality review, verification of product installation, parameter adjustments, product programming, software upload/download as required, system integration, product function checks, and product startup.</li> <li>▪ Onsite Training</li> <li>▪ O&amp;M Manuals</li> </ul>
		<b>TOTAL (including applicable sales tax):</b>
		<b>\$99,336.65</b>

Project Clarifications

- Unless otherwise indicated by the Scope of Work above, quote is to **furnish only** and does not include any trade labor, trade work, construction work, site improvement, contractor services, or any trade installation services. Any trade labor and/or related trade work shall be performed by others/contractor.
- Unless otherwise indicated by the Scope of Work above, the following is **not** included within this quotation:
  - Conduit, field wire, tubing, or basic trade installation materials (brackets, screws, bolts, j-box, stanchions, pull-box, etc.)
  - Instrumentation mounting components, brackets, stanchions, sunshields, etc.
  - Local control stations and/or field mounted disconnects.
  - Instrumentation, devices, components, or equipment not specifically identified in the above quotation.
  - Fiber optic patch panels, cable, splicing or terminations.
  - Networking infrastructure or architecture modifications to existing facilities.
  - Any 3<sup>rd</sup> party testing, harmonic testing/analysis, protective device coordination study, short-circuit analysis, or Arc-Flash Risk Assessment (AFRA) services.

- Electrical interconnection diagrams for equipment not furnished by TESCO
- ISA process control loop diagrams.
- Signal loop diagrams for equipment not furnished by TESCO.

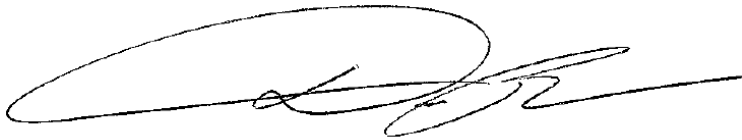
## Terms and Conditions

- Quote is firm for 30 days unless otherwise stated.
- Submittals: to be provided approximately **6-8** weeks after receipt of purchase order, written notice of intent, or notice to proceed.
- Delivery: to be scheduled approximately **10-12** weeks minimum after submittal approval.
- Addendums Acknowledged: **0**
- Unless otherwise stated above, price does not include any sales tax, use tax, or applicable fees; please apply any taxes and/or fees as appropriate. Please note that all invoices will include sales tax where applicable.
- TESCO price is FOB factory, full freight allowed.
- TESCO warranties against defect in design, workmanship, and materials for a period of one year from date of installation, and does not exceed 18 months from the date of shipment from the factory.
- TESCO carries liability insurance, with full workman's compensation coverage.
- Terms are net 30 days on approved credit accounts.
- Interest will be applied to all past due invoices.
- All merchandise sold is subject to lien laws.
- Final retention to be paid within 10 days after the project notice of completion.

Please feel free to contact us at (916) 395-8800 to discuss any questions or comments you may have regarding this quotation.

Sincerely,

TESCO CONTROLS, INC.



Dan Pesta  
Technical Sales Estimator  
[dpesta@tescocontrols.com](mailto:dpesta@tescocontrols.com)

**Proposed To:**

**Prepared By:**

**San Antonio Water Company - SAN13**

Brian Lee  
139 North Euclid Ave.  
Upland, CA 91786  
United States

Phone  
Fax

Eric Hanson  
Sr. Solution Developer  
ehanson@inland-prod.com  
909-981-4500



*E Hanson*

<b>Ship Via:</b>	Best Way	<b>Terms:</b>	Net 10
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Description	Unit Price	Qty	Ext. Price
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<b>■ SCADA Server and Operating System (Per Tesco Specs)</b>	<b>\$6,154.29</b>	<b>1</b>	<b>\$6,154.29</b>
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HPE ProLiant ML110 G10 4.5U Tower Server - 1 x Intel Xeon Silver 4110 Octa-core (8 Core) 2.10 GHz - 16 GB Installed DDR4 SDRAM - Serial ATA/600 Controller - 1 x 800 W - 1 Processor Support - 192 GB RAM Support - Gigabit Ethernet - 16 MB Graphic Card



*The HPE ProLiant ML110 Gen10 delivers a performance that meets the growing needs of the SMB. The server is a single processor, 4.5U Tower Server that is designed to provide enterprise class features such as redundancy, reliability, and manageability. The server delivers the right size Tower with performance and expandability that covers a wide range of applications and workloads and addresses our customers from SMB to enterprise class server ROBO environments. Accelerate your business with this right-sized compute.*

HPE 800W Flex Slot Platinum Hot Plug Low Halogen Power Supply Kit - 1400 W - 230 V AC



