



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, March 19, 2019

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 February 19, 2019.
- B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
- C. Administration and Finance Committee (AFC) Meeting Minutes
Meeting minutes of October 23, 2018.
- D. Financial Statement
Income Statement and Balance Sheet for January 31, 2019 and year-to-date.
- E. Investment Activity Report
Monthly Report of Investments Activity
- F. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec.]
- G. Prominent Issues Update
Status summaries on certain on-going active issues.
- H. Projects and Operations Update
Status summaries on projects and operations matters.
- I. Groundwater Level Patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
- J. Correspondence of Interest –

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 meeting held February 26, 2019.
- F. Planning, Resources, and Operations Committee (PROC) Chairman's Report
No meeting to report.
- G. Office Feasibility Study Ad Hoc Committee
No meeting to report.

6. General Manager's Report on Activities

- A. Sale of Property - 17th Street and Benson Avenue
Recommend approval of Purchase and Sale Agreement and Escrow Instructions
- B. Award of Construction Contract – Reservoir 7
Recommend authorizing GM to execute contract documents
- C. Nominees for the Position of Director of the Company
Consideration of nominees presented for election at the Annual Meeting
- D. General Liability Insurance Renewal
Recommend ratifying AFC recommendation to approve proposed renewal
- E. Cost of Living Salary Range Adjustment
Recommend ratifying AFC recommendation to approve proposed adjustments
- F. Stock Auction for May 2019
Recommend ratifying AFC recommendation to authorize stock auction

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, April 16, 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 March 14, 2019 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, February 19, 2019

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

- Salute to the Flag led by Director John Gerardi

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: Ms. Martha Goss, longtime San Antonio Heights resident, distributed her resume to the Board and advised them of her knowledge of and involvement in the water company's projects and operations over the last several decades. She expressed her willingness and desire to be elected as a Director for SAWCo at the upcoming Annual Shareholder's Meeting.

Director Thomas thanked Ms. Goss and advised that the SAWCo Board does not have any influence over who is chosen for the slate of SAWCo Directors.

Director Cable disagreed and stated that it is his understanding that as a Board they can present a slate of candidates as well, it simply hasn't been done to his recollection.

Director Thomas clarified the Board controls no water shares so though they may present a slate of Directors there are no water shares backing up the recommendation. He commented the original slate brought by the City of Upland Mayor contained no shareholders from the San Antonio Heights however, should the Mayor consider adding a Heights member to the slate for approval, Director Thomas felt Ms. Goss would be a great candidate.

Director Gerardi remarked Ms. Goss has always been interested, knowledgeable and attentive to the happenings of SAWCo.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of January 15, 2019.
- B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
- C. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
- D. Financial Statement
Income Statement and Balance Sheet for December 31, 2018 and year-to-date.
- E. Investment Activity Report
Monthly Report of Investments Activity
- F. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- G. Prominent Issues Update
Status summaries on certain on-going active issues.
- H. Projects and Operations Update
Status summaries on projects and operations matters.
- I. Groundwater Level patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
- J. Correspondence of Interest –

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

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative’s Report – Director Thomas reported on the February PVPA meeting. During the City of Pomona’s recent election, Ginna Escobar was not re-elected. As such, Victor Preciado has assumed her role as the PVPA alternate to Six Basins.

The Claremont McKenna College requested use of PVPA land to facilitate their Reserve Officers’ Training Corps (ROTC) program. Further research showed the majority of the location of interest was not owned by PVPA but by a multitude of other agencies.

Director Thomas reported over 8 inches of rain in the month of January and the month of February will far surpass that amount. Due to 7 years of drought, the decent rainfall experienced last year was sucked up by the extremely dry land. This year’s rainfall has allowed for the water to rise and therefore water is able to be spread in the basins.

B. Six Basins Representative Report – Mr. Lee reported on the January 23rd Six Basins meeting. A workshop regarding the Groundwater Model Calibration Results was held immediately following the monthly Six Basins meeting. The Chino Basin Watermaster General Manager, Peter Kavounas, spoke about a possible collaboration with local basins to better manage local water.

Director Thomas advised the Six Basins Board Executive Officers remained the same for the current year.

C. Chino Basin Representative Report – Ms. Layton updated the Board on the progress of the Safe Yield Court and Appeal process. She reported that on January 15, 2019, the six parties (Monte Vista Water District (MVWD), Cucamonga Valley Water District (CVWD), Jurupa Community Services District, City of Chino, City of Ontario, and City of Pomona) filed a motion with the court to approve the Appropriative Pool Pooling Plan and Court-Approved Management Agreements (CAMA). On the same day, Chino Basin Watermaster filed a motion in court which included more than what the six parties agreed to.

On January 31st MVWD filed an Ex Parte application for an order to take Watermaster’s motion off the court’s calendar. On February 1st Non-Agriculture filed an opposition motion in court.

The Ex Parte court hearing on February 1st was continued by the court to February 20th.

On January 24th the Watermaster Board held their regularly scheduled meeting. Mr. Kavounas asked elected officials to participate in the Optimum Basin Management Plan (OBMP) Workshops. Feedback was given that there are concerns for the 2 hour length of the meeting and the lack of details which discourage participation. SAWCo staff attended the January 15th OBMP update but was unable to attend the February 12th update.

D. Cucamonga Basin Representative Report – Mr. Lee reported the member agencies continue to meet to discuss and work through modernizing the judgment. A draft of the revised judgment is expected in late spring, early summer.

Mr. Lee advised CVWD contacted SAWCo staff and was afforded a tour of the Cucamonga Crosswalls.

The next meeting is scheduled for March 5th at 1:30 p.m.

E. Administration and Finance Committee (AFC) Chairman’s Report – No meeting to report.

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. Chino Basin Appropriative Pool Pooling Plan and CAMAA Amendment Approval – Ms. Layton informed the Board that the Chino Basin Judgment was ordered in 1978 and with water rights within the basin were adjudicated and the Safe Yield was set at 140,000 acre feet (AF). It was agreed that in 2010 the Safe Yield would be reset however it took until 2013 before it was proposed to be set at 135,000 AF. The item went to court who set the Safe Yield at 135,000 AF along with the procedure for evaluating and implementing it, and determined Land Use Conversion shall take priority of early water transfers. All other items brought to court were dismissed.

CVWD, MVWD, the City of Pomona (collectively Appellants) and Jurupa Community Services District, the City of Chino, the City of Ontario (collectively respondents). The Appealing parties are commonly referred to as the "Six Pack".

On November 27, 2018, the Appropriative Pool conditionally approved the "2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments (11/21/18 version)" conditioned upon the subsequent approval of each of the Appropriative Pool member's governing body's intent to sign said agreement.

The agreement: confirms the Judge's Court Order determination of Land Use Conversion water rights priority (Exhibit 'A' – Provision 3); establishes a new accelerated schedule for authorized Controlled Overdraft desalter replenishment (Exhibit 'A' – Provision 4); and establishes a negotiated methodology for allocating desalter production replenishment obligations within the AP parties (Exhibit 'A' – Provision 6).

Legal Counsel and staff have evaluated the content of the negotiated settlement document and are recommending Board Approval of the "2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments."

The City of Upland, The City of Ontario, and MVWD have already approved the 2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments. However, the Agricultural Pool is not in agreement. They are requesting a methodology be put in place now for future Safe Yield recalculations.

Director Elliott moved and Director Filippi seconded to approve the 2018 Agreement to Appropriative Pooling Plan and CAMA Amendments. Motion carried.

B. Consideration for 9/80 Work Schedule – Mr. Lee reported that at the November 2018 Board meeting he was directed to conduct outreach to shareholders and solicit feedback regarding SAWCo implementing a 9/80 work schedule. To date, staff has provided an article in the SAWCo newsletter requesting feedback and met with the San Antonio Heights Association (SAHA) at their January 2019 Board meeting. Staff received no negative feedback from the newsletter article and feedback received from the SAHA Board was generally positive with only a concern of a "live person" being available by phone in the case of an emergency. Staff assured the SAHA Board that there will always be a "live person" available to handle emergency phone calls and mobilize crews when necessary, 24 hours a day, 7 days a week.

Director Cable expressed his opposition to the alternative work schedule. He felt that if a company is open to the general public it needs to be open five days a week.

Director Gerardi moved and Director Elliott seconded to authorize a 9/80 work schedule taking effect March 1, 2019 including a 6-month review and status update. Motion carried with Director Cable voting in opposition.

- C. Discussion of Upcoming Directorship Elections** – Mr. Lee expressed staff's concern with getting the Annual Report packet to the printers in time for proper mailing to shareholders due to the lack of an approved slate of Directors. He explained that if the City of Upland nominates the remaining two positions at their upcoming Council meeting, SAWCo can include the remaining persons names in their March 2019 Board meeting for approval. This will push preparations for mailing the Annual Report packet by one day.

Mr. Lee explained that if the Board is unable to provide a slate of Directors with the Annual Report packet, a vote will be taken at the Annual Shareholder's Meeting.

Director Cable inquired whether the SAWCo Board had an opportunity to add someone to the slate. Mr. Lee replied his understanding is that the SAWCo Board can submit a slate of candidates regardless of what the City of Upland chooses. Historically, SAWCo has waited for the City of Upland to present their candidates before making a determination.

Director Cable questioned if the Board can make their recommendation at the Annual Shareholder's Meeting. Mr. Lee advised per the Company Bylaws, the Board must submit their candidates with the Annual Report packet; shareholders can make recommendations at the Annual Shareholder's Meeting.

Director Cable stated he would not have a slate of three candidates to nominate but publicly stated his support for Ms. Goss serving on the SAWCo Board of Directors.

- D. Conservation Programs Update** – Mr. Lee advised SAWCo is spearheading their own water conservation program this year for the betterment of the San Antonio Heights shareholders. Staff believes they can custom tailor conservation programs with potential cost savings for their residential shareholders better than a more global program can.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Willis updated the Board and attending staff about his eldest daughter's health situation.

Director Thomas informed the Board and attending staff about the Mildura Day 2019; Sister Cities Golden Jubilee. This celebration takes place in Mildura, Australia in late May and marks the 50th Anniversary of the Chaffey Brothers link between Mildura, Australia and Upland, California. Both cities were developed as irrigation colonies by the Chaffey Brothers in the late 1800s. He encouraged all interested parties to attend the event.

Adjournment: Seeing no further business, the meeting was adjourned at 5:28 p.m.

The next Board Meeting will be held on Tuesday, March 19, 2018 at 5:00 p.m.

Assistant Secretary
Brian Lee

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

October 23, 2018

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:04 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Sue Sundell, Jose Sanchez, and Tom Thomas. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Assistant Kelly Mitchell. Ms. Sundell presided.

1. Recognitions and Presentations: Mr. Thomas introduced the Mayor of Mildura, Australia Mr. Mark Eckel and Mildura Upland Sister City Association (MUSCA) president Denis Jewell. Mayor Eckel and Mr. Jewell are in town promoting the Mildura Upland 50-year Golden Jubilee event taking place May 26th to June 1st of 2019 in Mildura, Australia.
2. Additions-Deletions to the Agenda: Mr. Lee advised that although Committee member Mr. Bob Cable was unable to attend today's meeting, he emailed comments to the agenda items and asked they be read and noted in the meeting minutes. As such, Mr. Cable's comments will be read after the discussion of the agenda item, prior to recommendation.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Sanchez moved and Mr. Thomas seconded to approve the meeting minutes of August 28, 2018. Motion carried.
5. Administrative and Financial Issues:
 - A. **Document Imaging** – Ms. Mitchell led a PowerPoint presentation informing the Committee of SAWCo's current document imaging software and the difficulties staff is having with the system crashing and the need for barcoded coversheets to scan in documents among other issues. Three options for replacement were researched and reviewed for the Committee with staff recommendation to utilize DocStar ECM.

The Committee had no issue replacing the old document imaging software with DocStar ECM.

Mr. Cable's emailed comments advised he also had no issue with the agenda item and would agree with whatever software staff is comfortable with.

Mr. Sanchez moved and Mr. Thomas seconded to recommend the Board approve the purchase, install and use of DocStar document imaging software. Motion carried.

- B. **CY2019 Calendar** – Mr. Sanchez noted the November 2019 Planning, Resources, and Operations Committee (PROC) meeting is scheduled the same week as Thanksgiving. Meetings scheduled the week of Thanksgiving have had problems in the past obtaining a quorum with many members leaving town for the Holiday. When the calendar is brought to the next Board meeting this concern will be addressed to allow for discussion and possible date change.

Emailed comments from Mr. Cable advised he has no issues with the proposed schedule for meetings but noted his schedule is unpredictable.

Mr. Sanchez moved and Mr. Thomas seconded to bring the proposed CY2019 Calendar to the Board for approval with noted November PROC meeting date inquiry. Motion carried.

- C. Board Gift – End of the Year Luncheon** – Mr. Thomas gave a brief history of how the Board Gift came about and the reason for the change in the amount gifted.

Mr. Cable's emailed comments expressed no issue with recommending continuing the current amount for the Board Gift to employees.

Mr. Thomas moved and Mr. Sanchez seconded to recommend the Board approve an end of year Board Gift in the amount of \$1,250. Motion carried.

- D. Consideration for 9/80 Work Schedule** – Mr. Sanchez advised that several years ago he was on a committee that investigated alternative work schedules for Metropolitan Water District (MWD). 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.

Mr. Thomas inquired whether all staff has been informed of the idea of switching to a 9/80 work schedule and are they receptive to the idea.

Mr. Lee advised staff brought the idea to him and after presenting it to all employees he has had no significant pushback. He advised that if the Board approves the change, staff will need to vote whether or not to move to a 9/80 work schedule and two-thirds must agree in order for it to be approved.

Mr. Thomas felt it important that staff get approval from the Board to allow staff to vote on whether or not to change to a 9/80 work schedule. He also suggested a six-month trial period and if there is no significant issues a 9/80 work schedule can be finalized.

Mr. Lee explained there would be a slight impact on the budget involving the non-worked Friday. On Call staff will still need to carry out daily rounds on the non-working Friday which will result in roughly four hours of overtime every-other Friday. The estimated increase would be roughly \$4,680 per year or less than 0.75% of annual labor costs.

The Committee found the increase in annual labor costs to be insignificant.

Mr. Cable's emailed comments expressed opposition to the 9/80 work schedule. He felt it would be less customer friendly and that productivity may decrease. He also pointed out the increase in costs for On Call services. For these reasons he recommended keeping working hours as they currently are until the proposed schedule is considered the norm and not the exception.

Mr. Sanchez provided some clarity on issues involving Holiday pay and the 9/80 work schedule. Though initially MWD continued to pay holidays as if they were 8 hour days and required employees to use 1 hour of vacation pay, they eventually paid the Holiday as by day rather than by hour. The Committee felt Holiday pay should be for the day not by the hour.

October 23, 2018

Mr. Thomas moved and Mr. Sanchez seconded to recommend the Board approve, with a six-month review, SAWCo moving to a 9/80 work schedule. Motion carried.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: The committee determined there was no further business and adjourned the meeting at 3:45 p.m.

The next regular Administration and Finance Committee meeting is scheduled for February 26, 2019 at 3:00 p.m.

Assistant Secretary
Brian Lee



San Antonio Water Company, CA

Income Statement

Group Summary

For Fiscal: 2019 Period Ending: 01/31/2019

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Category: 4 - Income					
SubCategory: 40 - Shareholder Revenue					
1185 - Domestic Water Income (Base)	340,000.00	340,000.00	17.62	17.62	339,982.38
1215 - Domestic Water Income (Supplemental)	246,000.00	246,000.00	0.00	0.00	246,000.00
1220 - Domestic Water Income (Tier 3)	206,000.00	206,000.00	-273.71	-273.71	206,273.71
1230 - Domestic Water Income (Readi/Chrg)	200,000.00	200,000.00	35.00	35.00	199,965.00
1235 - Domestic Water Availability Charge (WAC)	60,000.00	60,000.00	6.00	6.00	59,994.00
1245 - Municipal Water Income (Base)	2,500,000.00	2,500,000.00	128,618.19	128,618.19	2,371,381.81
1268 - Municipal Water Income (Readi/Chrg)	80,000.00	80,000.00	6,650.00	6,650.00	73,350.00
1274 - Misc Water Income (Base)	189,000.00	189,000.00	5,161.61	5,161.61	183,838.39
1275 - Misc Water Income (Supplemental)	174,000.00	174,000.00	5,358.92	5,358.92	168,641.08
1276 - Munnicipal Water Availability Charge (WAC)	477,000.00	477,000.00	39,710.00	39,710.00	437,290.00
1280 - Misc Water Income (Tier 3)	15,000.00	15,000.00	0.00	0.00	15,000.00
1288 - Misc Water Income (Readi/Chrg)	23,000.00	23,000.00	1,860.00	1,860.00	21,140.00
1290 - Misc Water Availability Charge (WAC)	23,000.00	23,000.00	1,922.00	1,922.00	21,078.00
1295 - Dormant Water Availability Charge (WAC)	54,000.00	54,000.00	-8.00	-8.00	54,008.00
1400 - Stock Transfer	5,000.00	5,000.00	210.00	210.00	4,790.00
1410 - Late/Re-establishment Fee	5,000.00	5,000.00	0.00	0.00	5,000.00
1420 - Return Check Fee	0.00	0.00	25.00	25.00	-25.00
SubCategory: 40 - Shareholder Revenue Total:	4,597,000.00	4,597,000.00	189,292.63	189,292.63	4,407,707.37
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	1,000.00	1,000.00	447.34	447.34	552.66
1728 - Plans & Spec Fee	2,000.00	2,000.00	0.00	0.00	2,000.00
1750 - Service/Litigation Agreements	1,000.00	1,000.00	55.74	55.74	944.26
1753 - Ground Lease Income	52,000.00	52,000.00	6,957.84	6,957.84	45,042.16
1755 - Interest Earned	48,000.00	48,000.00	21,414.10	21,414.10	26,585.90
1785 - Gain on Sale of Asset	344,000.00	344,000.00	0.00	0.00	344,000.00
SubCategory: 42 - Non-Shareholder Revenue Total:	448,000.00	448,000.00	28,875.02	28,875.02	419,124.98
Category: 4 - Income Total:	5,045,000.00	5,045,000.00	218,167.65	218,167.65	4,826,832.35
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	228,000.00	228,000.00	15,010.10	15,010.10	212,989.90
2235 - Repairs to Facilities and Equipment	393,000.00	393,000.00	50,548.58	50,548.58	342,451.42
2265 - Power-Gas & Electric (utilities)	725,000.00	725,000.00	19,499.66	19,499.66	705,500.34
SubCategory: 50 - Operating Facilities Total:	1,346,000.00	1,346,000.00	85,058.34	85,058.34	1,260,941.66
SubCategory: 51 - Operating Activities					
2475 - Customer Service	85,000.00	85,000.00	4,665.42	4,665.42	80,334.58
2498 - Conservation	45,000.00	45,000.00	670.53	670.53	44,329.47
SubCategory: 51 - Operating Activities Total:	130,000.00	130,000.00	5,335.95	5,335.95	124,664.05
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	87,000.00	87,000.00	1,568.09	1,568.09	85,431.91
2210 - O & M - All Other	2,000.00	2,000.00	0.00	0.00	2,000.00
2295 - Supplies (Inventory & Tools Expense)	10,000.00	10,000.00	1,799.66	1,799.66	8,200.34
2565 - Depreciation/Amortization	822,000.00	822,000.00	74,051.96	74,051.96	747,948.04
2715 - Property Taxes	247,000.00	247,000.00	0.00	0.00	247,000.00
2805 - Water Resource Mgmt.	300,000.00	300,000.00	20,865.26	20,865.26	279,134.74
SubCategory: 52 - Other Operating Expense Total:	1,468,000.00	1,468,000.00	98,284.97	98,284.97	1,369,715.03
Category: 5 - O & M Expense Total:	2,944,000.00	2,944,000.00	188,679.26	188,679.26	2,755,320.74
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	223,000.00	223,000.00	19,130.44	19,130.44	203,869.56

