

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, September 15, 2020**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was held virtually and called to order at 5:00 p.m. on the above date. Directors present were Tom Thomas, Will Elliott, Rudy Zuniga, Jose' Sanchez, Gino Filippi, Bob Cable, and Martha Goss. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: Mr. Lee confirmed all Board members received the revised Item 6B Holly Drive Reservoir Part II.
3. Shareholder-Public Testimony: None.
4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of August 18, 2020.
  - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes  
Meeting minutes of June 23, 2020.
  - C. Administration and Finance Committee (AFC) Meeting Minutes  
Meeting minutes of June 23, 2020.
  - D. Financial Statement  
Income Statement and Balance Sheet for July 31, 2020.
  - E. Investment Activity Report  
Monthly Report of Investments Activity.
  - F. Water Production and Consumption  
Monthly water production and consumption figures.
  - G. Prominent Issues Update  
Status summaries on certain on-going active issues.
  - H. Projects and Operations Update  
Status summaries on projects and operations matters.
    1. 3 quarter water permits (Quarterly in January, April, July, and October)  
Finalizing permits of ground water detectors in the ground surface
    2. Consent for Program Update (Quarterly in January, April, July, and October)  
Update on SAWCo's existing water conservation programs
  - K. Correspondence of interest

Director Cable moved and Director Zuniga seconded to approve the Consent Calendar as presented. Motion carried unanimously with Director Sanchez abstaining.

5. Board Committee – Delegate Report:
  - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported that PVPA met the previous week.

PVPA staff advised the PVPA Board that they have not had a homeless problem on the spreading grounds in recent months.

The new City of Pomona representative, Councilmember Steve Lustro, has been approved on the PVPA Board.

A delay until next year is expected on the H.R.116-385 due to Kamala Harris' current bid for Vice President of the United States.

Thompson Creek improvements in the City of Claremont are still being worked on. There currently is not spreading taking place in the basin.

- B. **Six Basins Representative Report** – Ms. Layton reported the most recent meeting was held August 26<sup>th</sup>. The five year professional services agreement with Wildermuth Environmental, Inc. (WEI) expires at the end of the year. The parties have paid \$1.8 million for WEI's services to date. The Six Basins Board will discuss whether or not to go out to bid or sign another five year contract with WEI at the upcoming meeting.

Director Thomas stated that if it is determined that Six Basins will utilize WEI's services again for the next five years, finalizing the contract will take place over October and November.

Ms. Layton advised the MS4 permittees continue to deliberate what locations are the best for recharge basins.

Following the regular meeting was a strategic workshop where WEI provided a presentation to utilize storage and surface water management scenarios. The next step is to provide a technical memorandum.

**C. Chino Basin Representative Report** – Mr. Lee advised two main topics currently being discussed currently at Chino Basin are the Optimum Basin Management Program (OBMP) and storage issues. There are talks about using a modified California Environmental Quality Act (CEQA) service for storage rather than the entire OBMP in order to simplify and increase the amount of storage in the basin. Inland Empire Utilities Agencies (IEUA) will head up the CEQA process as they have done in the past.

Also discussed was the Agricultural Pool's contest of the OBMP, specifically who is responsible for paying. At the August Chino Basin Watermaster Board meeting, the Board authorized sending each of the Appropriative Pool members a special assessment to backpay the Agricultural Pool's legal expenses for the 2019-2020 fiscal year that ended on June 30<sup>th</sup>. A ten percent fee will be added to those assessments that are not paid by the due date. Since discussions to determine whether or not the Appropriative Pool is responsible for paying these legal expenses are still occurring, staff has decided it will wait until an agency other than Chino Basin Watermaster advises they are responsible for paying them.

Director Thomas inquired whether or not other Appropriators were taking the same approach. Mr. Lee replied some of the smaller Appropriators that are not active participants in the discussions have paid the assessment most likely due to it being a small amount owed. Larger Appropriators with higher assessment fees are looking for ways to avoid late penalties but get their money back should they pay it and it is found not to be the Appropriators responsibility to pay.

Director Sanchez clarified the amount assessed to SAWCo is \$2,316 and questioned whether or not that amount was worth worrying about and whether or not SAWCo gets more leverage by paying versus not paying. Mr. Lee answered there were talks of paying under protest but it was determined that recouping the assessment money paid should it be determined it is not the Appropriative Pool's responsibility would be difficult. SAWCo stance may change between now and the payment deadline.