*How do you improve data center power efficiency without impacting IT performance? HPE Flexible Slot Power Supplies provide up to 96% power efficiency with 80Plus Titanium-certified power supplies that lower server power requirements and reduce power waste in your data center. This form factor is 25% smaller than previous generation power supplies, providing more space to add additional server options and improve the performance of your servers. These power supplies provide fast, tool-less hot plug access to server power supplies for greater serviceability and are supported across the entire HPE ProLiant Gen10 and HPE ProLiant 300 Series Gen9 Server families, simplifying your spares strategy and further reducing data center costs.*

*What's new*

*Increase power density with 1600W Platinum power supply. Launching 800W Flex Slot power supply with 96% efficiency, 80PLUS Titanium certified. Delivering 48V DC input option in the HPE Flex Slot Power Supply form factor. 800W universal Flex Slot power supply enables both 277V AC and 380V DC input options. Features*

*Improve Data Center Efficiency Without Impacting IT Performance*

*HPE Flexible Slot Power Supplies provide up to 96% power efficiency with 80Plus Platinum-certified power supplies that lower server power requirements and reduce power waste in your data center.*

*The power supply form factor is 25% smaller than previous generation HPE Common Slot Power Supplies, providing more space to add additional server options and improve IT performance.*

*Provides fast, tool-less hot plug access to server power supplies for greater serviceability.*

*Supported across all HPE ProLiant Gen10 Server Series and HPE ProLiant 300 Series Gen9 Servers, simplifying your spares strategy and reducing data center costs.*

HPE SmartMemory 16GB DDR4 SDRAM Memory Module - 16 GB (1 x 16 GB) - DDR4 SDRAM - 2666 MHz DDR4-2666/PC4-21300 - 1.20 V - ECC - Registered - 288-pin - DIMM



*Has your server been configured with the memory required to perform as its role expands over time? HPE Server Memory is designed for SMB and enterprise customers with a significant need for performance and capacity along with a desire to manage TCO. HPE SmartMemory offers the widest selection of memory types and capacities, enabling total server memory optimization, runs at top throughput speed and is amongst the most power-efficient memory available. In addition to performance and efficiency, HPE SmartMemory also delivers on reliability. Only the highest-quality DRAM modules are selected from top suppliers. Now more than ever, DRAM quality is critical, as data center trends such as server virtualization, cloud computing, and the use of large database applications, have increased the need for higher-capacity memory with greater uptime. HPE SmartMemory undergoes rigorous qualification and testing processes that unlock memory performance features available only with HPE Servers.*

*What's new*

*Up to 64 GB DDR4-2666 MT/s memory options supported on HPE Gen10 servers.*

*High Performance*

*HPE DDR4 2666 MT/s server memory provides up to a 66% improvement in bandwidth at DDR4-2666 MT/s in comparison to DDR4 2400 MT/s memory modules.*

*Delivers up to a 4.7% improvement in latency at DDR4-2666 MT/s in comparison to DDR4 2400 MT/s memory modules.*

*High Reliability*

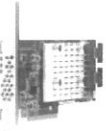
*HPE DDR4 SmartMemory modules have been tested and qualified on all Hewlett Packard Enterprise server platforms to deliver the highest level of signal integrity.*

*Prevents unnecessary DIMM replacement and reduces server downtime with advanced memory error detection technology.*

*Hewlett Packard Enterprise server memory is made of the highest quality materials, reducing issues that may affect signal integrity, increasing system reliability.*

*Hewlett Packard Enterprise server memory speed targets provide customers with memory that performs above industry standards, allowing them to increase performance without having to increase the amount of memory purchased.*

HPE Smart Array P408i-p SR Gen10 Controller - 12Gb/s SAS, Serial ATA/600 - PCI Express 3.0 x8 - Plug-in Card - RAID Supported - 0, 1, 5, 6, 10, 50, 60, 1 ADM, 10 ADM RAID Level - 8 SAS Port(s) Internal - PC, Linux - 2 GB Flash Backed Cache



*The HPE Smart Array P408i-p SR Gen10 Controller, supporting 12Gb/s SAS and PCIe 3.0, is ideal for maximizing performance while supporting advanced RAID levels with 2 GB flash-backed write cache (FBWC). This controller operates in Mixed Mode which combines RAID and HBA operations simultaneously. It has eight internal SAS lanes, allowing connection to SAS or SATA drives, and provides enterprise-class storage performance, reliability, security and efficiency needed to address your evolving data storage needs. This controller offers enhanced security by encrypting data-at-rest on any drive with HPE Smart Array SR Secure Encryption. The Gen10 controllers are supported by the HPE Smart Storage Battery, which supports multiple devices and is sold separately.*

HPE Smart Array Battery - 1 Pack



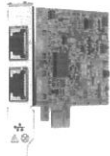
Description	Unit Price	Qty	Ext. Price
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(2) HPE 2 TB Hard Drive - SATA (SATA/600) - 2.5" Drive - Internal - 7200rpm - Hot Swappable - 1 Pack