Income Statement

For Fiscal: 2019 Period Ending: 01/31/2019

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
2130 - Development/Water Svc. App.	2,000.00	2,000.00	0.00	0.00	2,000.00
2325 - Payroll Taxes	70,000.00	70,000.00	6,940.28	6,940.28	63,059.72
2355 - Worker's Compensation Insurance	18,000.00	18,000.00	1,702.00	1,702.00	16,298.00
2385 - Benefit Pay (Vac., sick, etc.)	143,000.00	143,000.00	18,176.33	18,176.33	124,823.67
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc)	223,000.00	223,000.00	17,345.17	17,345.17	205,654.83
2430 - Benefit Administrative Services	2,000.00	2,000.00	0.00	0.00	2,000.00
SubCategory: 60 - Personnel Total:	681,000.00	681,000.00	63,294.22	63,294.22	617,705.78
SubCategory: 61 - Other					
2445 - Office/IT Support	62,000.00	62,000.00	7,295.88	7,295.88	54,704.12
2505 - Directors Fees & Expense	35,000.00	35,000.00	1,559.76	1,559.76	33,440.24
2535 - Liability Insurance	32,000.00	32,000.00	0.00	0.00	32,000.00
2595 - Communication	92,000.00	92,000.00	13,574.09	13,574.09	78,425.91
2625 - Dues & Publications	4,000.00	4,000.00	709.00	709.00	3,291.00
2655 - Outside Services	81,000.00	81,000.00	140.07	140.07	80,859.93
2745 - Income Tax Expense	8,000.00	8,000.00	0.00	0.00	8,000.00
2775 - Accounting	59,000.00	59,000.00	15,458.65	15,458.65	43,541.35
2776 - Legal	242,000.00	242,000.00	6,491.39	6,491.39	235,508.61
2790 - Human Resources Expense	39,000.00	39,000.00	3,128.05	3,128.05	35,871.95
2865 - All other	40,000.00	40,000.00	1,329.01	1,329.01	38,670.99
SubCategory: 61 - Other Total:	694,000.00	694,000.00	49,685.90	49,685.90	644,314.10
Category: 6 - G & A Expense Total:	1,375,000.00	1,375,000.00	112,980.12	112,980.12	1,262,019.88
Total Surplus (Deficit):	726,000.00	726,000.00	-83,491.73	-83,491.73	

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	726,000.00	726,000.00	-83,491.73	-83,491.73	809,491.73
Total Surplus (Deficit):	726,000.00	726,000.00	-83,491.73	-83,491.73	



San Antonio Water Company, CA

Balance Sheet

Account Summary

As Of 01/31/2019

Account	Name	Balance
Fund: 10 - 10		
Assets		
BalSubCategory: 10 - Cash		
10-00-00-10100-00000	Petty Cash	250.00
10-00-00-10200-00000	Checking Account	1,061,102.30
10-00-00-10300-00000	Savings-Money Market	1,595,913.57
10-00-00-10400-00000	Savings-CD Accounts	20,000.00
10-00-00-10415-00000	D&O Checking Account	111,819.17
10-00-00-10438-00000	Depre/Obsolescene Res (LAIF)	3,287,073.74
	Total BalSubCategory 10 - Cash:	6,076,158.78
BalSubCategory: 11 - Accounts Receivable		
10-00-00-11100-00000	Accounts Receivable-Domestic	20,916.41
10-00-00-11200-00000	Accounts Receivable-Municipal	174,978.19
10-00-00-11250-00000	Accounts Receivable-Misc.	14,326.67
10-00-00-11260-00000	Accounts Receivable - Dormant	4,827.00
10-00-00-11275-00000	Contra Accounts Receivable - Unapplied Cre	-15,427.28
10-00-00-11300-00000	Accounts Receivable-Other	2,749.49
	Total BalSubCategory 11 - Accounts Receivable:	202,370.48
BalSubCategory: 12 - Inventory		
10-00-00-12100-00000	Inventories-Materials & Supply	91,400.01
	Total BalSubCategory 12 - Inventory:	91,400.01
BalSubCategory: 13 - Prepaid		
10-00-00-13100-00000	Prepaid Insurance	8,868.75
10-00-00-13105-00000	PREPAID POSTAGE	369.00
	Total BalSubCategory 13 - Prepaid:	9,237.75
BalSubCategory: 14 - Investments		
10-00-00-14150-00000	P.V.P.A. Investment	1.00
	Total BalSubCategory 14 - Investments:	1.00
BalSubCategory: 15 - Property, Plant, & Equipment		
10-00-00-15100-00000	Land & Water Rights	924,864.03
10-00-00-15110-1507J	Work in Progress "Proj J"	41,133.01
10-00-00-15110-1601N	Work in Progress	22,487.61
10-00-00-15110-1602U	Work in Progress	167,260.45
10-00-00-15110-1701A	Work in Progress	73,006.82
10-00-00-15110-1801B	Work in Progress	345,995.62
10-00-00-15110-1802E	Work in Progress	78,286.96
10-00-00-15110-1803H	Work In Progress	67,256.75
10-00-00-15110-1804G	Work In Progress	88,693.10
10-00-00-15110-1805F	Work In Progress	119,182.19
10-00-00-15110-1806K	Work In Progress	7,419.55
10-00-00-15110-1807P	Work In Progress	26,043.84
10-00-00-15110-1808D	Work In Progress	17,809.60
10-00-00-15150-00000	Buildings & Site Improvements	1,746,624.52
10-00-00-15200-00000	Wells-Shafts, Bldgs, & Equip	4,877,875.22
10-00-00-15250-00000	Boosters-Bldgs & Equip	2,181,280.63
10-00-00-15300-00000	Reservoirs	1,644,764.98
10-00-00-15350-00000	Tunnels, Forebay, & Ponds	1,587,111.19
10-00-00-15400-00000	Spreading Works-Cucamonga Wash	54,859.53
10-00-00-15410-00000	Spreading Works-SanAntonio Wsh	50,235.18
10-00-00-15450-00000	Pipelines	15,613,893.22
10-00-00-15500-00000	Autos & Equipment	377,943.30
10-00-00-15550-00000	Tools	76,492.47
10-00-00-15600-00000	Telemetry System	482,714.06

Balance Sheet

As Of 01/31/2019

Account	Name	Balance	
10-00-00-15650-00000	Office Equipment	496,625.90	
10-00-00-15990-00000	Accumulated Depreciation	-11,920,671.66	
	Total BalSubCategory 15 - Property, Plant, & Equipment:	19,249,188.07	
BalSubCategory: 16 - Other Assets			
10-00-00-16100-00000	Documents & Studies	867,778.67	
10-00-00-16990-00000	Accumulated Amortization	-578,907.60	
	Total BalSubCategory 16 - Other Assets:	288,871.07	
	Total Assets:	25,917,227.16	<u>25,917,227.16</u>

Liability

BalSubCategory: 20 - Short-term less than 1 year			
10-00-00-20100-00000	Trade Accounts Payable	69,925.98	
10-00-00-20115-00000	D&O Trade Accounts Payable	15,050.34	
10-00-00-20261-00000	Section 125 - Dental	0.08	
10-00-00-20262-00000	Section 125 - Vision	0.11	
10-00-00-20263-00000	Section 125 - Medical	0.04	
10-00-00-20410-00000	State Franchise Tax Payable	2,430.00	
10-00-00-20600-00000	Water Hydrant Meter Deposit	850.00	
10-00-GN-20820-00000	Accrued Vacation Payable	20,404.60	
10-00-OP-20820-00000	Accrued Vacation Payable	24,818.57	
	Total BalSubCategory 20 - Short-term less than 1 year:	133,479.72	
BalSubCategory: 21 - Long-term more than 1 year			
10-00-00-21500-00000	Unclaimed Credits	408,013.25	
	Total BalSubCategory 21 - Long-term more than 1 year:	408,013.25	
	Total Liability:	541,492.97	

Equity

BalSubCategory: 30 - Stockholder equity			
10-00-00-30200-00000	Contributed Capital - Ext. Fee	447,258.02	
10-00-00-30210-00000	Contr. Property, Plant & Equip	2,404,270.37	
10-00-00-30300-00000	Capital Account	1,500,000.00	
10-00-00-30310-00000	Unissued Capital Stock	-861,100.00	
10-00-00-30400-00000	Retained Earngs-Brd Designated	3,529,386.35	
10-00-00-30410-00000	Retained Earnings-Unrestricted	18,439,411.18	
	Total BalSubCategory 30 - Stockholder equity:	25,459,225.92	
	Total Beginning Equity:	25,459,225.92	
Total Revenue		218,167.65	
Total Expense		301,659.38	
Revenues Over/Under Expenses		-83,491.73	
	Total Equity and Current Surplus (Deficit):	25,375,734.19	

Total Liabilities, Equity and Current Surplus (Deficit): 25,917,227.16

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

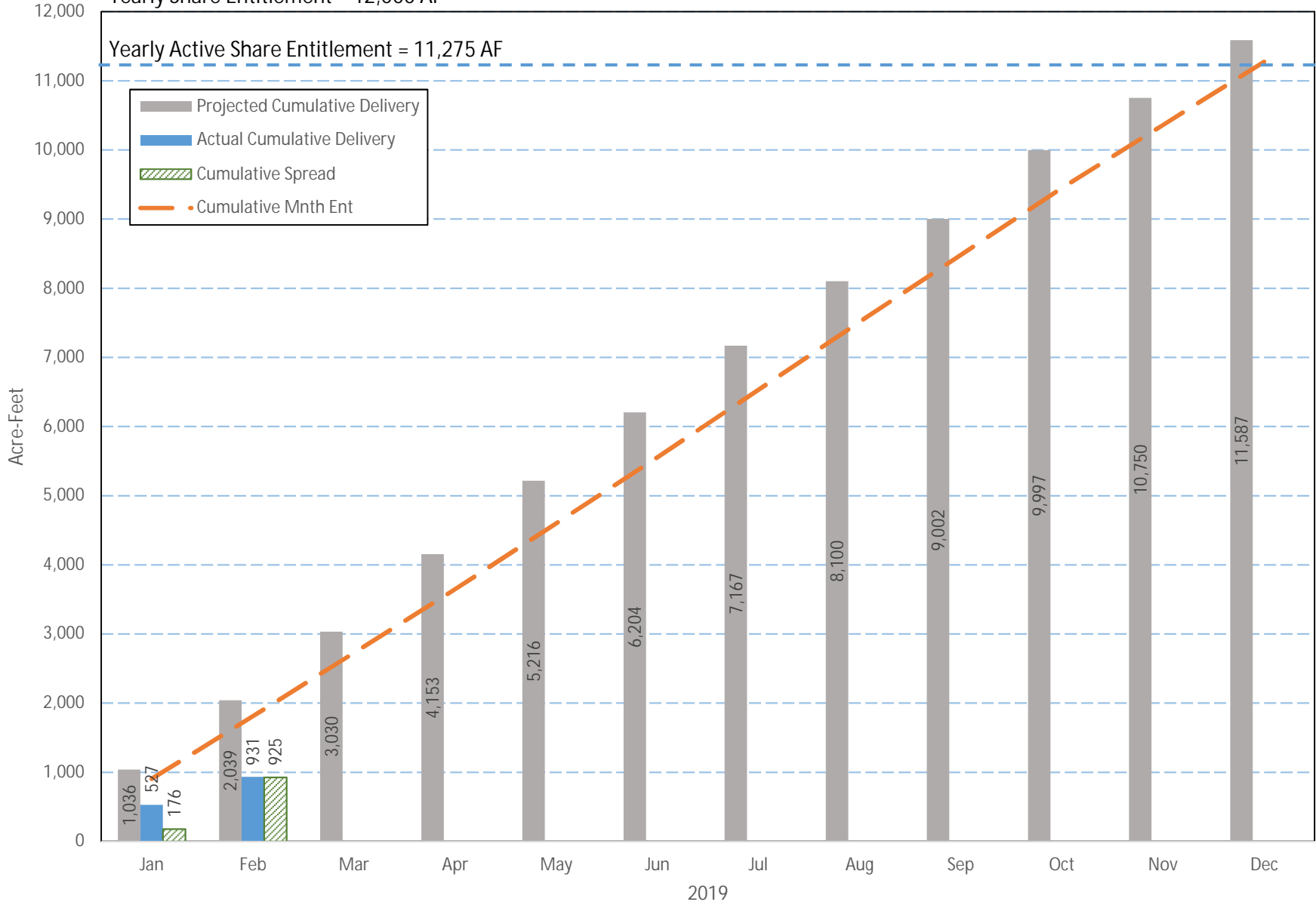
Institution	Type of Investment	Date of Maturity	Rate of Interest	Amount of Deposit	*Accumulated Yearly	Accumulated Yearly
			(A.P.Y.)	as of 01/31/2019	Service Fees	Interest Earnings
					thru January	thru January
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 1,061,102.30	\$ -	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 111,819.17		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.25%	\$1,595,913.57	\$	338.79
Local Agency Investment Fund	LAIF	N/A	1.66%	\$ 3,287,073.74	\$	21,068.52
Golden State Business Bank	12 Month C.D.	April 15,2019	0.40%	\$ 20,000.00	\$	6.79
			TOTAL:	\$ 6,075,908.78		
			TOTAL IN CD'S:	\$ 20,000.00		