Director Thomas and Director Sanchez commented they felt the decision is well within the decision making parameters of Mr. Lee's position as General Manager.

**D. Cucamonga Basin Representative Report** – Ms. Layton advised all parties have now agreed on the Terms of Reference document and are awaiting Cucamonga Valley Water District's (CVWD) signature on the document so the other two parties can sign.

The Request for Proposal (RFP) for engineering work and timeline for tasks was also discussed. It was agreed upon that CVWD would get the RFPs out by September 11<sup>th</sup>, however, recently CVWD abruptly lost an assistant engineer which delayed the release of the RFP. It is now expected to go out the following week.

TKE completed categorization of the judgment issues, however, the group had not had an opportunity to review by the time of the meeting. CVWD plans to include their Board committee on the discussion and SAWCo Board may wish to participate.

The next meeting is scheduled for October 6<sup>th</sup>.

**E. Administrative and Finance Committee (AFAC) Chairman's Report** – [Faint text]

**F. Planning, Resources, and Operations Committee (PROC) Chairman's Report** – Mr. Elliott advised the committee met on August 25<sup>th</sup> and all items discussed at the recent PROC meeting are included under the General Manager's Report on Activities.

**G. Other Report Items by the Proc Committee** – [Faint text]

**6. General Manager's Report on Activities:**

**A. AMI Smart Meters** – Mr. Lee advised Dustin with Metron-Farnier was in attendance to answer any questions the Board may have regarding the meters or service.

Mr. Lee reported staff has been researching smart meters for the better part of a year. Four companies were contacted with staff narrowing down the best prospects to iPerl and Metron-Farnier. Staff recommends Metron-Farnier because of their use of brass bodied meters instead of plastic and their use of the local cellular system instead of a proprietary network-based system. Mr. Lee stated field staff prefer working with a metal or brass meter because they are more durable whereas with plastic meters they must be more careful to ensure they do not break. Staff prefers

utilizing the cellular system because the cellular company is responsible for their systems whereas with a propriety network-based system it would be another facility SAWCo would be responsible for maintaining.

The contract is for a 10-year period with all meters being installed in either 2020 and/or 2021. The quote included in the Board Agenda Packet is for 1" meters whereas most domestic meters in SAWCo's system are ¾" or 5/8". The quote will be revised to account for the size discrepancy and will result in a lower overall contract price.

Mr. Lee then recommended the Board authorize a budgetary cost of \$770,000 for AMI meter upgrades and authorize the General Manager to execute a 10-year service contract with Metron-Farnier to install Spectrum 50DL water meters throughout the system and all associated cellular/internet connectivity for a cost not to exceed the authorized budget of \$770,000.

Director Sanchez inquired if staff tested any of the meters from the other companies. Mr. Lee advised staff was unable to test the meters from other companies due to their proprietary network's requiring proprietary network hardware.

Mr. Lee advised of the 5 meters installed, 4 of them indicated leaks. Director Cable stated he was notified of a leak the first day.

Director Cable inquired whether the meters were warrantied for 10 years or the communication system.

Dustin with Metron-Farnier answered the meters have a 10 year up front warrantee with the possibility of an additional prorated 10-year warrantee. The communication system is warrantied for 10 years.

Director Sanchez asked about the accuracy of the meters. Mr. Lee responded the mechanical meters have been used for a very long time and are considered very accurate for domestic usage. Director Sanchez mentioned he has had experience with ultrasonic meters previously and found them to not be as reliable particularly at domestic use flows.

Director Cable moved and Director Sanchez seconded to approve authorizing \$770,000 for AMI meter upgrades and to authorize the General Manager to execute a 10-year service contract with Metron-Farnier to install Spectrum 50DL water meters throughout the system and all associated cellular/internet connectivity for a cost not to exceed the authorized budget of \$770,000. Motion carried unanimously.

- B. Award of Holly Drive Reservoir, Phase 2** – Mr. Lee explained SAWCo facilitated a bid opening the previous Thursday for the Holly Drive Reservoir, Phase 2 project which included the building of a 120,000 gallon reservoir tank and pipeline and appurtenances. Two bids were received and their figures were included in the Board Agenda Packet. The apparent low bidder was Paso Robles Tanks at \$691,000.