*Do you have non-mission critical applications that require economical high capacity and reliability hard disk drives? HP SATA Hard Drives are built for reliability and larger capacity needs for today's non-mission critical server applications and storage environments. These high-capacity drives provide the lowest \$/GB, and the best price advantage for non-mission critical applications with low workloads of 40% or less. HP SATA Hard Drives are available in both Large Form Factor (LFF) (3.5-inch) and Small Form Factor (SFF) (2.5-inch) and ship with a standard one year warranty. All HP hard drives pass a rigorous qualification process, which certify that every HP drive is proven to perform in your HP ProLiant Server environments. Before final certification, all HP SATA Hard Drives are optimized for compatibility and functionality, including support of SMART and HP Systems Insight Manager. Designed and Engineered to Provide Reliable and Cost Efficient Data Storage. The HP SATA Hard Drives increase reliability and lower start-up costs without sacrificing reliability with non-mission critical hard drives at the lowest \$/GB. Both cost and capacity optimized solutions provide up to 6 TB of storage in a single device. Available in 2.5-inch Small Form Factor (SFF) and 3.5-inch Large Form Factor (LFF) that are available in a wide variety of capacity points. Rotational Vibration Sensors deliver enhanced rotational vibration tolerance that provides enterprise class reliability in midline drives. 6 Gb/sec data transfer rate supporting existing servers.*

HPE Ethernet 1Gb 2-port 332T Adapter - PCI Express x1 - 2 Port(s) - 2 x Network (RJ-45) - Full-height, Low-profile



*The HP 332T dual-port adapter features Broadcom's NetXtreme technology, offering next generation of Ethernet integration in a single chip solution on a card, further reducing power requirements for 2 ports of 1Gb Ethernet. The HP 332T delivers full line-rate performance across all ports with low power consumption. The HP 332T dual-port adapter is ideal for virtualization, security, server consolidation, network segmentation, and other applications requiring maximum throughput. The HP 332T adapter supports advanced features such as Large Send and Receive offload capability, TCP checksum and segmentation, VLAN tagging, MSI-X, jumbo frames, IEEE 1588 (Precision Time Protocol - PTP), and virtualization features such as VMware NetQueue and Microsoft VMQ.*

HPE Integrated Lights-Out Advanced Pack - License - 1 Server

HPE VMware vSphere Essentials With 3 Years 24x7 Support - License - Standard - Electronic - PC

HPE Microsoft Windows Server 2016 Standard Edition - License - 16 Core - OEM - Reseller Option Kit (ROK) - DVD-ROM - Worldwide English - PC

HPE Foundation Care - 3 Year Extended Warranty - Warranty - 24 x 7 x 4 Hour - On-site - Maintenance - Parts & Labor - Electronic, Physical Service - 4, 2 Hour, Hour - Parts and Labor - Availability: 24x7, Phone Consulting - Availability: 24x7

■ Network Attached Storage Appliance for Backup (Per Tesco Specs)	\$397.12	1	\$397.12
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Description	Unit Price	Qty	Ext. Price
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QNAP Turbo NAS TS-231P SAN/NAS Server - Annapurna Labs Alpine AL-212 Dual-core (2 Core) 1.70 GHz - 1 GB RAM DDR3 SDRAM - Serial ATA/600 Controller - RAID Supported 0, 1, JBOD - 2 x Total Bays - Gigabit Ethernet - 3 USB Port(s) - 3 USB 3.0 Port(s) - Network (RJ-45) - QTS 4.2 - DNS, Telnet, DLNA, IPv6, FTPS, PAP, FTP, RSync, WEBDAV, CHAP, SSL/TLS, ... - Tower