2019

Production and Consumption

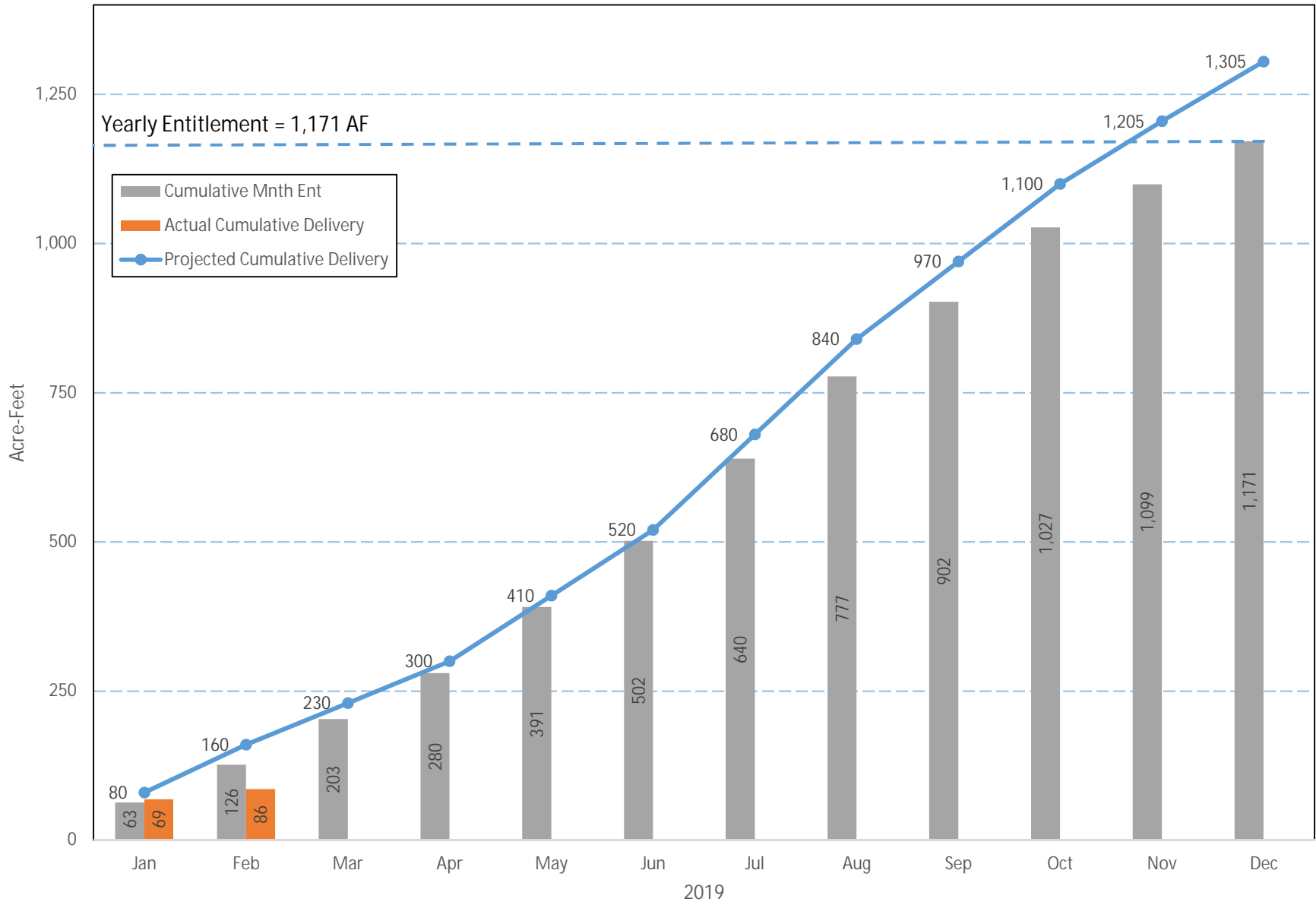
Yearly Share Entitlement = 12,000 AF

Yearly Active Share Entitlement = 11,275 AF



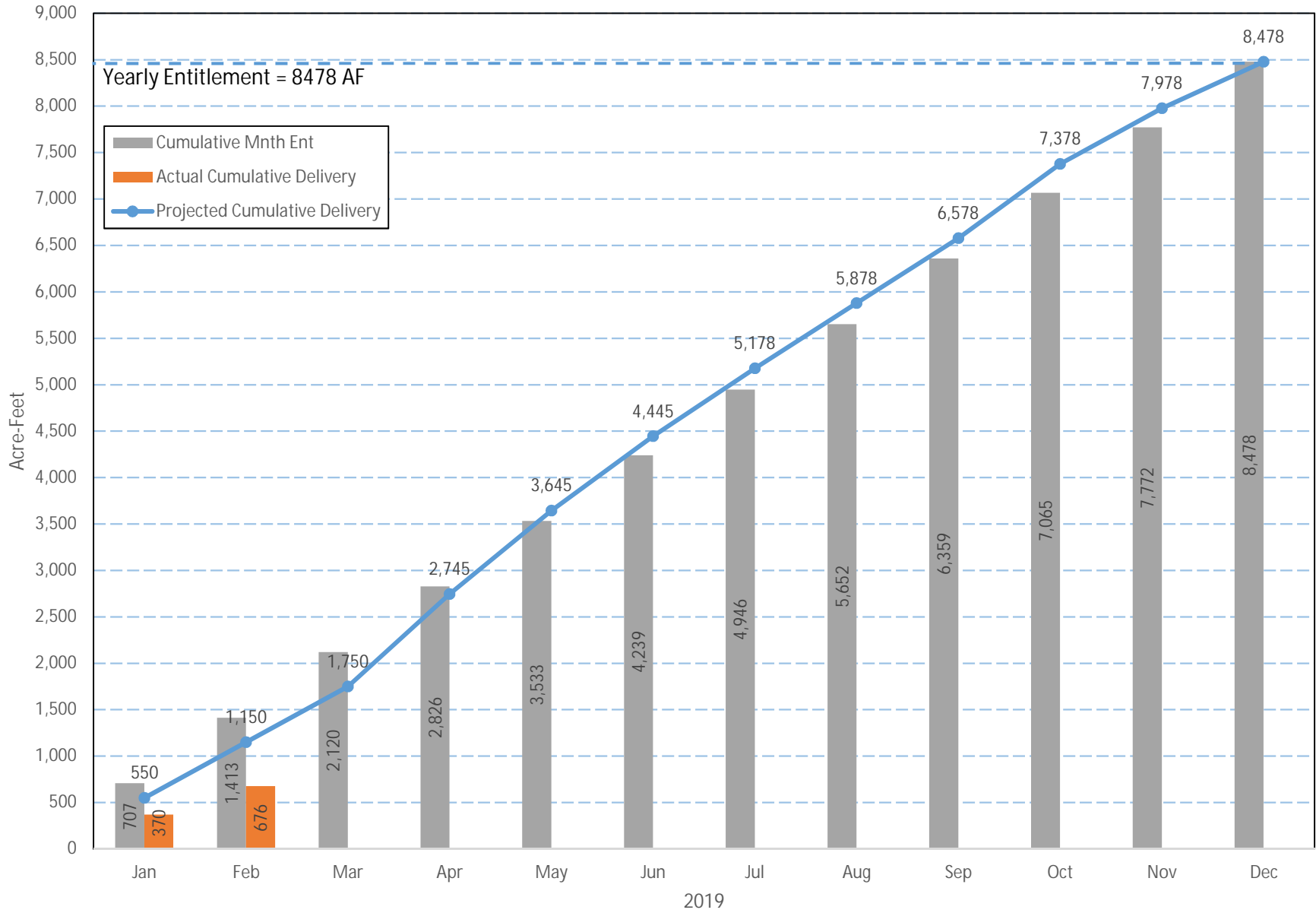
2019

Domestic Deliveries



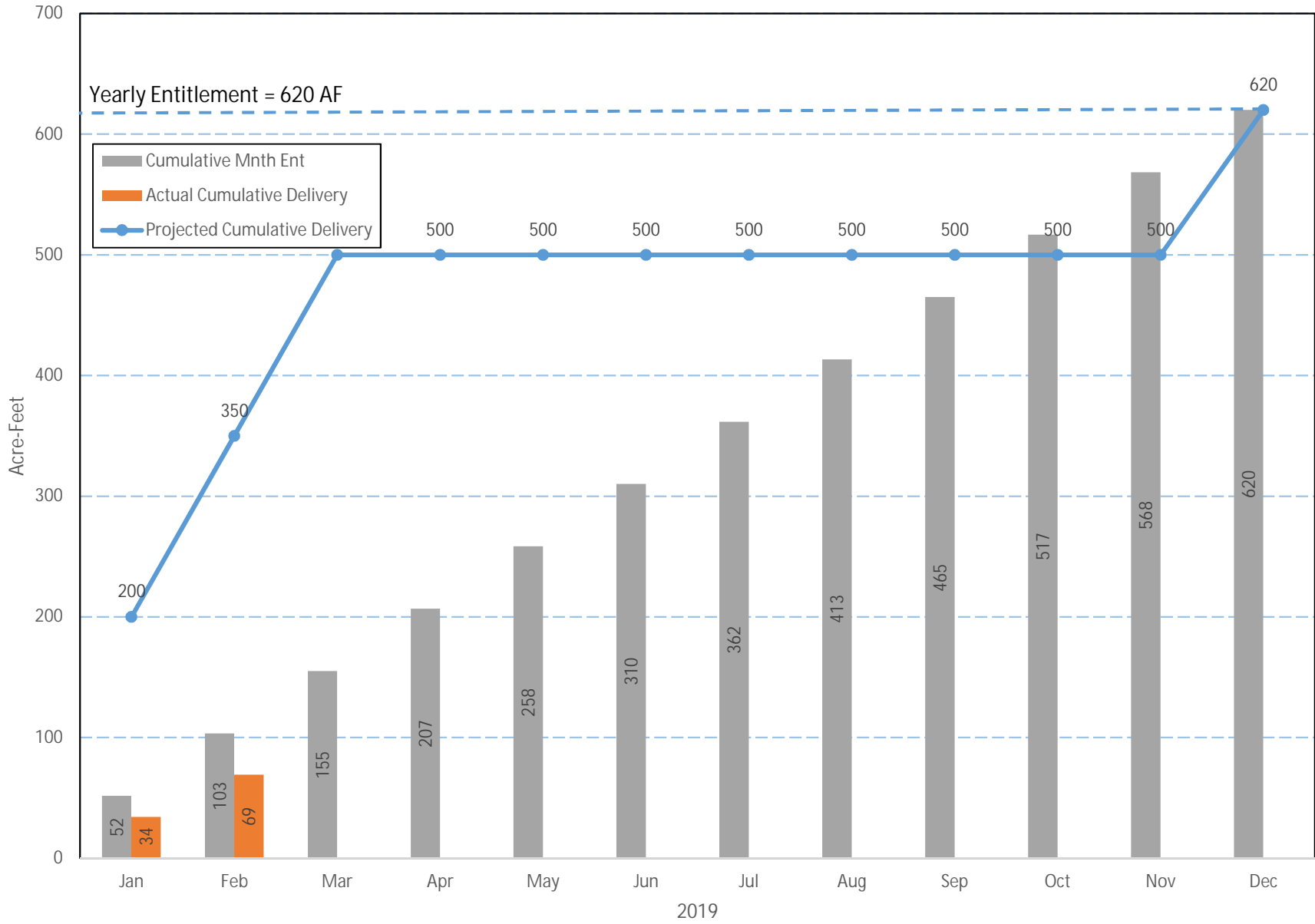
2019

City of Upland Deliveries



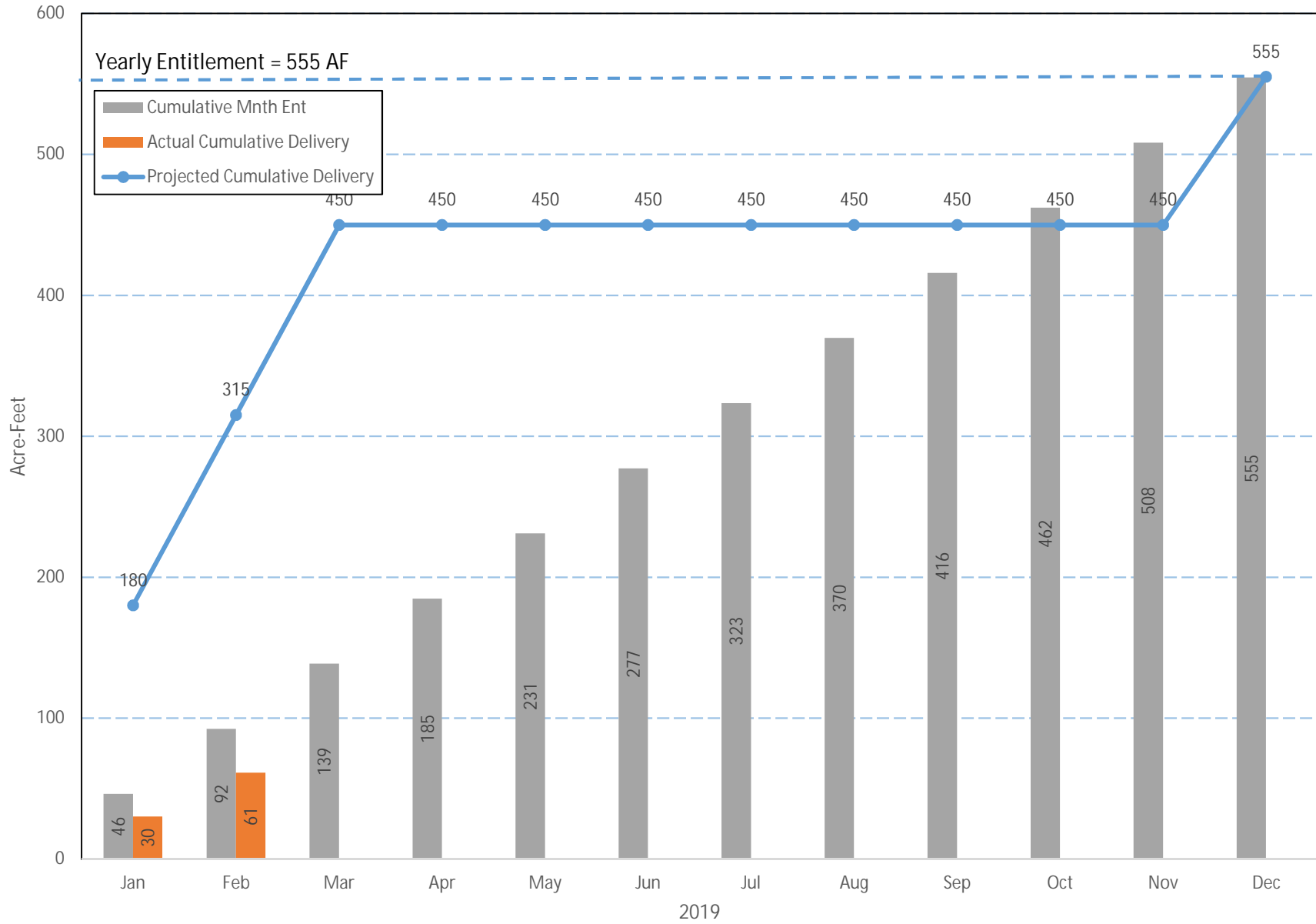
2019

Monte Vista Deliveries



2019

Ontario Deliveries

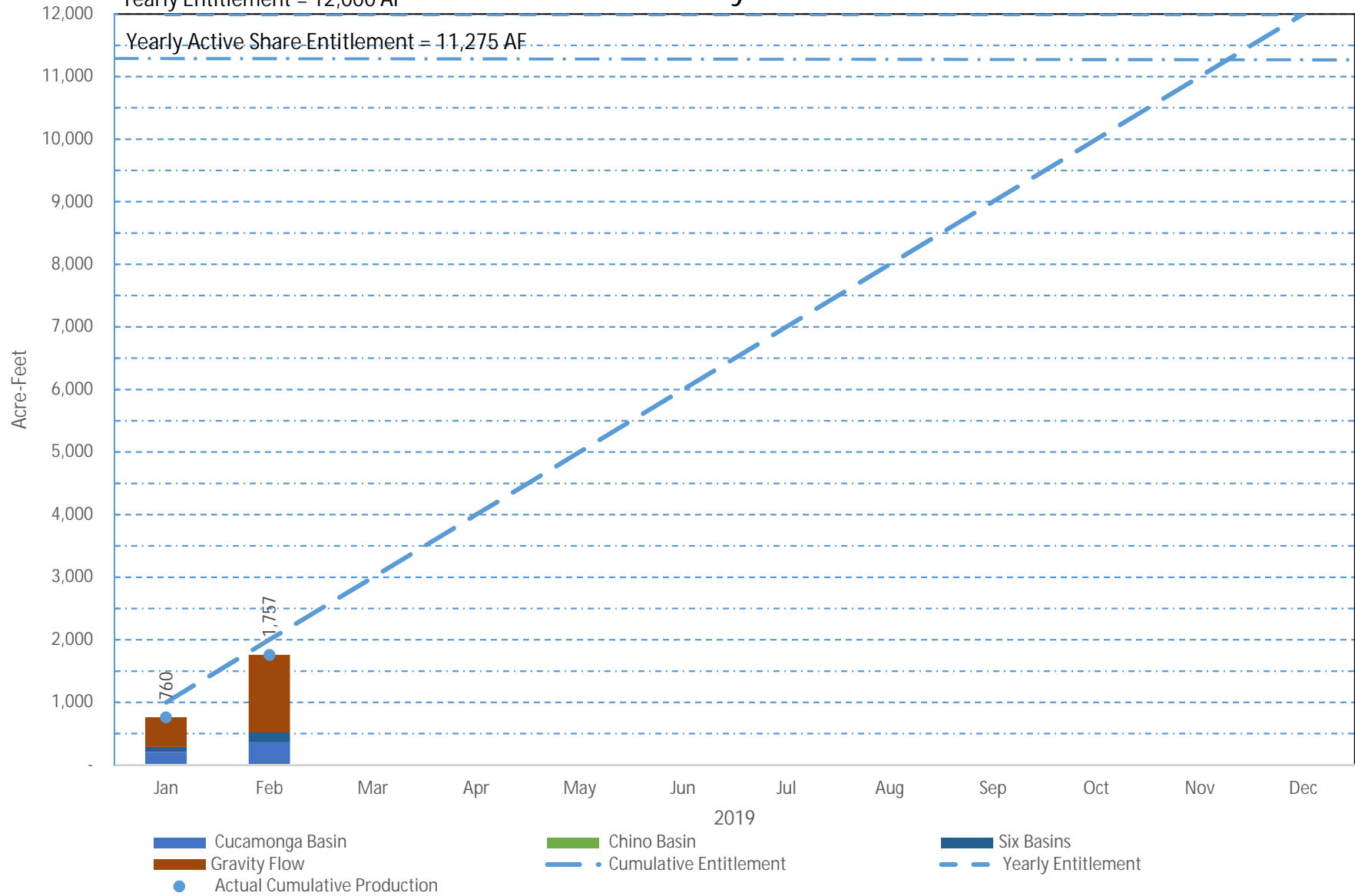


2019

2019 Yearly Production

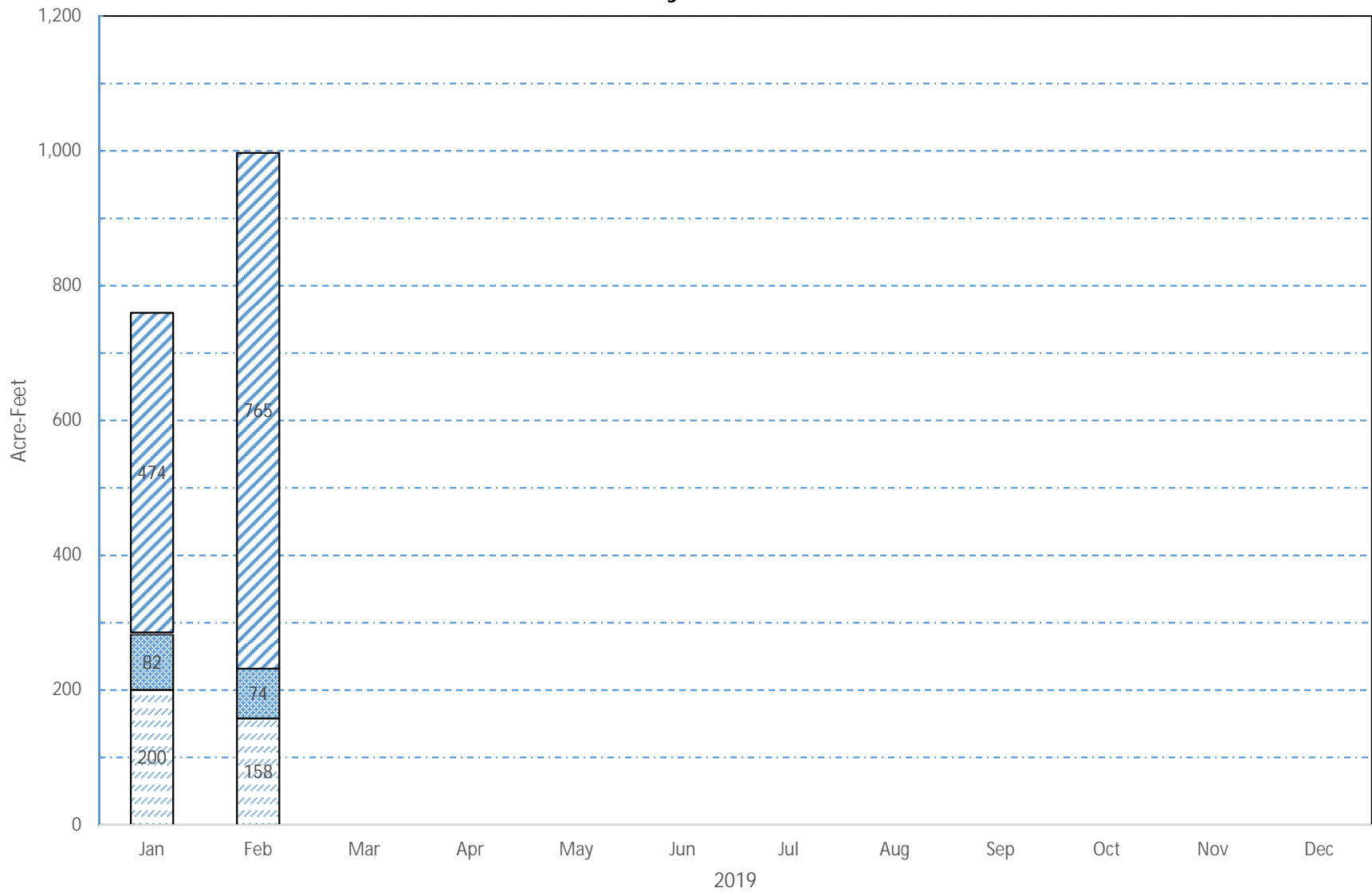
Yearly Entitlement = 12,000 AF

Yearly Active Share Entitlement = 11,275 AF



2019

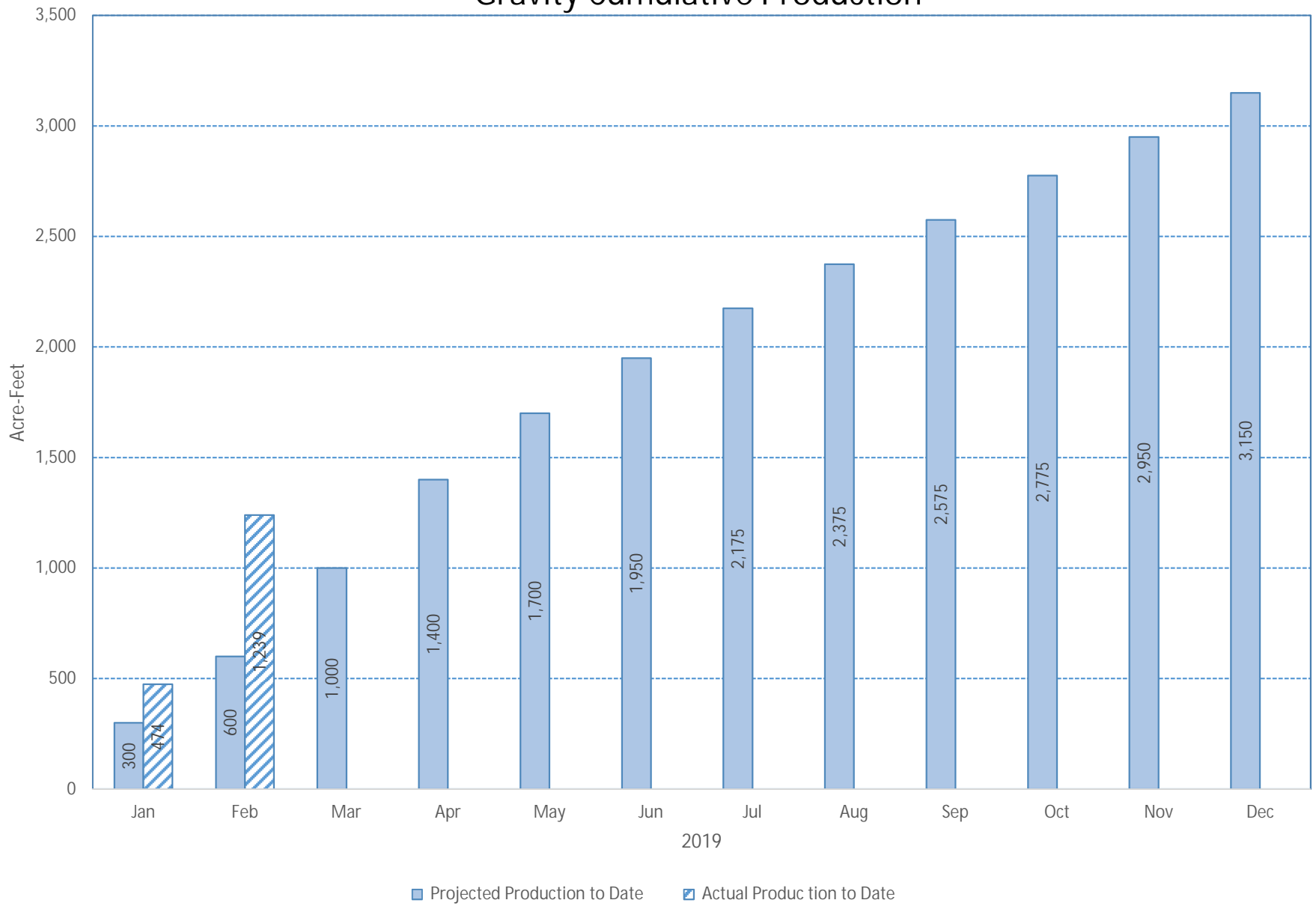
Monthly Production