SAWCo's engineering consultant TKE Engineering took the bids for review and found that the bottom line figures for Paso Robles did not match the total from all of the line items. Crosno Tanks, the other bidder, had errors in their bid as well. After correcting the line items bids from both Paso Robles Tanks and Crosno Tanks, the total amount of the bids came in at \$747,000 and \$913,872 respectively.

Mr. Lee determined that the civil portion of the project was grossly over the engineer's estimate and the tank construction portion was in line with the engineer's estimate. After discussing with TKE these findings, it was determined the project could be split into two parts.

TKE Engineering discussed splitting the project into two projects with Paso Robles Tanks meaning they would perform the tank construction portion and the civil portion would be rebid at a later date. Paso Robles Tanks indicated they are willing to perform the tank construction portion at the amount bid and take out the civil portion of the contract.

Mr. Lee recommended the Board find Paso Robles Tanks the lowest responsible bidder for the tank construction portion of the Holly Drive Reservoir, Phase 2 project and authorize the General Manager to execute a construction contract with Paso Robles Tanks for a not to exceed amount of \$446,560 and a professional services agreement with TKE Engineering for a not to exceed amount of \$92,260.

Director Cable noted the cost differences in the bids of nearly \$100,000 for the construction of the reservoir tank as well as for the coating of the tank. He questioned if the numbers were investigated. Mr. Lee agreed the number variance was concerning and as such verified the numbers. The higher bidder was working with a civil contractor who, at the last minute, determined there was not enough civil work for them to do and because of that the tank contractor became the prime contractor and the civil contractor became the subcontractor. The tank contractor realized they were not on the pre-

qualification list and didn't have the tank coating permits and inquired about waivers. It is believed they knew they risked being a non-qualified bid and therefore didn't take the time to tighten up their numbers.

Director Sanchez inquired whether staff had any concerns with timing the construction of the tank with the construction of the civil portion of the project if they are done separately and possibly through different companies. Mr. Lee advised reservoir tank construction starts with building the tank and once complete, then the civil portion is constructed. He stated separating the two would be fairly simple.

Director Thomas inquired about the possibility of rejecting the bids and starting over. Mr. Lee replied he is hesitant to reject bids and put a project out to bid a second time because in his experience he has never received a better price the second time around. He felt this approach, with splitting the project into two parts, as a compromise between accepting the entire bid and rejecting all bids and starting over.

Director Goss inquired for clarification that the low bid came from an apparent, qualified low bidder. Mr. Lee replied that is correct.

Director Goss moved and Director Elliott seconded to approve Paso Robles Tanks as the lowest responsible bidder for the tank construction portion of the Holly Drive Reservoir, Phase 2 project and authorize the General Manager to execute a construction contract with Paso Robles Tanks for a not to exceed amount of \$446,560 and a professional services agreement with TKE Engineering for a not to exceed amount of \$92,260. Motion carried unanimously with Director Sanchez exercising a delayed vote due to a short disruption in his internet service.

- C. Company Response to COVID-19** – Mr. Lee reminded the Board that this item will be on the agenda each month to allow for any updates or questions related to COVID-19 and its effect on business and staffing operations.

Mr. Lee reported there has been no change from the previous month. Management is optimistic that the County will loosen restrictions. The City of Upland Council Chambers is open and Mr. Lee inquired as to whether or not the Board felt comfortable with physically meeting at the Council Chambers while also continuing virtual meeting options.

Director Thomas felt the virtual meetings were effective and easy to facilitate. There typically is not a lot of public, if any, that attend the meetings therefore he did not see the advantage of meeting physically. There was consensus on the Board to continue virtually only meetings until further notice.

7. Closed Session:

- A. **General Manager's Annual Review, Goals and Objectives** [subdivision 9(b) of Section 54957, CGC]

The Board and Mr. Lee went into closed session at 5:39 p.m.

The Board returned from closed session at 5:59 p.m. Director Thomas stated the General Manager was given direction; no action was taken.

8. Director's Comments and Future Agenda Items: Director Sanchez apologized for his troublesome internet connection.

Adjournment:

With no further business to discuss, Director Thomas adjourned the meeting at 6:00 p.m.

  
Assistant Secretary  
Brian Lee