*The TS-231P is a powerful yet easy-to-use network storage center for backup, synchronization, remote access, and home entertainment with many feature-rich apps available, including Notes Station (create digital notes on a secure private cloud and share with colleagues and friends), QmailAgent (centralize email account management and back up emails), and Qcontactz (centrally store and manage contact information). All these apps (and more) are available at no extra cost. The dual-core TS-231P features three USB 3.0 ports and dual LAN ports, delivering outstanding multitasking performance to enhance your productivity & digital life and offering an ideal storage and backup center as a secure private cloud. Centralizes file storage, sharing and backup with excellent performance. Full NAS encryption using volume-based technology and hardware acceleration. Supports QmailAgent as a mailroom center and Qcontactz for centralizing contact information. Synchronize files between the TS-231P, computers, laptops, and mobile devices. Stream your multimedia library via DLNA®, AirPlay® & Chromecast™. Build a surveillance center to safeguard your home and office. Dual-core processor delivers high performance. Equipped with an Annapurna Labs, an Amazon company Alpine AL-212 dual-core 1.7 GHz Cortex-A15 processor and 1GB DDR3 RAM, the TS-231P is a high-performance NAS for home, workgroups and SOHO users providing outstanding performance of up to 224 MB/s read & 176 MB/s write throughput. The TS-231P's enhanced hardware-based encryption and decryption engine provides transfer speeds of over 179 MB/s with AES 256-bit full NAS volume encryption, boosting system performance & security while ensuring the safety of sensitive personal data stored in the NAS. When used with a compatible 802.11ac or dual-band 2.4GHz/5GHz 802.11n USB Wi-Fi adapter, the TS-231P becomes an ideal media center with remarkably high speeds for transferring a large amount of files and streaming bandwidth-intensive multimedia. High Efficiency with dual LAN support. The TS-231P supports multiple port-trunking modes, enabling administrators to set up link aggregation to increase total data transmission potential. Failover and dual IP are also supported to ensure continuous system operations. Supported port-trunking modes include: Balance-rr (Round-Robin), Active Backup, Balance XOR, Broadcast, IEEE 802.3ad, Balance-tlb (Adaptive Transmit Load Balancing) and Balance-alb (Adaptive Load Balancing). Enhance productivity with multiple USB 3.0 ports. Equipped with three SuperSpeed USB 3.0 ports, the TS-231P allows you to flexibly arrange tasks with a wide range of external devices without interrupting your current workflow. You can back up files to USB drives, access data stored on SD cards via USB card readers, share up to 3 printers via network, and connect to a UPS to ensure a continual power supply. QTS - Simple and efficient. Thanks to the intuitive user interface of QTS, your NAS experience is smarter, smoother and spectacular. Its modern flat design streamlines loading times, and the intelligent desktop allows you to find desired functions quickly, create desktop shortcuts or group shortcuts, monitor important system information on a real-time basis, and open multiple application windows to run multiple tasks concurrently, bringing greater working efficiency. QTS breaks the barriers of devices, platforms and geography to bring optimized cloud experiences to you.*

(2) WD Red 2 TB Hard Drive - SATA (SATA/600) - 3.5" Drive - Internal - 64 MB Buffer - 1 Pack



WD RED™  
NAS Hard Drives

*WD Red is designed specifically for small NAS systems that have 1 to 5 drive bays. The drives are designed and extensively tested for compatibility in the unique 24x7 operating environment and for the demanding system requirements of home and small office NAS.*

■ TM2000A GPS NTP+PTP Network Time Server	\$499.99	1	\$499.99
■ SCADA Networking Hardware (Per Tesco Specs)	\$4,634.95	1	\$4,634.95



Description	Unit Price	Qty	Ext. Price
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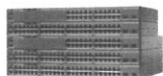
Cisco 4321 Router - 2 Ports - Management Port - 4 Slots - Gigabit Ethernet - 1U - Rack-mountable, Wall Mountable



*The Cisco 4000 Family Integrated Services Router (ISR) revolutionizes WAN communications in the enterprise branch. With new levels of built-in intelligent network capabilities and convergence, it specifically addresses the growing need for application-aware networking in distributed enterprise sites. These locations tend to have lean IT resources. But they often also have a growing need for direct communication with both private data centers and public clouds across diverse links, including Multiprotocol Label Switching (MPLS) VPNs and the Internet.*

Cisco SMARTnet Extended Service - Service - 8 x 5 Next Business Day - Exchange - Physical Service

Cisco Catalyst 2960X-24TD-L Ethernet Switch - 24 Network, 2 Expansion Slot - Manageable - Twisted Pair - 2 Layer Supported - 1U High - Desktop, Rack-mountable - Lifetime Limited Warranty



*Catalyst 2960-X series Software Features  
All Catalyst 2960-X Series Switches use a single Universal Cisco IOS Software Image for all SKUs. Depending on the switch model, the Cisco IOS image automatically configures either the LAN Lite, LAN Base, or IP Lite feature set.  
LAN Lite models have reduced functionality and scalability for small deployments with basic requirements. Cisco Catalyst 2960-X Family of Switches are available with the LAN Base and LAN Lite feature sets and Catalyst 2960-XR Family of switches are available IP Lite feature sets.  
Note that each switch model is tied to a specific feature level; LAN Lite cannot be upgraded to LAN Base and LAN Base cannot be upgraded to IP Lite.*

Cisco SMARTnet Extended Service - Service - 8 x 5 Next Business Day - Exchange - Physical Service

■ **Parts to Repurpose Old Hyper-V Server as Client System Host**

**\$1,510.02**

**1**

**\$1,510.02**

Icy Dock EZConvert Air Lite Drive Bay Adapter Internal - Chrome - 1 x Total Bay - 1 x 2.5" Bay - Serial ATA/600 - Steel - 3.5"