Actual Cucamonga Basin Actual Six Basins Actual Chino Basin Actual Gravity Flow

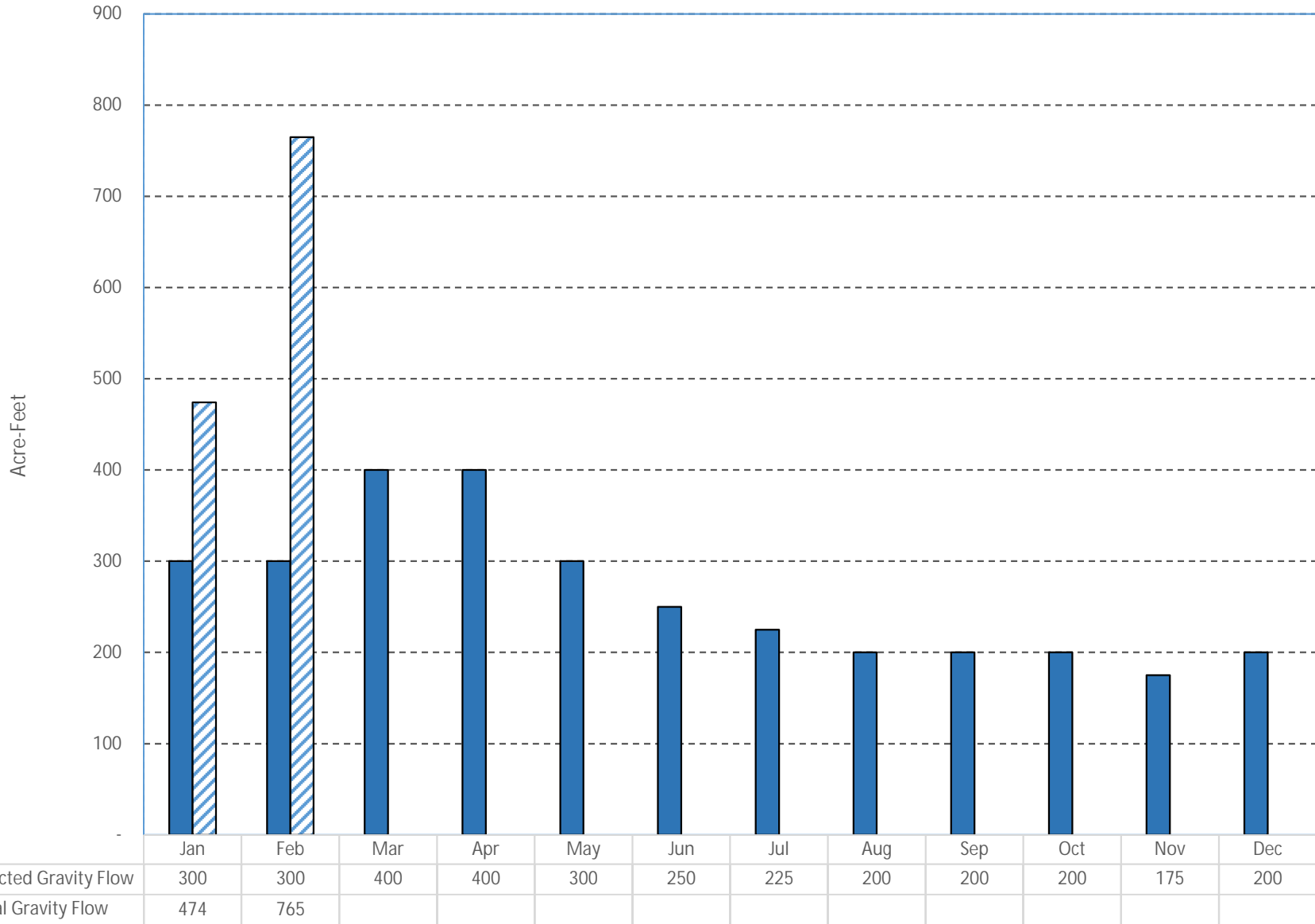
2019

Gravity Cumulative Production



2019

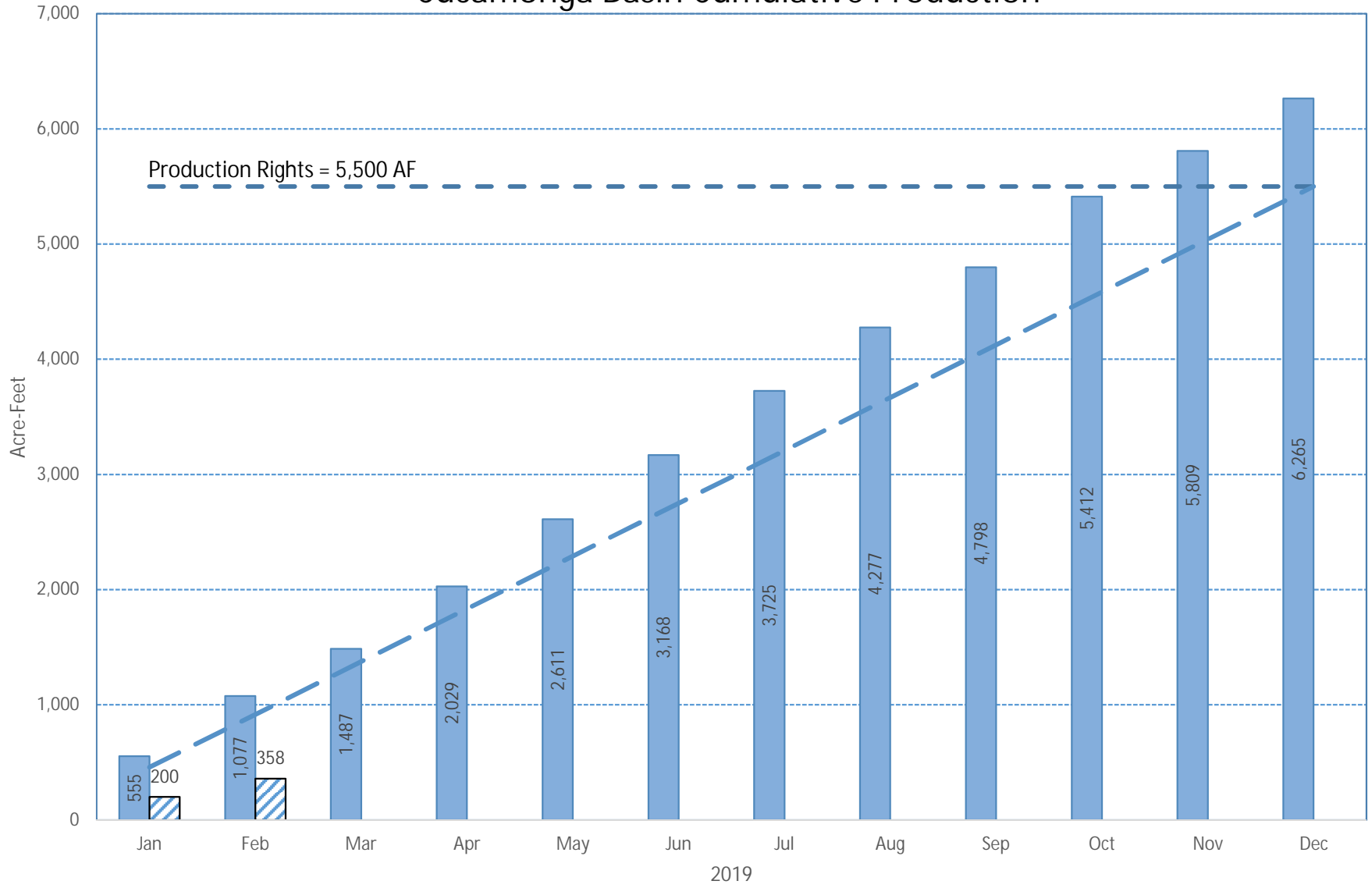
Gravity Monthly Production



2019

2019

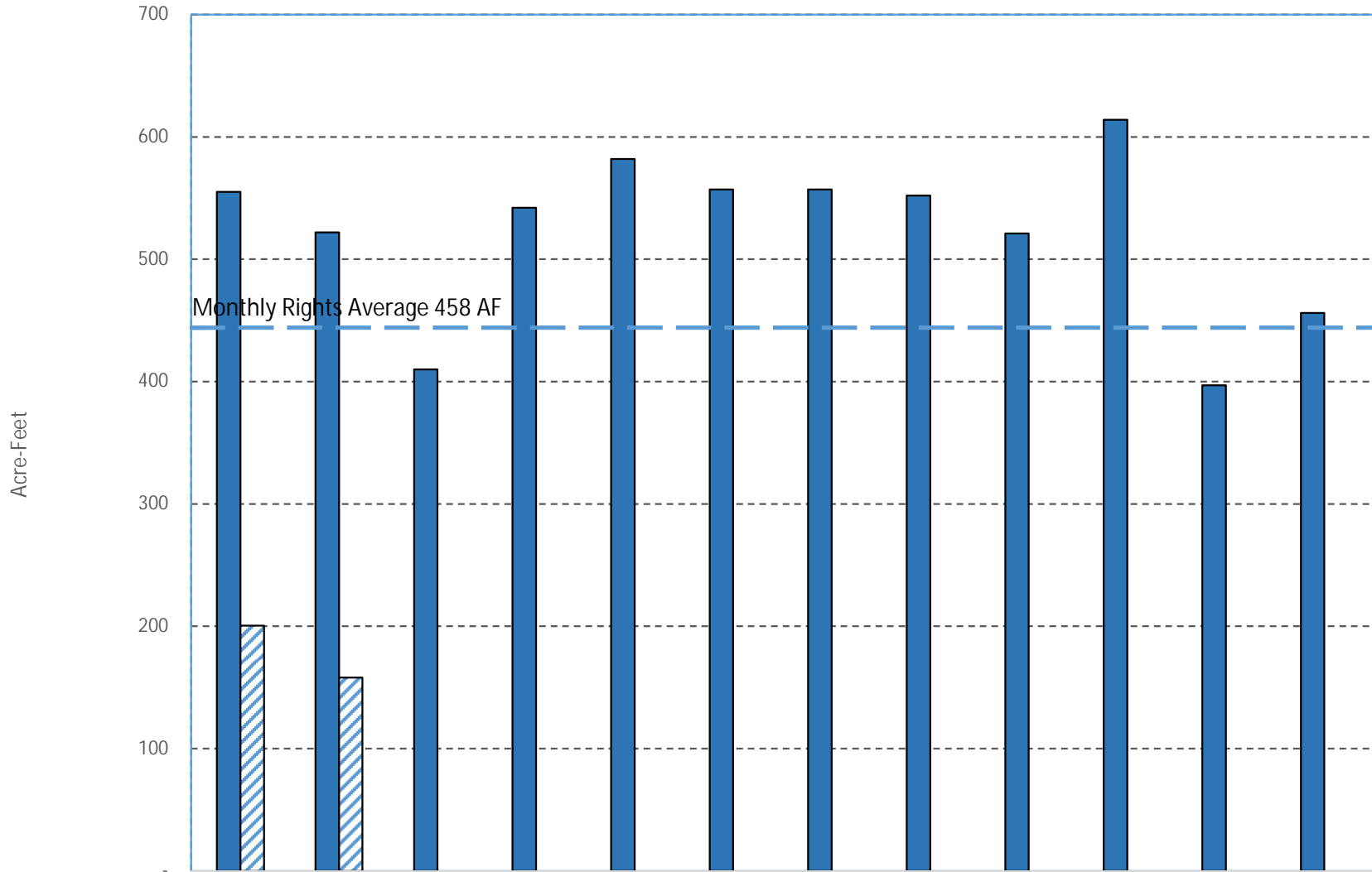
Cucamonga Basin Cumulative Production



Projected Production to Date Actual Production to Date Yearly Production Rights Cumulative Production Rights

2019

Cucamonga Basin Monthly Production

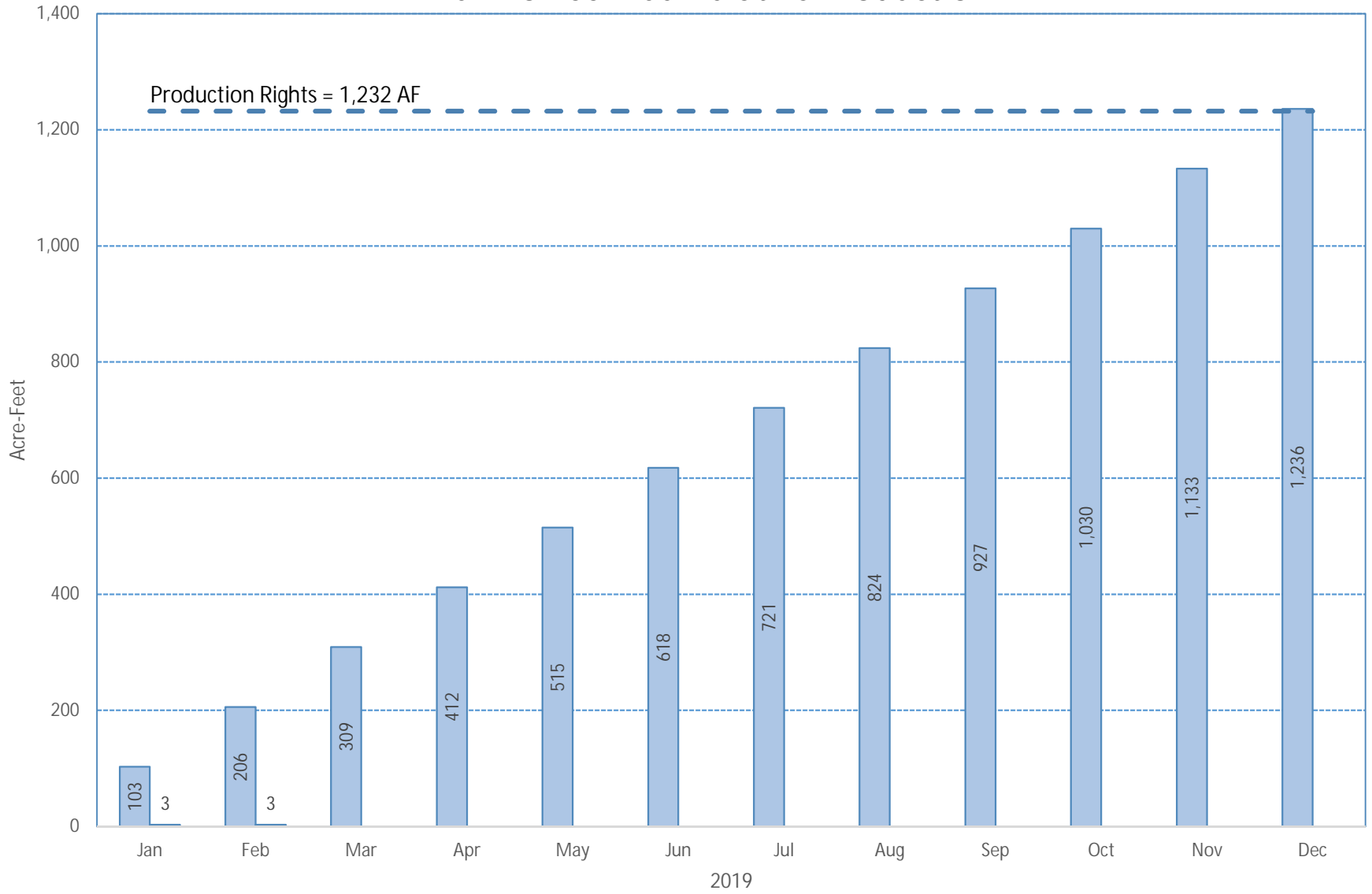


■ Projected Cucamonga Basin	555	522	410	542	582	557	557	552	521	614	397	456
▨ Actual Cucamonga Basin	200	158										

2019

2019

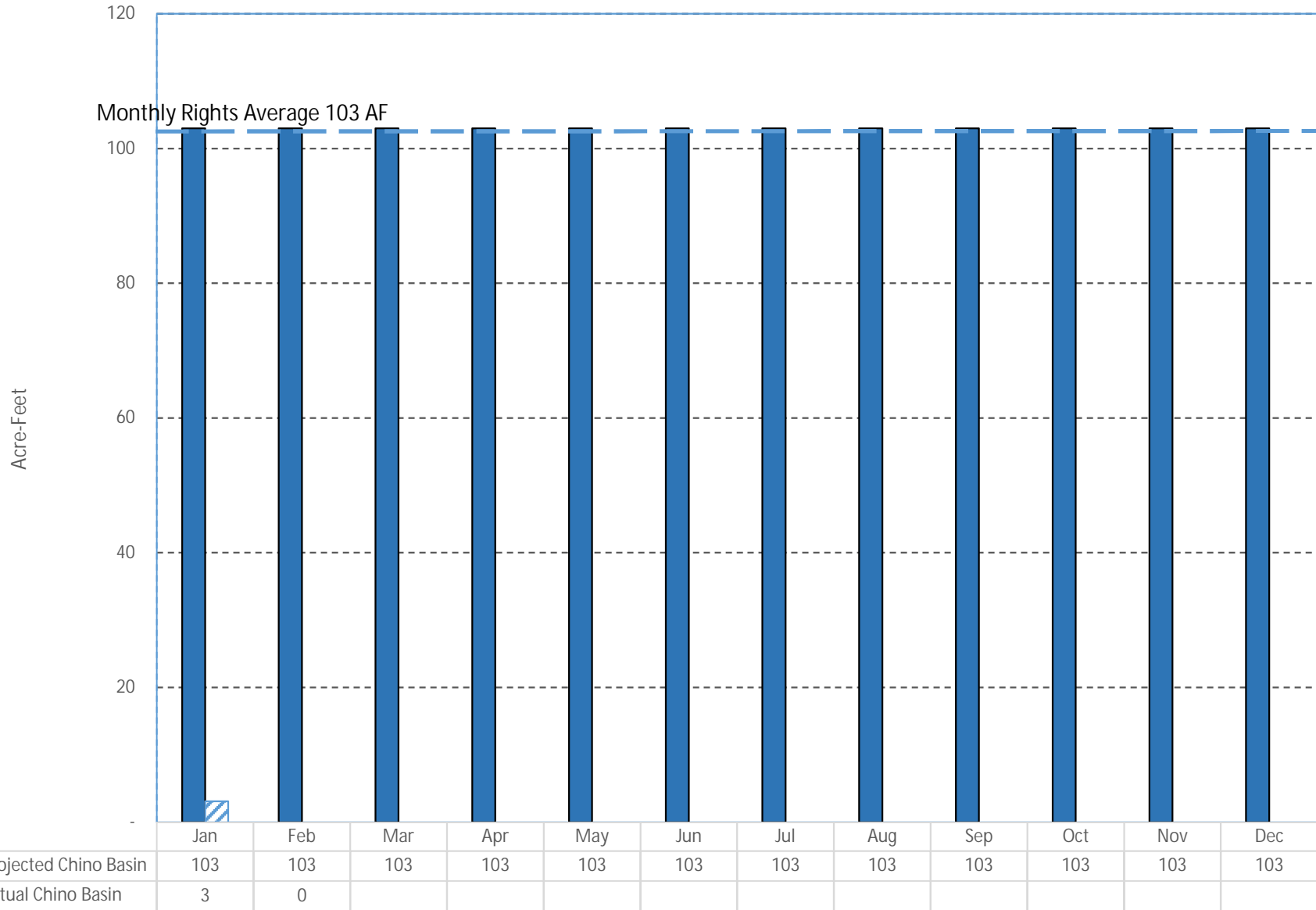
Chino Basin Cumulative Production



Projected Production to Date Actual Production to Date Yearly Production Rights

2019

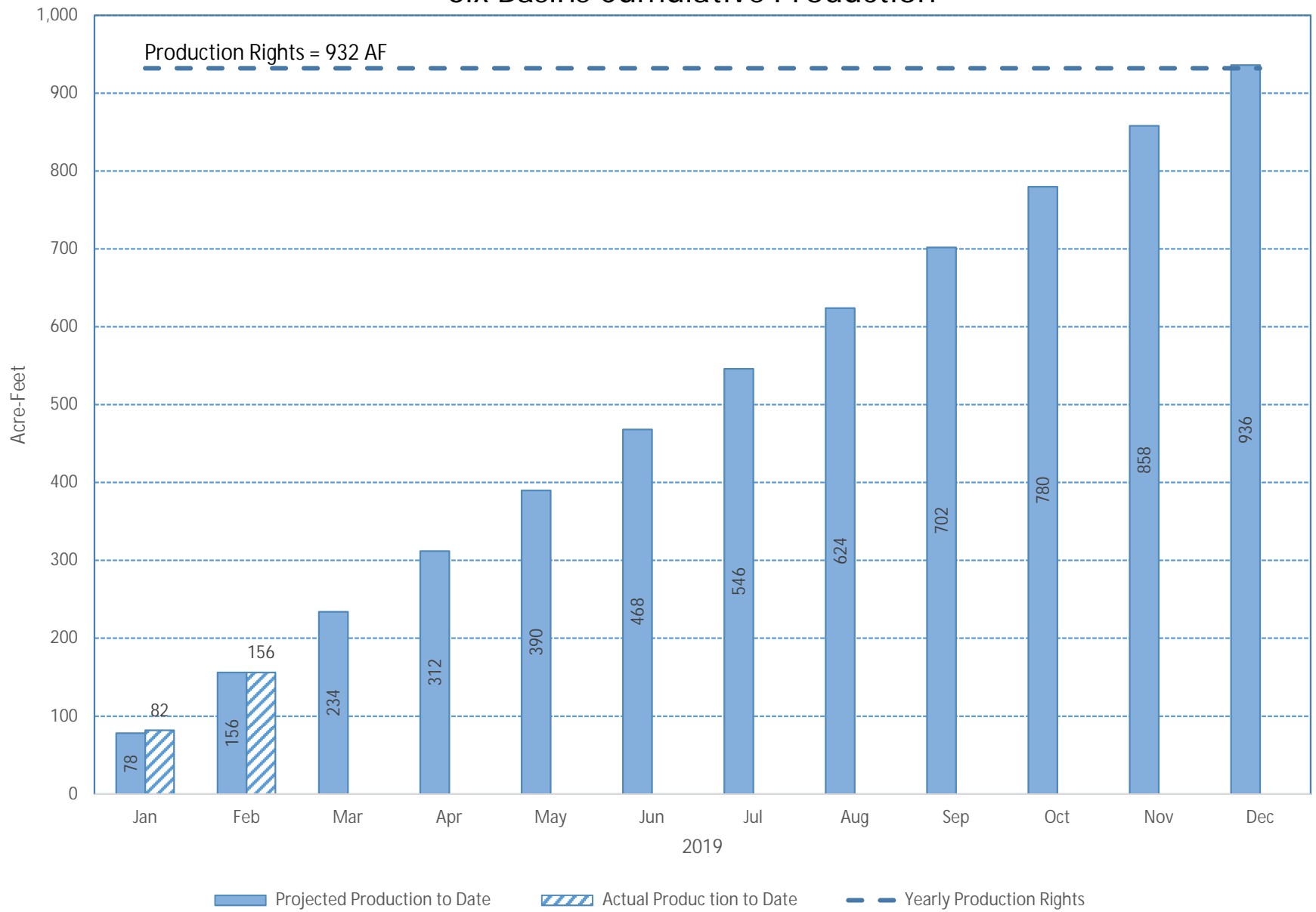
Chino Basin Monthly Production



2019

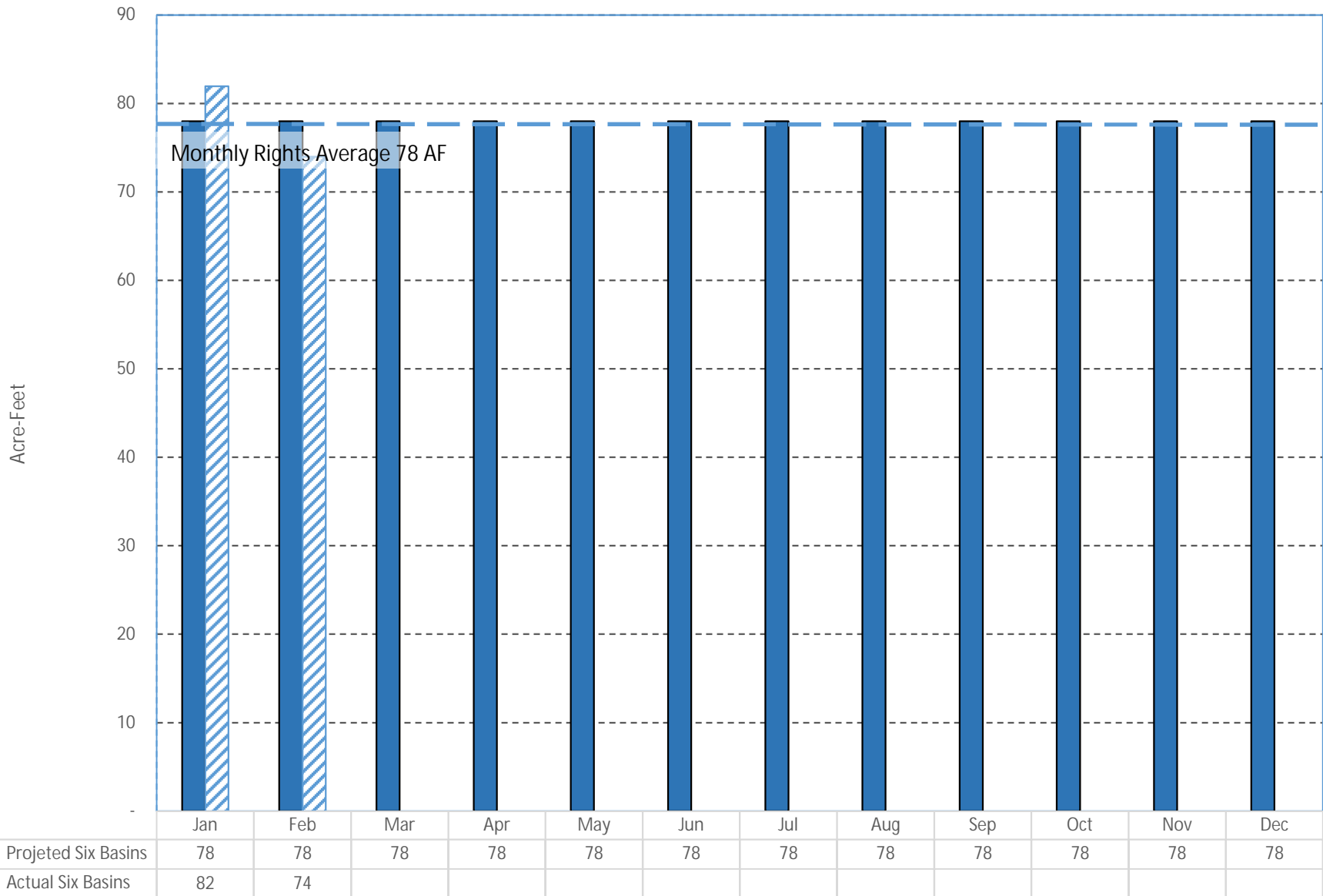
2019

Six Basins Cumulative Production



2019

Six Basins Monthly Production



2019

A. Water Supply for 2019

- Annual entitlement for CY2019 is 12,000 AF
- Cumulative yearly production through February was 1,757 AF
- Cumulative yearly consumption through February was 931 AF
- Cumulative yearly spread through February was 925 AF
- Cumulative unaccounted water through February was -100 AF
 - This statistic is included for general education. We did not consume more water than we produced in February. Production meter reads and consumption meter reads will vary. Obviously, we want these differences to be as small as possible, but a 5-6% variance is not uncommon.

Six Basins Production for 2019

- Annual production right is 932.10 AF.
- Cumulative production through February was 156.35 AF.
- Production is sent to the WFA treatment facility to meet City of Ontario and MVWD entitlement.
- The Company has spread a total of 408.65 AF through February.

Cucamonga Basin Production for 2019

- Annual production right is 6,060 AF.
- Cumulative production through February was 358.8 AF.
- The Company has spread a total of 392.18 AF through February.

Chino Basin Production for 2019

- Annual production right is 1,232 AF.
- Cumulative production through February was 3.22 AF.
- The Company has spread a total of 124.43 AF through February.

Surface Water (San Antonio Creek) flow for 2019

Total flow through February was 824.18 AF.

San Antonio Tunnel flow for 2019

Tunnel flow through February was 414.09 AF.

B. Company Stock

There are no shares of water stock moving from dormant to active this transfer period. One full share is moving from active to dormant.

C. Communication and Information Activities

GM attended meetings:

- Lunch with Chris Berch, IEUA on Monday, February 25th
- Planning coordination with County regarding proposed development of 'Sweet Pea Ranch' on Monday, March 4 (meeting minutes attached).

Staff is communicating on our new "Facebook" page with 170 friends liking our page. Communication is posted regularly.

D. Administration Matters

Company started new office hours on Friday, March 1st, moving to a 9/80 work schedule.

Company's 2018 tax returns are attached for your review.

E. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal

- a. January 15th – 6 Parties [MVWD, CVWD, JCSD, Chino, Ontario, Pomona] motion was filed with the court to approve the Appropriative Pool Pooling Plan and Court-Approved Management Agreements [approved by our Board on February 19, 2019]
- b. January 15th – Watermaster motion was filed with the court [which included more than the 6 Parties agreed to]
 - i. Approve Resolution 2019-03
 - ii. Proceed to re-determine Safe Yield per Order
 - iii. Approve amendment to Par. 10 of Exhibit "H"
 - iv. Approve amended schedule for Re-Op water
 - v. Approve Non-Ag changes to Pooling Plan
 - vi. Comply with CAMA & Judgment as amended
- c. January 31st – Ex Parte Application for An Order to Take Watermaster's Motion off Calendar was filed by Monte Vista Water District
- d. Feb 1st – Ag files opposition motion
- e. Court Continued Feb. 1st Ex Parte hearing to February 20th @ 1:30pm
- f. February 28th – Reply papers due to court
- g. March 15th – Court Hearing @ 1:30pm

On January 24th the Watermaster Board held their regularly scheduled meeting – The general manager asked that elected officials participate in the OBMP workshops. Feedback was given that concerns for the length of the meeting (2 hours) and lack of details may discourage participation.

- Optimum Basin Management Plan Update –
 - h. Meeting: January 15, 2019
 - i. Meeting: February 12, 2019 [SAWCo unable to attend]

Six Basins

Regular Board Meeting held on February 23, 2019.

Discussion occurred regarding CY 2018 draft Annual Report.

Discussion occurred regarding regional collaboration on Municipal Separate Storm Sewer Systems (MS4); National Pollutant Discharge Elimination System (NPDES) Stormwater Discharge from Municipal Sources permits. As the name implies, the Company has limited involvement in this issue.

Discussion occurred regarding holding a training workshop regarding an overview of the Six Basin Watermaster process. Workshop tentatively scheduled to be held immediately prior to March 27 Board Meeting.

After the meeting there was a workshop to discuss possible collaborative efforts with surrounding basins (specifically Chino Basin and to a lesser extent Cucamonga Basin) while developing the basin's Groundwater Management Plan. The Board concurred to share data to the extent possible, but Six Basins WM will not wait to develop a GMP while other basins catch-up. President Poulsen, Vice President Keeseey and Director Lewis agreed to schedule a meeting with the GM of Chino Basin to discuss further and report back.

Cucamonga Basin

The working group met on March 5th.

- Shared costs for projects
 - Memorandum of Understanding going through legal review
 - Cucamonga Valley Water District – committed \$60K to budget and were billed for their share of desilting basin 6
 - Developing a modernized judgement with intent to complete a draft by May 2019
- Will schedule brainstorm session in future for the possibility of partnering on groundwater remediation facilities

Next scheduled meeting is April 2, 2019.

F. Monitoring of Assembly Bills Affecting the Water Company

- In his inaugural address and subsequent budget proposal, Governor Newsom expressed interest in a State wide 'water tax' that would fund infrastructure in impoverished areas impacted by contaminated water sources or a lack of water sources. As currently understood, the State proposes to enforce a monthly 'per meter' tax on each water utility. How that tax is passed on to actual customers has not been addressed, specifically regarding Prop 218. There is opposition to the proposal, and nothing has been finalized yet. Staff assumes this concept is similar to SB845 (Monning) titled, "The Safe and Affordable Drinking Water Fund" that died in committee last year. Additional details remain are scarce at the moment. Staff will continue to watch and update as this concept progresses.