*The EZConvert Air Lite MB482SP-3B ICY DOCK SATA 2.5" to 3.5" HDD/SSD converter is specifically designed for builders who prefer to mount their hard drive or SSD with screws for maximum stability. The EZConvert Air Lite MB482SP-3B features a top-free open air design with exceptional cooling and converts any 2.5" SATA HDD/SSDs into an exact 3.5" hard drive form factor with SATA 6Gbps speed. The entire converter is made of robust stainless-steel that is perfect for the most demanding applications. The perforated vents, top-free open air design, and metal construction all work synergistically to keep your drives as cool as possible.*

Samsung 960 GB Solid State Drive - PCI Express - 2.5" Drive - Internal

HPE VMware vSphere Essentials With 3 Years 24x7 Support - License - Standard - Electronic - PC

(2) Microsoft Windows 10 Pro 64-bit - License - 1 License - OEM - DVD-ROM - English - PC

■ **Misc Cables & Mounts**

\$400.00

1

\$400.00

■ **IPS ProAssist Technical Services - Fixed Fee**

\$155.00

20

\$3,100.00

Installation Labor Estimate



Description	Unit Price	Qty	Ext. Price
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**Acceptance of Proposal: IPSQ5442**  
**SCADA Server and Support Hardware**

Some items included on this proposal change prices frequently. This proposal is valid through the last day of the month in which presented at 2:00PM to allow for order processing at the quoted rates.

Prices are based upon the Total Solution as proposed. All Delivery, Training or Services to be billed at published rates for each activity involved unless stated otherwise in this proposal. Generally computer hardware and components proposed above are covered by a limited 1, 2 or 3 year manufacturer's warranty, covering parts and labor on a depot basis. Specific details are available by request. We specifically disclaim any and all warranties, express or implied, including but not limited to any implied warranties; except as provided here in. We shall not be liable for any loss of profits, business, goodwill, data, interruption of business, nor for incidental or consequential damages.

Upon acceptance of this proposal, work will be scheduled following our receipt of required materials. Returned items (if accepted) are subject to a minimum 15% restocking fee and must have original packaging. Software items are generally not returnable. LATE Payments will incur finance charges of 1.5% per month.

California Proposition 65 Warning: Some Hardware products which may be included in this proposal may expose you to chemicals which are known to the State of California to cause cancer, birth defects or other reproductive harm. Warnings for specific products will be listed on the product packaging by the manufacturer. For more information, go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov)

<b>Subtotal</b>	<b>\$16,696.37</b>
<b>Tax</b>	<b>\$1,053.72</b>
<b>Shipping</b>	<b>\$0.00</b>
<b>Grand Total</b>	<b>\$17,750.09</b>
<b>Deposit Required =&gt;</b>	<b>\$0.00</b>

Price and Terms Accepted by: \_\_\_\_\_ Date: \_\_\_\_\_

Project Title: SCADA Master Computer Replacement

Construction Order: 1808

Total Budget: \$130,000

TESCO Contract:	\$100,000
Inland Productivity Contract:	\$18,000
Contingency:	\$12,000

Fiscal Year 2018 Budget: \$130,000

Proposed Carry Over to 2019: \$130,000

Schedule:

Develop HMI Screens:	October 2018
Purchase Equipment:	December 2018
Integrate System:	December 2018 – January 2019
Install System:	January – February 2019

Project Description

The Company currently has 21 remote Supervisory Control and Data Acquisition (SCADA) control sites consisting of reservoirs, booster stations and wells. A SCADA system is used to remotely monitor, record and control remote sites by computer (e.g. record reservoir levels or turn on booster stations) through radio, wifi, cellular or modem communication. A SCADA system consist of the control computer and remote Programmable Logic Controllers (PLCs) at each control site. The master control and recording computer currently sits at the corner of a desk in the Company's office meeting room.

SAWCo currently uses an *Iconics* SCADA control system. It is an older system that has been experiencing communication issues with the Company's remote sites.

Staff is proposing replacing the master control and recording computer with new hardware and software. The new hardware would be installed in the Company's computer closet, providing better protection and environmental control.

Staff is proposing new software from *ClearSCADA*. As a product of Schneider Electric, it is predominant in the industry, has a long history within the marketplace, is extremely scalable, easy to integrate, compatible and adaptable with leading industry PLC products, and is highly supported. PLCs are the computers located at remote sites that communicate with the central SCADA control computer.

Staff is working with TESCO Controls, Inc., an industry leading system integrator. A system integrator assembles all the hardware and software components into a viable system.

Status:

11/27/18 – BL / Bring TESCO proposal and Inland Productivity quote to PROC for ratification.