1. AB 1668 and SB 606 - "Statewide Water Saving Mandates"

AB1668 was approved by the Governor on May 31, 2018 – Establishes an immediate Statewide standard of 55 gallons per capita daily for indoor residential water use, eventually reducing to 50 gpcd by January 1, 2030. By October 1, 2021 the State Water Resources Control Board will adopt long-term standards for the efficient use of water.

In February of 2019 residential customers used 17 AF. Assuming 30% irrigation occurred in February (personal experience of a 3-person household with smart irrigation controller installed), 11.90 AF represents total indoor water use. Extrapolating out over 12 months and a population of 3,371 (2010 census) provides an average of 41.1 gpcd.

SB606 was approved by the Governor on May 31, 2018. – Requires the Company to calculate an ‘urban water use objective’ no later than November 1, 2023 and every November thereafter. An urban water use objective is an estimate of aggregate efficient water use for the previous year based on adopted water use efficiency standards and local service area characteristics for that year. Additionally, the Company’s Urban Water Management Plan will be required to incorporate a water shortage contingency plan.

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) - SB 998 was approved by the Governor on Sept 28, 2018. This bill requires the Company to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in; English, Spanish, Chinese, Tagalog, Vietnamese and Korean. The bill requires the policy to include certain components, be available on the Company’s web site, and be provided to customers in writing, upon request. The bill provides for enforcement of these provisions, including making a violation of these provisions punishable by a civil penalty issued in an amount not to exceed \$1,000 for each day in which the violation occurs. The bill prohibits the Company from discontinuing residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days. The bill requires the Company to contact the customer named on the account and provide the customer with the Company’s policy on discontinuation of residential service for nonpayment no less than 7 business days before discontinuation of residential service.
This bill prohibits residential service from being discontinued under specified circumstances. The bill requires that when the Company discontinues residential service, the Company will provide the customer with information on how to restore service. The bill requires the Company to waive interest charges on delinquent bills and limits the amount of a reconnection of service fee imposed on a residential customer who demonstrates household income below 200% of the federal poverty line. The bill requires the Company to make every good faith effort to inform the residential occupants by written notice that service will be terminated and that the residential occupants have the right to become customers. The bill requires the Company to report the number of annual discontinuations of residential service for inability to pay on its web site and to the State.
The bill requires the Company to comply with the bill’s provisions on and after February 1, 2020.
Later this year staff will be presenting for review by the Board a shut-off policy that conforms to SB998 requirements.

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.

12/18/18 – BL – Board approved 2019 budget, which contains this project.

Contacts

Name

Phone / email

Project Title: Edison Box 24" Drain Valve
 Construction Order:
 Approved Budget: \$ 44,000

	Estimated	Actual
Design Start Date:	6/17/2019	
Design Completion Date:	6/30/2019	
Construction Start Date:	7/1/2019	
Constuction Completion Date:	7/30/2019	
Project Close Out Date:	9/30/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo	\$ 44,000.00	\$ -	\$ 44,000.00
			\$ -	\$ -
	TOTAL	\$ 44,000.00	\$ -	\$ 44,000.00

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 20th and 22nd Street

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

Status:

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

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

12/18/18 – BL – Board approved 2019 budget, which contains this project.

03/13/19 – BL – plans under review by City of Upland.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 tkerger@civiltech.com

Project Title: Campus Avenue Pipeine
 Construction Order: 1807
 Approved Budget: \$ 517,000 12/18/2018

	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	\$ 24,538.78	\$ 33,785.22
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 58,324.00	\$ 24,538.78	\$ 33,785.22

Total Budget: \$25,000

Construction: \$25,000

Fiscal Year 2019 Budget: \$25,000

Schedule:

Purchase Meters: Winter 2019

Install Meters: Throughout 2019

Project Description

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.

An AMI system would allow the Company to read meters on a daily basis, providing early detection of leaks or other problems on customer accounts. Additionally, AMI has the potential to allow customers direct web-based access to their water consumption records.

The missing additional component of an AMI system is a service area radio communication network that would read all smart meters from a single location. Sensus' network is called FlexNet. Staff has initiated a radio survey to determine best locations for installation of a FlexNet antenna. The survey will cost \$400. Once the survey is complete staff will be able to develop a budgetary cost proposal for implementation of an AMI system.

Status:

12/18/18 – BL – Board approved 2019 budget, which contains this project.

02/04/19 – BL – Staff met with Aquametrics, current meter supplier and meter reading support company, to discuss what options are available for 'smart' meters. Currently, the District is replacing aged meters with new Sensus iPERL meters. The iPERL is a 'smart' meter and can be adapted to an Advanced Metering Infrastructure System (AMI) with the correct transmitter installed at the meter box. About 30% of the Company's currently installed meters are iPERL.

03/07/19 – BL – Field staff met with Aquametrics to review available locations for receiver antenna.

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 – BL – Design contract and Authorization-to-Proceed issued to CivilTech Engineering.

12/17/18 – BL – CivilTech emailed draft schematic of lab layout and pipeline design to WSA for review.

12/18/18 – BL – Board approved 2019 budget, which contains this project.

1/14/19 – BL – WFA provided comments on draft plans back to Civiltech, who will make modification and finish design.

1/15/19 – BL – Staff notified that WFA is currently reviewing water quality analyzers, which will impact location and availability of space on the lab walls. WFA states they are at least a few months away from selecting.

1/31/19 – BL – Civiltec provided modified concept drawings to WFA showing possible pipeline alignments.

2/5/19 – BL – WFA provided comments and questions regarding proposed pipeline alignments.

2/27/19 – BL – emails between consultant and WFA staff regarding design and layout.
WFA staff estimate a few months remaining to selecting analyzer.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 tkerger@civiltech.com

Project Title: WFA Connection
 Construction Order: 1601
 Approved Budget: \$ 110,000

	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	\$ 18,402.50	\$ 12,492.50
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental			\$ -	\$ -
Prime Contractor		\$ -	\$ -	\$ -
	TOTAL	\$ 30,895.00	\$ 18,402.50	\$ 12,492.50

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

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:

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

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

11/2018 – BL – Phase I contract advertised for bid.

- 12/12/18 – BL – Five bids received and opened for Phase I.
- 12/18/18 – BL – Board approved 2019 budget, which contains Phase 1 & 2 for this project.
- 12/18/18 – BL – Board authorizes staff to execute construction contract with McMinn Construction for \$238,600.
- 12/26/18 – BL – Company issues Notice of Award
- 1/2/19 – BL – McMinn executes Notice of Award
- 1/2/19 – BL – McMinn executes Construction Agreement
- 1/2/19 – BL – McMinn provides Certificate of Liability Insurance
- 1/3/19 – BL – Water Board informed Dodson of new CEQA guidelines adopted by California Natural Resources Agency. Dodson reviewing to see if any changes are required to project IS/MND prior to circulation.
- 1/8/19 – BL – Company returns fully executed Construction Agreement to McMinn
- 1/23/19 – BL – MND sent to clearing house, starting the 30-day comment period. Review period ends 2/22/19
- 1/24/19 – BL - Notices posted at site, office and County Clerk. Affidavit of posting signed by BL and returned to the State.
- 2/7/19 -BL – Staff, consultant and contractor working to schedule a preconstruction meeting.
- 2/22/19 – BL – MND comment period ends. One comment received; SCAQMD
- 2/27/19 – BL – consultant finalized MND
- 3/1/19 – BL – Preconstruction meeting held at offices of TKE. BL signed contract and emailed to engineer and contractor.

Contacts	Name	Phone / email
TKE Engineering, Inc.		
	Terry Renner Vice President	951.680.0440 trenner@tkeengineering.com
McMinn, Inc.		
	Gabriel Melgoza, Estimator	909.514.1231 gabriel@jmige.com
	Keith Archibek Project Manager	909.514.1231 keith@jmige.com
Tom Dodson & Associates		
	Kaitlyn Dodson Environmental Analyst	909.882.3612 kaitlyn@tdaenv.com
State Water Board		
	Wendy Pierce Senior Env. Planner	916.449.5178 wendy.pierce@waterboards.ca.gov
	Sara Paiva-Lowry	916.323.0626

Senior Env. Scientist sara.paiva-lowry@waterboards.ca.gov

Project Title: Holly Drive Reservoir, Phase 1&2
 Construction Order: 1602
 Approved Budget: \$ 621,000 12/18/2018

	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	\$ 164,122.84	\$ 22,847.16
Construction Services, P1	TKE Eng	\$ 60,000.00	\$ -	\$ 60,000.00
Prime Contractor, P1	James McMinn, Inc.	\$ 228,600.00	\$ -	\$ 228,600.00
Prime Contractor, P2			\$ -	\$ -
	TOTAL	\$ 475,570.00	\$ 164,122.84	\$ 311,447.16

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 - BL – Design contract and Authorization-to-Proceed issued to CivilTech Engineering.

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

12/18/18 – BL – Board approved 2019 budget

1/3/19 – BL – Contract docs reviewed and returned to engineer for bidding preparation.
BL removed federal fund requirements from contract

1/9/19 – BL – BL signed County encroachment permit. Engineer to process.

1/11/19 – BL- BL eMailed plans to State Waterboard Engineer for review and comment

1/16/19 – BL – State responded by eMail with no comments.

2/7/19 – BL – Bid schedule set. Bid package available on 2/14, prebid mtg on 2/26 and bid opening on 3/7

2/12/19 – BL – Bid package uploaded an available on company website.

- 2/26/19 – BL – prebid meeting held. Five contractors showed; four prime and one sub. Visited job site with at least two contractors
- 3/1/19 – BL – prebid Q&A posted to website and emailed to those contractors in attendance.
- 3/7/19 – BL – bid opening. Four bids received.

Contacts	Name	Phone / email
<hr/>		
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 tkerger@civiltech.com
Sate Waterboard		
	Hector Cazares Water Resource Control Engineer	909.383.4312 hector.cazares@waterboards.ca.gov
	Eric Zuniga District Engineer	eric.zuniga@waterboard.ca.gov

Project Title: Reservoir 7 Roof Repair
 Construction Order: 1701
 Approved Budget: \$ 1,160,000 12/18/2018

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	2/11/2019
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	\$ 51,230.00	
Engineer	CivilTech	\$ 62,750.00	\$ 55,344.43	\$ 7,405.57
Geologist	Geocon		\$ 6,072.50	\$ (6,072.50)
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 113,980.00	\$ 112,646.93	\$ 1,333.07

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:

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.
 12/18/18 – BL – Board approved 2019 budget, which contains this project.
 12/18/18 – BL – Board authorizes \$120k for project and purchase of equipment.
 12/27/18 – BL – BL executes equipment purchase order. Emailed Inland Productivity
 1/25/18 – BL – Hardware has arrived and is being shipped to TESCO in Sacramento for integration.
 2/22/19 – BL – TESCO and Inland Productivity coordinating for installation at end of March.

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

Project Title: New Company SCADA
 Construction Order: 1808
 Approved Budget: \$ 130,000 12/18/2018

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	1/15/2019
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	\$ 17,809.60	\$ (59.51)
Engineer	TESCO	\$ 100,000.00	\$ -	\$ 100,000.00
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 117,750.09	\$ 17,809.60	\$ 99,940.49

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 and invasive seed to germinate but not establish strong roots or go to seed.

Status:

12/18/18 – BL – Board approved 2019 budget, which contains 2019 mitigation phase for this project.

1/9/19 – BL – BL email to Millington/Spencer regarding possible contractors for remediation work.

1/11-ish/19 – BL – earthen-fill crosswalls breached due to river flow.

1/29/19 – BL – Met with contractor and County on-site. Contractor working to make temporary repairs to the breached areas of the walls. Repairs consist of pushing rock and soil back into place with bulldozers.

2/1-ish/19 – BL – Storm breached two of the repaired crosswalls. Other repairs are holding.

Contacts	Name	Phone / email
<hr/>		
TKE Engineering, Inc.	Terry Renner Vice President	951.680.0440 trenner@tkeengineering.com
Michael Baker International	Ashley M. Spencer Biologist	949.472.3454 Ashley.spencer@mbakerintl.com
	Tom Millington Senior Biologist	949.855.5777 tommillington@mbakerintl.com

Project Title: Cucamonga Crosswalls
 Construction Order: 1405
 Approved Budget: \$ 20,000 *2019 mitigation

	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	\$ 74,867.83	\$ (9,827.83)
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	\$ -	\$ -	\$ -
	TOTAL	\$ 309,492.00	\$ 307,249.56	\$ 2,242.44

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

Location: Benson Ave just south of 18th 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 18th Street. Relocating to the Benson Property will allow the Company to build a presence closer to our retail customers while modernizing our facilities.

Status:

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

12/18/18 – BL – Board approved 2019 budget, which includes conceptual/design services for this project.

03/11/19 – BL – City of Upland Council approved purchase of south portion of Benson Property.

Contacts	Name	Phone / email
CEDG	Erik Peterson	909.973.7282 info@cedg-design.com

Project Title: Office Relocation
 Construction Order: 1507
 Approved Budget: \$ 100,000

	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		\$ -	\$ -	\$ -
	TOTAL	\$ 40,060.00	\$ 32,000.00	\$ 8,060.00

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	\$ 284,168.50	\$ (31,138.50)
	TOTAL	\$ 362,044.00	\$ 443,328.02	\$ (81,284.02)

Project: P201500208 – Sweet Pea Ranch

Meeting Date: March 4, 2019

Place: Team Work Room, Land Use Services Department

Time: 2:00pm

Attendees: Aron Liang, Heidi Duron, David Alaniz, Ivy Saguan, Kylie Tillema, Adam Panos, Brian Lee, Andrea Harley, and James Harley.

Applicant:

Teresa Mercer

Sweet Pea Ranch

2901 N. Mountain Avenue

Upland, CA 91784

Representative:

James Harley

All Cities Permit Services

P.O. Box 666

Fontana, CA 92334

Project Description: A Conditional Use Permit to establish an all year private special events for weddings, receptions, parties, and similar activities for a maximum of 200 guests on weekends, and construct a 698-square foot restroom/changing room facility attaching to an existing 1,363-square foot barn structure, with an existing 1,200-square foot care taker quarters, located at 2901 North Mountain Avenue, on a 6.49-acre parcel, in the Resource Conservation (RC) zoning district. Also, a Major Variance is proposed to allow a compacted decomposed granite surface, for 78 parking stalls, in lieu of the required paved surfacing.

Meeting Summary:

Based upon concerns raised by the San Antonio Water Company (SAWC), the following needs to be addressed prior to going to Planning Commission:

1. The project scope proposes an on-site septic tank for the proposed 698-sq.ft. restroom facility and a variance for a non-paving parking surface. Due to the proposed septic tank and the non-paving parking surface (potential toxic fluid runoff, surface/stormwater runoff) located in close proximity to SAWC's potable water intake, adjacent south of the project site, the project consultants shall submit a hydro-geotechnical study and a soil percolation study, for review and acceptance by SAWC and Environmental Health Services. In order to make a recommendation for approval to the Planning Commission, it needs to be demonstrated that the inclusion of the restroom facility and associated septic tank will not have a negative impact on SAWC's potable water source.

While the following items will be addressed as conditions of approval, they were discussed in the meeting and should be noted as requirements prior to use of the site for the proposed Project:

2. The project consultants shall contact the San Antonio Water Company (SAWC), to obtain a fire flow test/data, for an existing 4" line fire hydrant, located south of the project site, to determine flow rate, for filling the on-site water storage tank.
3. The project consultants shall contact SAWC to purchase additional water shares needed to provide adequate water service for the proposed operation.
4. As a proposed commercial establishment, a sprinkler system will be required for the existing barn structure.
5. An on-site water storage tank capable of meeting the required fire flow, a pump system, and an on-site fire hydrant, within 150' of all portions of the barn structure, will be required.

Based on the determination that an on-site water storage tank will be used for fire protection, and that a septic tank will be used for the proposed 698-square foot restroom facility, please add the following to the site plan:

6. The project consultants shall label/show on the project site plan, the location of the required on-site fire hydrant (150' of all portions of the barn structure), the pump system, the on-site water storage tank, the proposed septic tank, as well as key data/legend, information on the water storage tank, and septic tank size information.

TAXABLE YEAR

**California Corporation
Franchise or Income Tax Return**

FORM

2018

100

RP

0138200 SANA 95-1183990 000000000000 18
 TYB 01-01-2018 TYE 12-31-2018
 SAN ANTONIO WATER COMPANY

139 NORTH EUCLID AVENUE
 UPLAND CA 91786

Schedule Q Questions (continued on Side 2)

A FINAL RETURN? • Dissolved Surrendered (withdrawn) Merged/Reorganized IRC Section 338 sale QSub election

Enter date (mm/dd/yyyy) •

B 1. Is income included in a combined report of a unitary group? • Yes No

If "Yes," indicate: Wholly within CA (R&TC 25101.15)
 Within and outside of CA

2. Is there a change in the members listed in Schedule R-7 from the prior year? • Yes No

3. Enter the number of members (including parent or key corporation) listed in the Schedule R-7, Part I, Section A, subject to income or franchise tax •

4. Is form FTB 3544 and/or 3544A attached to the return? • Yes No

C 1. During this taxable year, did another person or legal entity acquire control or majority ownership (more than a 50% interest) of this corporation or any of its subsidiaries that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? • Yes No

2. During this taxable year, did this corporation or any of its subsidiaries acquire control or majority ownership (more than a 50% interest) in another legal entity that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? • Yes No

3. During this taxable year, has more than 50% of the voting stock of this corporation cumulatively transferred in one or more transactions after an interest in California real property (i.e., land, buildings) was transferred to it that was excluded from property tax reassessment under R&TC Section 62(a)(2) and it was not reported on a previous year's tax return? • Yes No
 (Yes requires filing of statement, penalties may apply – see instructions.)

State Adjustments	1 Net income (loss) before state adjustments. See instructions	1	101,367	00
	2 Amount deducted for foreign or domestic tax based on income or profits from Schedule A	2		00
	3 Amount deducted for tax under the provisions of the Corporation Tax Law from Schedule A	3	9,830	00
	4 Interest on government obligations	4		00
	5 Net California capital gain from Side 6, Schedule D, line 11	5		00
	6 Depreciation and amortization in excess of amount allowed under California law. Attach form FTB 3885	6		00
	7 Net income from corporations not included in federal consolidated return. See instructions	7		00
	8 Other additions. Attach schedule(s)	8		00
	9 Total. Add line 1 through line 8	9	111,197	00

SAN ANTONIO WATER COMPANY
0138200

State Adjustments (cont.)	10	Intercompany dividend elimination. Attach Schedule H (100)	•	10		00	
	11	Dividends received deduction. Attach Schedule H (100)	•	11		00	
	12	Additional depreciation allowed under CA law. Attach form FTB 3885	•	12		00	
	13	Capital gain from federal Form 1120, line 8	•	13		00	
	14	Charitable Contributions	•	14		00	
	15	Other deductions. Attach schedule(s)	•	15		00	
	16	Total. Add line 10 through line 15	•	16		00	
CA Net Income	17	Net income (loss) after state adjustments. Subtract line 16 from Side 1, line 9	•	17	111,197	00	
	18	Net income (loss) for state purposes. Complete Schedule R if apportioning or allocating income. See instructions	•	18	111,197	00	
	19	Net operating loss (NOL) deduction. See instructions	•	19		00	
	20	EZ, LARZ, TTA, or LAMBRA NOL carryover deduction. See instructions	•	20		00	
	21	Disaster loss deduction. See instructions	•	21		00	
22	Net income for tax purposes. Combine line 19 through line 21. Then, subtract from line 18	•	22	111,197	00		
Taxes	23	Tax. <u>8.840</u> % x line 22 (at least minimum franchise tax, if applicable). See instructions	•	23	9,830	00	
	24	Credit name _____ code • _____ amount ▶	•	24		00	
	25	Credit name _____ code • _____ amount ▶	•	25		00	
	26	To claim more than two credits, see instructions	•	26		00	
	27	Add line 24 through line 26	•	27		00	
	28	Balance. Subtract line 27 from line 23 (at least minimum franchise tax, if applicable)	•	28	9,830	00	
	29	Alternative minimum tax. Attach Schedule P (100). See instructions	•	29		00	
	30	Total tax. Add line 28 and line 29	•	30	9,830	00	
	Payments	31	Overpayment from prior year allowed as a credit	•	31		00
		32	2018 Estimated tax payments. See instructions	•	32	7,400	00
33		2018 Withholding (Form 592-B and/or 593). See instructions	•	33		00	
34		Amount paid with extension of time to file tax return	•	34		00	
35		Total payments. Add line 31 through line 34	•	35	7,400	00	
Refund or Amount Due	36	Use tax. This is not a total line. See instructions	•	36		00	
	37	Payments balance. If line 35 is more than line 36, subtract line 36 from line 35	•	37	7,400	00	
	38	Use tax balance. If line 36 is more than line 35, subtract line 35 from line 36	•	38		00	
	39	Franchise or income tax due. If line 30 is more than line 37, subtract line 37 from line 30	•	39	2,430	00	
	40	Overpayment. If line 37 is more than line 30, subtract line 30 from line 37	•	40		00	
	41	Amount of line 40 to be credited to 2019 estimated tax	•	41		00	
	42	Refund. Subtract line 41 from line 40 See instructions to have the refund directly deposited. <input type="checkbox"/> Checking <input type="checkbox"/> Savings	•	42		00	
	42a	• Routing number	42b	• Type	42c	• Account number	
	43	a Penalties & interest	•	43a		00	
	b	• <input type="checkbox"/> Check if estimate penalty computed using Exception B or C on form FTB 5806. See instructions.	•	44	2,430	00	
44	Total amount due. Add line 38, line 39, line 41, and line 43a. Then, subtract line 40 from the result	•	44	2,430	00		

Schedule Q Questions (continued from Side 1)

- D If the corporation filed on a water's-edge basis pursuant to R&TC Sections 25110 and 25113 in previous years, enter the date the water's-edge election ended (mm/dd/yyyy) • _____
- E Was the corporation's income included in a consolidated federal return? • Yes No
- F Principal business activity code. (Do not leave blank): • 221300
- Business activity WATER PROD & DELIV
- Product or service WATER

Schedule Q Questions (continued on Side 3)

SAN ANTONIO WATER COMPANY
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G Date incorporated (mm/dd/yyyy): 10/01/1882 Where: • State CA Country _____
H Date business began in California or date income was first derived from California sources (mm/dd/yyyy) • 10/01/1882
I First return? • Yes No If "Yes" and this corporation is a successor to a previously existing business, check the appropriate box.
 • (1) Sole proprietorship (2) Partnership (3) Joint venture (4) Corporation (5) Other
 (Attach statement showing name, address, and FEIN/SSN/ITIN of previous business.)
J "Doing business as" name. See instructions: • SAN ANTONIO WATER COMPANY

K At any time during the taxable year, was more than 50% of the voting stock:
 1. Of the corporation owned by any single interest? • Yes No
 2. Of another corporation owned by this corporation? • Yes No
 3. Of this and one or more other corporations owned or controlled, directly or indirectly, by the same interests? • Yes No
 If 1 or 3 is "Yes," enter the country of the ultimate parent • USA
 If 1, 2, or 3 is "Yes," furnish a statement of ownership indicating pertinent names, addresses, and percentages of stock owned.
 If the owner(s) is an individual, provide the SSN/ITIN and see FTB 1131, for more information. STMT 1
L Has the corporation included a reportable transaction or listed transaction within this return? (See instructions for definitions) • Yes No
 If "Yes," complete and attach federal Form 8886 for each transaction.
M Is this corporation apportioning or allocating income to California using Schedule R? • Yes No
N How many affiliates in the combined report are claiming immunity from taxation in California under Public Law 86-272? • _____
O Corporation headquarters are: • (1) Within California (2) Outside of California, within the U.S. (3) Outside of the U.S.
P Location of principal accounting records SEE STMT 2
Q Accounting method: • (1) Cash (2) Accrual (3) Other
R Does this corporation or any of its subsidiaries have a Deferred Intercompany Stock Account (DISA)? • Yes No
 If "Yes," enter the total balance of all DISAs • \$ _____
S Is this corporation or any of its subsidiaries a RIC? • Yes No
T Is this corporation treated as a REMIC for California purposes? • Yes No
U Is this corporation a REIT for California purposes? • Yes No
V Is this corporation an LLC or limited partnership electing to be taxed as a corporation for federal purposes? • Yes No
 If "Yes," enter the effective date of the election (mm/dd/yyyy): _____
W Is this corporation to be treated as a credit union? • Yes No
X Is the corporation under audit by the IRS or has it been audited by the IRS in a prior year? • Yes No
Y Have all required information returns (e.g. federal Forms 1099, 5471, 5472, 8300, 8865, etc.) been filed with the Franchise Tax Board? N/A Yes No
Z Does the taxpayer (or any corporation of the taxpayer's combined group, if applicable) own 80% or more of the stock of an insurance company? • Yes No
AA Did the corporation file the federal Schedule UTP (Form 1120)? • Yes No
BB Does any member of the combined report own an SMLLC or generate/claim credits that are attributable to an SMLLC? • Yes No
CC 1. Did this corporation, or any corporation in a combined reporting group, receive any qualified health care service plan income that is excluded from gross income for state purposes (R&TC Section 24330)? • Yes No
 2. Is this corporation's, or any corporation in a combined reporting group's, only source of income qualified health care service plan income that is excluded from gross income under R&TC Section 24330 for the taxable year? • Yes No

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Signature of officer ▶	Title <u>GENERAL MANAGER</u>	Date	• Telephone <u>909-982-4107</u>
Paid Preparer's Use Only	Officer's email address (optional)			
	Preparer's signature ▶ <u>CRAIG B. MILLER</u>	Date <u>02/27/19</u>	Check if self-employed ▶ <input type="checkbox"/>	• PTIN <u>P00179355</u>
	Firm's name (or yours, if self-employed) and address ▶ <u>BOWEN, MCBETH, INC.</u> <u>10722 ARROW RTE STE 110</u> <u>RANCHO CUCAMONGA, CA 91730-4840</u>			• Firm's FEIN <u>95-3655325</u>
				• Telephone <u>909-944-6465</u>
May the FTB discuss this return with the preparer shown above? See instructions				• <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SAN ANTONIO WATER COMPANY
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Schedule A Taxes Deducted. Use additional sheet(s) if necessary.

(a) Nature of tax	(b) Taxing authority	(c) Total amount	(d) Nondeductible amount
STATE INCOME TAX	FRANCHISE TAX BOARD	9,830	9,830
PROPERTY AND PAYROLL	COUNTY, IRS AND EDD	287,647	
Total. Enter total of column (c) on Schedule F, line 17, and total of column (d) on Side 1, line 2 or line 3. If the corporation uses California computation method to compute the net income, see instructions.		297,477	9,830

Schedule F Computation of Net Income. See instructions.

Income	1 a) Gross receipts or gross sales	4,460,371		
	b) Less returns and allowance		c) Balance	4,460,371
	2 Cost of goods sold. Attach federal Form 1125-A (California Schedule V)			
	3 Gross profit. Subtract line 2 from line 1c			4,460,371
	4 Total dividends. Attach federal Schedule C, (California Schedule H (100))			
	5 a) Interest on obligations of the United States and U.S. instrumentalities			
	b) Other interest. Attach schedule	SEE STMT 3		58,676
	6 Gross rents			53,645
	7 Gross royalties			
	8 Capital gain net income. Attach federal Schedule D (California Schedule D)			
	9 Ordinary gain (loss). Attach federal Form 4797 (California Schedule D-1)			
10 Other income (loss). Attach schedule	SEE STMT 4		3,205	
11 Total income. Add line 3 through line 10			4,575,897	
Deductions	12 Compensation of officers. Attach federal Form 1125-E or equivalent schedule			
	13 Salaries and wages (not deducted elsewhere)		620,745	
	14 Repairs and maintenance		552,393	
	15 Bad debts			
	16 Rents			
	17 Taxes (California Schedule A). See instructions		297,477	
	18 Interest. Attach schedule			
	19 Charitable Contributions. Attach schedule			
	20 Depreciation. Attach federal Form 4562 and FTB 3885	881,254		
	21 Less depreciation claimed elsewhere on return		881,254	
	22 Depletion. Attach schedule			
	23 Advertising			
	24 Pension, profit-sharing plans, etc.		60,210	
	25 Employee benefit plans		319,740	
	26 a) Total travel and entertainment			
	b) Deductible amounts			
	27 Other deductions. Attach schedule	SEE STMT 5	1,742,711	
	28 Specific deduction for organizations under R&TC Section 23701r or 23701t. See instructions			
	29 Total deductions. Add line 12 through line 28			4,474,530
30 Net income before state adjustments. Subtract line 29 from line 11. Enter here and on Side 1, line 1			101,367	

Schedule J Add-On Taxes and Recapture of Tax Credits. See instructions.

1 LIFO recapture due to S corporation election, IRC Sec. 1363(d) deferral: \$		
2 Interest computed under the look-back method for completed long-term contracts (Attach form FTB 3834)		
3 Interest on tax attributable to installment:	a Sales of certain timeshares and residential lots	
	b Method for nondealer installment obligations	
4 IRC Section 197(f)(9)(B)(ii) election		
5 Credit recapture name:		
6 Combine line 1 through line 5, revise Side 2, line 39 or line 40, whichever applies, by this amount. Write "Schedule J" to the left of line 39 or line 40		

SAN ANTONIO WATER COMPANY
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Schedule V Cost of Goods Sold

1	Inventory at beginning of year	<input checked="" type="radio"/>	1	00
2	Purchases	<input checked="" type="radio"/>	2	00
3	Cost of labor	<input type="radio"/>	3	00
4	a Additional IRC Section 263A costs. Attach schedule	<input type="radio"/>	4a	00
	b Other costs. Attach schedule	<input type="radio"/>	4b	00
5	Total. Add line 1 through line 4b		5	00
6	Inventory at end of year	<input checked="" type="radio"/>	6	00
7	Cost of goods sold. Subtract line 6 from line 5. Enter here and on Side 4, Schedule F, line 2		7	00

Method of inventory valuation ▶ _____

Was there any change in determining quantities, costs of valuations between opening and closing inventory? Yes No

If "Yes," attach an explanation.

Enter California seller's permit number, if any ▶ _____

Check if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970

If the LIFO inventory method was used for this taxable year, enter the amount of closing inventory under LIFO _____

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the corporation? Yes No

The corporation may not be required to complete Schedules L, M-1, and M-2. See Schedule M-1 instructions for reporting requirements.

Schedule L Balance Sheet	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		<input checked="" type="radio"/> 5,725,940		<input type="radio"/> 6,212,354
2 a Trade notes and accounts receivable	504,803		<input type="radio"/> 295,481	
b Less allowance for bad debts	()	<input checked="" type="radio"/> 504,803	<input type="radio"/> ()	<input type="radio"/> 295,481
3 Inventories		<input checked="" type="radio"/> 85,679		<input type="radio"/> 93,446
4 Federal and state government obligations		<input checked="" type="radio"/>		<input type="radio"/>
5 Other current assets. STMT 6		9,238		9,238
6 Loans to stockholders/officers		<input checked="" type="radio"/>		<input type="radio"/>
7 Mortgage and real estate loans		<input checked="" type="radio"/>		<input type="radio"/>
8 Other investments. STMT 7		<input checked="" type="radio"/> 1		<input type="radio"/> 1
9 a Buildings and other fixed depreciable assets	29,213,036		<input type="radio"/> 30,223,040	
b Less accumulated depreciation	(11,012,234)	<input checked="" type="radio"/> 18,200,802	<input type="radio"/> (11,851,502)	<input type="radio"/> 18,371,538
10 a Depletable assets		<input checked="" type="radio"/>		<input type="radio"/>
b Less accumulated depletion	()	<input checked="" type="radio"/>	()	<input type="radio"/>
11 Land (net of any amortization)		<input checked="" type="radio"/> 924,864		<input type="radio"/> 924,864
12 a Intangible assets (amortizable only)	<input checked="" type="radio"/>		<input type="radio"/>	
b Less accumulated amortization	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
13 Other assets. STMT 8		<input checked="" type="radio"/> 335,740		<input type="radio"/> 293,753
14 Total assets.		<input checked="" type="radio"/> 25,787,067		<input type="radio"/> 26,200,675
Liabilities and Stockholders' Equity				
15 Accounts payable		<input checked="" type="radio"/> 559,759		<input type="radio"/> 740,599
16 Mortgages, notes, bonds payable in less than 1 year		<input checked="" type="radio"/>		<input type="radio"/>
17 Other current liabilities. STMT 9		<input checked="" type="radio"/>		850
18 Loans from stockholders		<input checked="" type="radio"/>		<input type="radio"/>
19 Mortgages, notes, bonds payable in 1 year or more		<input checked="" type="radio"/>		<input type="radio"/>
20 Other liabilities		<input checked="" type="radio"/>		<input type="radio"/>
21 Capital stock: a Preferred stock	<input checked="" type="radio"/>		<input type="radio"/>	
b Common stock	<input checked="" type="radio"/> 638,900	<input checked="" type="radio"/> 638,900	<input type="radio"/> 638,900	<input type="radio"/> 638,900
22 Paid-in or capital surplus. Attach reconciliation		<input checked="" type="radio"/> 2,851,528		<input type="radio"/> 2,851,528
23 Retained earnings - Appropriated. STMT 10		4,377,303		3,529,386
24 Retained earnings - Unappropriated		17,359,577		18,439,412
25 Adjustments to shareholders' equity				
26 Less cost of treasury stock		()		()
27 Total liabilities and stockholders' equity		25,787,067		26,200,675

SAN ANTONIO WATER COMPANY
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Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return.

If the corporation completed federal Schedule M-3 (Form 1120/1120-F), see instructions.

1 Net income per books	231,917	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax		a Tax-exempt interest	\$
3 Excess of capital losses over capital gains		b Other	\$
4 Taxable income not recorded on books this year (itemize)		c Total. Add line 7a and line 7b	
5 Expenses recorded on books this year not deducted in this return (itemize)		8 Deductions in this return not charged against book income this year (itemize)	
a Depreciation	\$	a Depreciation	\$
b State taxes	\$ 9,830	b State tax refunds	\$
c Travel and entertainment	\$	c Other	\$ 130,550
d Other	\$	d Total. Add line 8a through line 8c	130,550
e Total. Add line 5a through line 5d	9,830	9 Total. Add line 7c and line 8d	130,550
6 Total. Add line 1 through line 5e	241,747	10 Net income per return.	
		Subtract line 9 from line 6	111,197

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Side 5, Schedule L, line 24)

1 Balance at beginning of year	17,359,577	5 Distributions:	a Cash	
2 Net income per books	231,917		b Stock	
3 Other increases (itemize)			c Property	
RESERVES	847,918	6 Other decreases (itemize)		
4 Total. Add line 1 through line 3	18,439,412	7 Total. Add line 5 and line 6		
		8 Balance at end of year.		
		Subtract line 7 from line 4		18,439,412

Schedule D California Capital Gains and Losses

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less. Use additional sheet(s) if necessary.

(a) Kind of property and description (Example, 100 shares of Z Co.)	(b) Date acquired (mm/dd/yyyy)	(c) Date sold (mm/dd/yyyy)	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain (loss) (d) less (e)
1					00
2 Short-term capital gain from installment sales from form FTB 3805E, line 26 or line 37				2	00
3 Unused capital loss carryover from 2017				3	00
4 Net short-term capital gain (loss). Combine line 1 through line 3				4	00

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year. Use additional sheet(s) if necessary.

5					00
6 Enter gain from Schedule D-1, line 9 and/or any capital gain distributions				6	00
7 Long-term capital gain from installment sales from form FTB 3805E, line 26 or line 37				7	00
8 Net long-term capital gain (loss). Combine line 5 through line 7				8	00
9 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 8)				9	00
10 Net capital gain. Enter excess of net long-term capital gain (line 8) over net short-term capital loss (line 4)				10	00
11 Total lines 9 and 10. Enter here and on Form 100, Side 1, line 5. If losses exceed gains, carry forward losses to 2019				11	00

TAXABLE YEAR

2018

Alternative Minimum Tax and Credit Limitations — Corporations

CALIFORNIA SCHEDULE

P (100)

Attach to Form 100 or Form 109.