Contacts	Name	Phone / email
System Integrator: TESCO Controls Inc		
	Alex Leeth Technical Sales	<a href="mailto:aleeth@tescocontrols.com">aleeth@tescocontrols.com</a> 916.395.8800 ext. 2606
	John Zitlau Project Manager	<a href="mailto:jsitlau@tescocontrols.com">jsitlau@tescocontrols.com</a> (O) 916.395.8800 ext. 3005 (D) 916.596.4529
Hardware Procurement: Inland Productivity		
	Eric Hanson Sr. Solution Developer	<a href="mailto:ehanson@inland-prod.com">ehanson@inland-prod.com</a> 909.981.4500

**Agenda Item No. 6G**

Item Title: San Bernardino County Transportation Authority  
Offer to Acquire Property Rights for the I-10 Corridor Contract 1 Project

Purpose:

Consider authorizing General Manager to execute a temporary construction easement request with the San Bernardino County Transportation Authority (SBCTA).

Issue:

SBCTA is requesting a construction easement across Company property at East 6<sup>th</sup> street, Ontario.

Manager's Recommendation:

Authorize the General Manager to execute, with legal review, all paperwork necessary to allow the SBCTA a 60-month temporary construction easement at Company property at East 6<sup>th</sup> Street, Ontario.

Background:

Staff received the attached request on November 13, 2018 for a 60-month temporary construction easement. The request includes payment to the Company of \$6,700 for said easement. Additionally, if the easement is accepted by January 12<sup>th</sup>, 2019, SBCTA will provide an additional \$1,340 as an incentive. The total offer is \$8,040 assuming the Company agrees by January 12<sup>th</sup>, 2019.

To meet the January 12<sup>th</sup> deadline, the Board needs to authorize execution of the easement paperwork at its December 18 Board Meeting.

Staff has reviewed the request with Operations and Legal. Staff presented the offer at the November PROC meeting. PROC voted unanimously to recommend approval of easement offer.

Previous Action:

None.

Impact on Budget:

Non-water sale revenue of \$8,040 for FY2019.





November 9, 2018

The San Antonio Water Company  
c/o Mr. Brian Lee, General Manager  
139 N Euclid Avenue  
Upland, CA 91786

RECEIVED

NOV 13 2018

San Antonio Water Company

Re: Offer to Acquire Property Rights  
I-10 Corridor Contract 1 Project  
East 6<sup>th</sup> Street, Ontario, CA 91764  
Assessor Parcel No. 1047-424-04

Dear Mr. Lee:

Thank you for taking my call regarding the San Bernardino County Transportation Authority "SBCTA" Interstate 10 Project. As stated, The San Antonio Water Company's property know as 1047-424-04 is involved with this project and we need to acquire a 500 square foot Temporary Construction Easement.

Please make sure that you and The San Antonio Water Company understand that the incentive shown in the offer of \$1,340.00 will expire 60 days from Monday, so hopefully we can work quickly to get this resolved so they can get the additional money.

Please feel free to call me at 951-801-6831 with any questions. Because I'm in and out of the office so much, please fee free to call me on my cell if you can't reach me in the office at 951-259-8071.

Very truly yours,

*Overland, Pacific, & Cutler, LLC*  
Janet M. Parks, SR/WA, R/W-AMC  
Senior Project Manager  
jparks@opcservices.com



November 6, 2018

The San Antonio Water Company  
c/o Charles Moorrees  
139 N Euclid Avenue  
Upland, CA 91786

RECEIVED

NOV 13 2018

San Antonio Water Company

**Re: Offer to Acquire Property Rights  
I-10 Corridor Contract 1 Project  
East 6<sup>th</sup> Street, Ontario, CA 91764  
Assessor Parcel No. 1047-424-04**

Dear Mr. Moorrees:

The San Bernardino County Transportation Authority (hereinafter referred to as "SBCTA"), in cooperation with the California Department of Transportation ("Caltrans") is proceeding with the I-10 Corridor Contract 1 Project (the "Project"). The Project includes mainline widening, auxiliary lane and structure improvements, and in cooperation with the cities of Montclair, Upland and Ontario, SBCTA will reconstruct and/or modify interchange ramps and local arterials necessary to accommodate the installation of two Express Lanes for 10 miles in each direction from the Los Angeles/San Bernardino County Line to the I-10/15 Interchange.

SBCTA has determined that the Project will require the acquisition of a certain property interest in the property located at East 6<sup>th</sup> Street, Ontario, CA 91764 and identified by the San Bernardino County Assessor as Assessor Parcel Number 1047-424-04 (the "Property"). A review of public records indicates that you are the owner of record of the Property.

SBCTA is interested in negotiating the purchase of a 500 square foot temporary construction easement in your Property for a term of sixty (60) months (collectively the "Property Interest"). The Property Interest is described and depicted in the enclosed legal description and plat map. SBCTA hereby offers you the amount of **\$6,700.00** for the Property Interest.

SBCTA has approved an Incentive Payment Program for the Project that is being offered to all property owners. This Incentive Payment Program provides that should you accept and enter into a Right of Way Contract with SBCTA within sixty (60) days of receipt of this offer for the Property Interest in the amount offered as just compensation herein, SBCTA will pay an additional 20% of the amount of just compensation as an incentive for the timely signing of a contract. Therefore, SBCTA would like to offer **\$1,340.00** as an incentive to enter into a timely agreement, in addition to the just compensation of **\$6,700.00**, for a total amount of **\$8,040.00**. While the incentive payment of an additional \$1,340.00 expires sixty (60) days from receipt of this offer, the just compensation offer amount of \$6,700.00 will remain after the sixty (60) days has expired.

SBCTA has retained Overland, Pacific & Cutler, LLC. ("OPC") to contact the property owners in order to acquire the necessary rights for the Project and has specifically authorized OPC to make this offer to you.

It is SBCTA's policy to acquire privately owned property only when it is essential to do so, and through voluntary purchase if possible. While SBCTA has the power of eminent domain, condemnation has not been authorized with respect to the Property Interest. However, in order to keep you fully informed, enclosed is a pamphlet on the eminent domain process and your rights.

Federal and California law require that before making an offer to acquire real property or an interest in real property, SBCTA must obtain an appraisal to determine the fair market value of the property interests to be acquired for the Project, establish an amount which it believes to be just compensation for the property interests to be acquired, and make an offer to the owner or owners of record to acquire the property interests in the full amount of the just compensation so established.



SBCTA has determined that the amount of just compensation for the Property Interest is the sum of **\$6,700.00**. SBCTA's offer is the full amount that SBCTA has determined to be the fair market value of the Property Interest. The basis for that determination is explained in the enclosed appraisal report prepared by Beth B. Finestone, MAI, AI-GRS, FRICS, CRE, Integra Realty Resources a qualified real estate appraiser, dated October 18, 2018.

It is SBCTA's hope that this price is agreeable to you and that the acquisition can begin immediately. This offer is, however, conditioned upon SBCTA's ratification of the offer by execution of a contract of acquisition in a form and substance approved by Board of Directors of SBCTA. This offer is also based on the assumption that the Property Interest is free of contamination and requires no remediation. If contamination is found, this offer will be subject to amendment.

You have the right to obtain your own independent appraisal. Pursuant to California Code of Civil Procedure section 1263.025, you are entitled to be reimbursed for the reasonable cost, up to five thousand dollars (\$5,000), for an independent appraisal you obtain. In order to receive any reimbursement, the appraiser you choose must be licensed with the California Bureau of Real Estate Appraisers (formerly the California Office of Real Estate Appraisers) and you must submit your reimbursement request in writing to OPC. With your reimbursement request, you must submit (1) copies of the contract (if a contract was made), (2) the appraisal report, and (3) the invoice for the completed work by the appraiser. Your request must be submitted to OPC within ninety (90) days of the earlier of the following dates: (1) the date the selected appraiser requests payment from you for the appraisal; or, (2) the date upon which you, or someone on your behalf, remitted full payment to the selected appraiser for the appraisal.

If you wish to accept this offer, please sign the enclosed Right of Way Contract, sign and notarize the enclosed deed and call Janet Parks of OPC at (951) 801-6831 so that delivery of the signed contract and signed and notarized deed can be arranged. If you have any questions or wish to discuss this matter further, please feel free to call Janet Parks at the number noted above.

Sincerely,

**OPC**



Victoria Cook, Program Manager  
*On behalf of SBCTA*

Enclosures:

Right of Way Contract  
Legal Description and Plat Map  
Appraisal Report  
Acquisition Brochure  
Title VI Package

Cc:

**EXHIBIT 'A'**  
**LEGAL DESCRIPTION**

**Parcel No. 104742404-1**

**Temporary Construction Easement**

APN 1047-424-04

The north 10.00 feet of the north 50.00 feet of the east 50.00 feet of Lot 726, according to Map of Ontario, in the City of Ontario, County of San Bernardino, State of California, as per the Map recorded in Book 11, Page 6 of Maps, Records of said County.

Containing 500 square feet.

See Exhibit 'B' attached hereto and made a part hereof.

The distances described herein are grid distances and are based on California Coordinate System of 1983, Zone 5, 2007.00 epoch. Ground distances may be obtained by dividing grid distances by the combination factor of 0.999948643.

Prepared under the direction of



Peter J. Fitzpatrick, PLS 6777

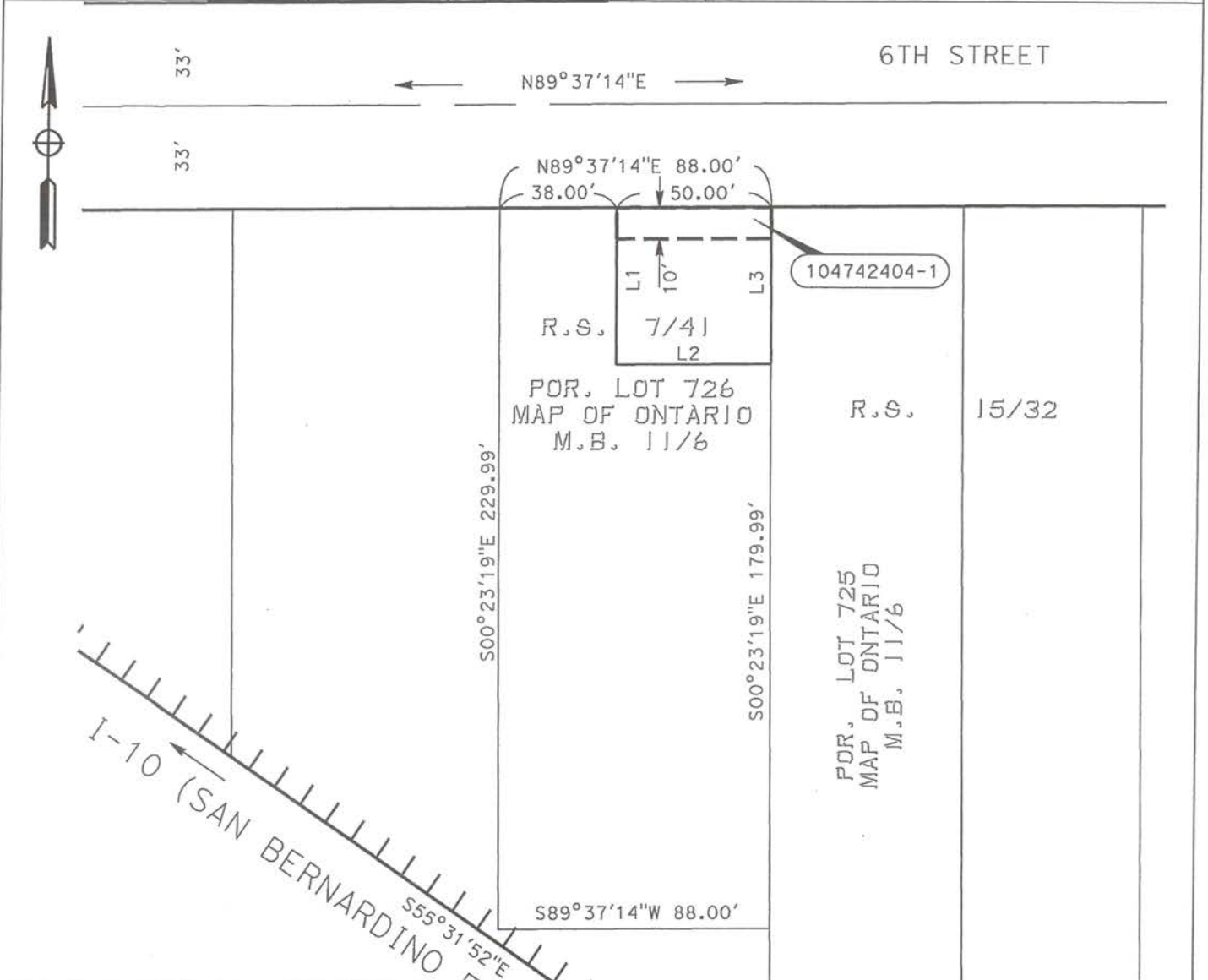


Date



# EXHIBIT B

PARCEL#	TITLE	AREA	APN
104742404-1	TCE	500 SF	1047-424-04



104742404-1

### LEGEND

- (RAD) Indicates Radial Bearing
- POC Point of Commencement
- TPOB True Point of Beginning
- Parcel Number
- Old Right of Way(Superseded)
- Exist Right of Way
- Proposed Right of Way
- Access Prohibited

### LINE TABLE:

NO.	BEARING	DISTANCE
L1	N00°23'19"W	50.00'
L2	S89°37'14"W	50.00'
L3	S00°23'19"E	50.00'

### NOTES

The distances shown herein are grid distances. Ground distances may be obtained by dividing grid distances by the combination factor of 0.999948643.

104742404-1

## TEMPORARY CONSTRUCTION EASEMENT



DATE: 06/07/2018		REV.:	EA:	FA#:		
DISTRICT	COUNTY	ROUTE	SHEET PM	SHEET NO.	TOTAL SHEETS	
8	S.B.	10	4.434	1	1	

# I-10 Corridor Contract 1 Project

## City of Ontario



Parcel Detail: 1047-424-04



- Parcels
- Fee
- Permanent Easement (Subsurface)
- TCE
- Public Utility Easement

### Project Vicinity:



FOR INFORMATION ONLY  
DO NOT RECORD