Corporation name

SAN ANTONIO WATER COMPANY

California corporation number

0138200

Part I Tentative Minimum Tax (TMT) and Alternative Minimum Tax (AMT) Computation

1 Net income (loss) after state adjustments. Enter the amount from Form 100, line 17; Schedule R, line 1c; or Form 109, the lesser of line 1 or line 2. See instructions.		<input type="radio"/> 1	111,197	00
2 Adjustments. See instructions.				
a Depreciation of tangible property placed in service after 1986	<input type="radio"/> 2a		00	
b Amortization of certified pollution control facilities placed in service after 1986	<input type="radio"/> 2b		00	
c Amortization of mining exploration and development costs incurred after 1987	<input type="radio"/> 2c		00	
d Basis adjustments in determining gain or loss from sale or exchange of property	<input type="radio"/> 2d		00	
e Long-term contracts entered into after February 28, 1986	<input type="radio"/> 2e		00	
f Installment sales of certain property	<input type="radio"/> 2f		00	
g Tax shelter farm activities (personal service corporations only)	<input type="radio"/> 2g		00	
h Passive activities (closely held corporations and personal service corporations only)	<input type="radio"/> 2h		00	
i Certain loss limitations	<input type="radio"/> 2i		00	
j Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (541), line 12a	<input type="radio"/> 2j		00	
k Merchant marine capital construction funds	<input type="radio"/> 2k		00	
l Combine line 2a through line 2k	<input type="radio"/> 2l		0	00
3 Tax preference items. See instructions.				
a Depletion	<input type="radio"/> 3a		00	
b Intangible drilling costs	<input type="radio"/> 3b		00	
c Add line 3a and line 3b	<input type="radio"/> 3c			00
4 Pre-adjustment alternative minimum taxable income (AMTI):				
a Combine line 1, line 2l, and line 3c	<input type="radio"/> 4a		111,197	00
b Apportioned pre-adjustment AMTI. If income is derived from sources both within and outside of California, see instructions. Otherwise, enter the amount from line 4a	<input type="radio"/> 4b		111,197	00
5 Adjusted current earnings (ACE) adjustment:				
a Enter ACE. See instructions	<input type="radio"/> 5a	111,197	00	
b Apportioned ACE. If income is derived from sources both within and outside of California, see instructions. Otherwise, enter the amount from line 5a	<input type="radio"/> 5b	111,197	00	
c Subtract line 4b from line 5b (even if one or both of the figures are negative). If negative, use brackets	<input type="radio"/> 5c	0	00	
d Multiply line 5c by 75% (.75) and enter the result as a positive number	<input type="radio"/> 5d			00
e Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments. Enter an amount on line 5e (even if line 5c is positive)	<input type="radio"/> 5e			00
f ACE adjustment:				
• If line 5c is a positive amount or zero, enter the amount from line 5d on line 5f as a positive amount.				
• If line 5c is a negative amount, enter the smaller of line 5d or line 5e on line 5f as a negative amount	<input type="radio"/> 5f			00
6 Combine line 4b and line 5f. If zero or less, enter -0-	<input type="radio"/> 6		111,197	00
7 a Reduction for disaster loss deduction, if any, from Form 100, line 21	<input type="radio"/> 7a			00
b AMT net operating loss deduction. See instructions	<input type="radio"/> 7b			00
c Combine line 7a and line 7b	<input type="radio"/> 7c			00
8 AMTI. Subtract line 7c from line 6	<input type="radio"/> 8		111,197	00
9 Enter \$40,000 exemption. See instructions	<input type="radio"/> 9		40,000	00
10 Enter \$150,000 limitation. See instructions	<input type="radio"/> 10		150,000	00
11 Subtract line 10 from line 8. If zero or less, enter -0-	<input type="radio"/> 11			00
12 Multiply line 11 by 25% (.25)	<input type="radio"/> 12			00
13 Exemption. Subtract line 12 from line 9. If zero or less, enter -0-	<input type="radio"/> 13		40,000	00
14 Subtract line 13 from line 8. If zero or less, enter -0-	<input type="radio"/> 14		71,197	00
15 Multiply line 14 by 6.65% (.0665)	<input type="radio"/> 15	4,735	00	
16 Banks and financial corps. Multiply Form 100, line 22, by 2.00% (.0200). See instructions	<input type="radio"/> 16			00

SAN ANTONIO WATER COMPANY
0138200

Part I Tentative Minimum Tax (TMT) and Alternative Minimum Tax (AMT) Computation (continued)

17 TMT. Add line 15 and line 16 from Side 1	<input checked="" type="radio"/> 17	4,735	00
18 Regular tax before credits. Enter the amount from Form 100, line 23 or Form 109, line 10. See instructions	<input checked="" type="radio"/> 18	9,830	00
19 AMT. Subtract line 18 from line 17. If zero or less, enter -0-. See instructions	<input checked="" type="radio"/> 19	0	00

Part II Credits that Reduce Tax. See instructions.

1 Regular tax from Form 100, line 23 or Form 109, line 10	<input checked="" type="radio"/> 1	9,830	00
2 TMT (before credits) from Part I, line 17 (but not less than the minimum franchise tax, if applicable)	<input checked="" type="radio"/> 2	4,735	00

	(a) Credit amount	(b) Credit used this year	(c) Tax balance that may be offset by credits	(d) Credit carryover
Section A – Credits that reduce excess regular tax.				
3 Subtract line 2 from line 1. If zero or less, enter -0- and see instructions. This is the excess regular tax which may be offset by credits.	3		<input checked="" type="radio"/> 5,095	
A1 Credits that reduce excess regular tax and have no carryover provisions.				
4 Code: 162 Prison Inmate Labor Credit	4 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
A2 Credits that reduce excess regular tax and have carryover provisions. See instructions.				
5 Code: <input checked="" type="radio"/> Credit Name: _____	5 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
6 Code: <input checked="" type="radio"/> Credit Name: _____	6 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
7 Code: <input checked="" type="radio"/> Credit Name: _____	7 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
8 Code: <input checked="" type="radio"/> Credit Name: _____	8 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
9 Code: 188 Credit for prior year AMT from Part III, line 3	9 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Section B – Credits that may reduce regular tax below TMT.				
10 If Part II, line 3 is zero, enter the amount from line 1 minus the minimum franchise tax, if applicable. If line 3 is more than zero, enter the total of Part II, line 2, minus the minimum franchise tax, if applicable, plus line 9, column (c) or the last entry in column (c)	10		<input checked="" type="radio"/> 0	
B Credits that reduce net tax and have carryover provisions. See instructions.				
11 Code: <input checked="" type="radio"/> Credit Name: _____	11 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
12 Code: <input checked="" type="radio"/> Credit Name: _____	12 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
13 Code: <input checked="" type="radio"/> Credit Name: _____	13 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
14 Code: <input checked="" type="radio"/> Credit Name: _____	14 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Section C – Credits that may reduce AMT. See instructions.				
15 Enter the AMT from Part I, line 19	15		<input checked="" type="radio"/> 0	
16a Code: 180 Solar Energy Credit carryover from Section B, column (d)	16a <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
16b Code: 181 Commercial Solar Energy Credit carryover from Section B, column (d)	16b <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
17 Code: 176 Enterprise Zone Hiring & Sales or Use Tax Credit carryover from Section B, column (d)	17 <input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
18 Adjusted AMT. Enter the balance from line 17, column (c) here and on Form 100, Side 2, line 29 or Form 109, Side 1, line 13	18		<input checked="" type="radio"/> 0	

Part III Credit for Prior Year AMT

1 Enter the AMT from the 2017 Schedule P (100). See instructions	<input checked="" type="radio"/> 1		00
2 Carryover of unused credit for prior year AMT. See instructions	<input checked="" type="radio"/> 2		00
3 Total available credit. Add line 1 and line 2. Enter here and on Part II, line 9, column (a).	<input checked="" type="radio"/> 3		00

TAXABLE YEAR

2018

Corporation Depreciation and Amortization

CALIFORNIA FORM

3885

Attach to Form 100 or Form 100W.

Corporation name SAN ANTONIO WATER COMPANY	California corporation number 0138200
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Part I Election To Expense Certain Property Under IRC Section 179

1 Maximum deduction under IRC Section 179 for California	1	25,000
2 Total cost of IRC Section 179 property placed in service	2	
3 Threshold cost of IRC Section 179 property before reduction in limitation	3	200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for taxable year. Subtract line 4 from line 1. If zero or less, enter -0-	5	
6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property (elected IRC Section 179 cost)		
8 Total elected cost of IRC Section 179 property. Add amounts in column (c), line 6 and line 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from prior taxable years	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12 IRC Section 179 expense deduction. Add line 9 and line 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2019. Add line 9 and line 10, less line 12	13	

Part II Depreciation and Election of Additional First Year Depreciation Deduction Under R&TC Section 24356

(a) Description of property	(b) Date acquired (mm/dd/yyyy)	(c) Cost or other basis	(d) Depreciation allowed or allowable in earlier years	(e) Depreciation method	(f) Life or rate	(g) Depreciation for this year	(h) Additional first year depreciation
SEE STATEMENT 11						881,254	0
15 Add the amounts in column (g) and column (h). The total of column (h) may not exceed \$2,000. See instructions for line 14, column (h)						15	881,254

Part III Summary

16 Total: If the corporation is electing: IRC Section 179 expense, add the amount on line 12 and line 15, column (g) or Additional first year depreciation under R&TC Section 24356, add the amounts on line 15, columns (g) and (h) or Depreciation (if no election is made), enter the amount from line 15, column (g)	16	881,254
17 Total depreciation claimed for federal purposes from federal Form 4562, line 22	17	881,254
18 Depreciation adjustment. If line 17 is greater than line 16, enter the difference here and on Form 100 or Form 100W, Side 1, line 6. If line 17 is less than line 16, enter the difference here and on Form 100 or Form 100W, Side 2, line 12. (If California depreciation amounts are used to determine net income before state adjustments on Form 100 or Form 100W, no adjustment is necessary)	18	0

Part IV Amortization

(a) Description of property	(b) Date acquired (mm/dd/yyyy)	(c) Cost or other basis	(d) Amortization allowed or allowable in earlier years	(e) R&TC section (see instructions)	(f) Period or percentage	(g) Amortization for this year
20 Total. Add the amounts in column (g)						20
21 Total amortization claimed for federal purposes from federal Form 4562, line 44						21
22 Amortization adjustment. If line 21 is greater than line 20, enter the difference here and on Form 100 or Form 100W, Side 1, line 6. If line 21 is less than line 20, enter the difference here and on Form 100 or Form 100W, Side 2, line 12						22

CA Schedule P ACE Adjustment Worksheet		2018
Schedule P (100)	For calendar year 2018 or fiscal year beginning	and ending
Name SAN ANTONIO WATER COMPANY	California Corporation Number 0138200	Employer Identification Number 95-1183990
Line 5a		
1 Pre-adjustment AMTI (enter the amount from line 4 of Schedule P)		111,197
2 ACE depreciation adjustment:		
a Depreciation expense recomputed for AMT purposes	2a 881,254	
b Depreciation expense recomputed for ACE purposes:		
(1) Post-1997 property	2b(1) 82,298	
(2) Post-1989, pre-1998 property	2b(2) 44,820	
(3) Post 1986, pre-1990 property	2b(3)	
(4) Post-1980, pre-1987 property	2b(4)	
(5) Property described in sections 168(f)(1) through (4)	2b(5)	
(6) Other property	2b(6) 754,136	
(7) Total depreciation expense recomputed for ACE purposes (add lines 2b(1) through 2b(6))	2b(7) 881,254	
c ACE depreciation adjustment (subtract line 2b(7) from line 2a)		2c
3 Inclusion in ACE of items included in earnings and profits (E&P):		
a Tax-exempt interest income	3a	
b Death benefits from life insurance contracts	3b	
c All other distributions from life ins contracts (including surrenders)	3c	
d Inside buildup of undistributed income in life insurance contracts	3d	
e Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e	
f Total increase to ACE due to inclusion in ACE of items included in E&P (add lines 3a through 3e)		3f
4 Disallowance of items not deductible in computing E&P:		
a Certain dividends received	4a	
b Dividends paid on certain preferred stock of public utilities that are deductible under section 247	4b	
c Dividends paid to an ESOP that are deductible under section 404(k)	4c	
d Non-patronage dividends that are paid and deductible under section 1382(c)	4d	
e Other items (see Regulations section 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e	
f Total increase to ACE due to disallowance of items not deductible in computing E&P (add lines 4a through 4e)		4f
5 Other adjustments based on rules for computing E&P:		
a Intangible drilling costs	5a	
b Circulation expenditures	5b	
c Organizational expenditures	5c	
d LIFO inventory adjustments	5d	
e Installment sales	5e	
f Total other E&P adjustments (combine lines 5a through 5e)		5f
6 Disallowance of loss on exchange of debt pools		6
7 Acquisition expenses of life insurance companies for qualified foreign contracts		7
8 Depletion		8
9 Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property		9
10 Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 5a of Schedule P		111,197

California Statements

Statement 1 - Form 100, Side 3, Question K(1) - Corporation Owned By Any Single Interest

<u>Name</u>	<u>EIN/SSN/ITIN</u>	<u>Percent Owned</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>
City of Upland	956-00-0805	68.000	P.O. Box 460	Upland	CA	91785

California Statements**Statement 2 - Form 100, Side 3, Question P - Location of Principal Accounting Records**

<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Country</u>
139 N Euclid Avenue	Upland	CA	91785	

Statement 3 - Form 100, Side 4, Schedule F, Line 5b - Other Interest

<u>Description</u>	<u>Amount</u>
Interest Income	\$ 58,676
Total	\$ 58,676

Statement 4 - Form 100, Side 4, Schedule F, Line 10 - Other Income (Loss)

<u>Description</u>	<u>Amount</u>
Other miscellaneous	\$ 3,205
Total	\$ 3,205

Statement 5 - Form 100, Side 4, Schedule F, Line 27 - Other Deductions

<u>Description</u>	<u>Amount</u>
Power - gas & electric	\$ 774,034
Office supplies/expenses	91,714
Directors fees & expenses	33,283
Insurance	42,224
Communication	21,671
Outside services	37,749
Human resources	45,398
Accounting & legal	276,050
Water resource management	220,869
Conservation	33,166
Staff development & training	11,344
All others	24,659
Water prod. excess income	130,550
Total	\$ 1,742,711

Statement 6 - Form 100, Side 5, Schedule L, Line 5 - Other Current Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Prepaid expenses	\$ 9,238	\$ 9,238
Total	\$ 9,238	\$ 9,238

California Statements**Statement 7 - Form 100, Side 5, Schedule L, Line 8 - Other Investments**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Pomona Valley Protective Asso	\$ 1	\$ 1
Total	\$ 1	\$ 1

Statement 8 - Form 100, Side 5, Schedule L, Line 13 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Documents and studies	\$ 1,166,975	\$ 867,778
Less: Accum Amortization	-831,235	-574,025
Total	\$ 335,740	\$ 293,753

Statement 9 - Form 100, Side 5, Schedule L, Line 17 - Other Current Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Deposits	\$	\$ 850
Total	\$ 0	\$ 850

Statement 10 - Form 100, Side 5, Schedule L, Line 23 - Retained Earnings - Appropriated

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Depreciation/Obsolescence res	\$ 4,377,303	\$ 3,529,386
Total	\$ 4,377,303	\$ 3,529,386

Form 100, Side 6, Schedule M-1, Line 8c - Deductions on Return Not on Books

<u>Description</u>	<u>Amount</u>
Water operations deduction	\$ 130,550
Total	\$ 130,550

95-1183990

California Statements

FYE: 12/31/2018

Statement 11 - Form 3885, Part II, Line 14 - Depreciation

Description	Date Acquired	Cost	Accum Depr	Method	Life	Current Depr	Additional First Year Depr
Building & Site Improvements	1/01/1950	\$ 1,746,625	\$ 318,001	S/L	20.0	\$ 71,309	\$
Wells, Shafts - Bldg & Equip	12/31/1953	4,877,875	2,574,997	S/L	20.0	130,725	
Boosters - Bldg & Equip	12/31/1970	2,181,281	1,082,767	S/L	20.0	97,427	
Reservoirs	1/01/1953	1,644,765	713,853	S/L	40.0	45,098	
Tunnels & Forebay	1/01/1956	1,587,111	580,786	S/L	20.0	55,949	
Spreading Works - San Antonio	4/01/2002	50,235	49,289	S/L	20.0	108	
Pipelines	1/01/1930	15,613,893	4,440,119	S/L	45.0	353,628	
Autos & Equipment	1/01/1998	377,943	306,887	S/L	5.0	31,179	
Tools	1/01/1992	76,492	67,062	S/L	4.0	2,834	
Telemetry System	1/01/2001	482,714	478,805	S/L	9.0	1,469	
Office Equipment	1/01/1998	496,626	344,808	S/L	4.0	49,542	
Documents & Studies	1/01/1993	867,779	831,235	S/L	7.0	41,986	
Total		\$ 30,003,339	\$ 11,788,609			\$ 881,254	\$ 0

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018
Open to Public Inspection

A For the 2018 calendar year, or tax year beginning _____, **and ending** _____

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization <p style="text-align: center;">San Antonio Water Company</p> Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite <p style="text-align: center;">139 North Euclid Avenue</p> City or town, state or province, country, and ZIP or foreign postal code <p style="text-align: center;">Upland CA 91786</p>		D Employer identification number <p style="text-align: center;">95-1183990</p>
	F Name and address of principal officer: <p style="text-align: center;">Brian Lee</p>		E Telephone number <p style="text-align: center;">909-982-4107</p>
	I Tax-exempt status: <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c) (12) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		G Gross receipts \$ 4,575,897
	J Website: ▶ www.sawaterco.com		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
	K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1882 M State of legal domicile: CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <p style="text-align: center;">To provide our shareholders with reliable and good quality water service at a cost effective rate.</p>		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	7
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7
	5 Total number of individuals employed in calendar year 2018 (Part V, line 2a)	5	14
	6 Total number of volunteers (estimate if necessary)	6	0
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 38	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	4,892,809	4,460,371
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	43,350	58,676
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	61,220	56,850
	12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,997,379	4,575,897
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,035,724	1,071,568
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶	0	0
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	2,953,263	3,272,411	
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	3,988,987	4,343,979	
19 Revenue less expenses. Subtract line 18 from line 12	1,008,392	231,918	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	25,787,067	26,200,675
	22 Net assets or fund balances. Subtract line 21 from line 20	559,759	741,449
		25,227,308	25,459,226

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Brian Lee	Date	
	Type or print name and title	General Manager		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if PTIN self-employed
	Craig B. Miller	Craig B. Miller	02/27/19	<input type="checkbox"/> P00179355
	Firm's name ▶ Bowen, McBeth, Inc.	Firm's EIN ▶ 95-3655325		
Firm's address ▶ 10722 Arrow Rte Ste 110		Phone no. 909-944-6465		
Firm's address ▶ Rancho Cucamonga, CA 91730-4840				

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III



1 Briefly describe the organization's mission:

To provide our shareholders with reliable and good quality water service at a cost effective rate.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ including grants of \$) (Revenue \$)
Provided reliable and good quality water services at a cost effective rate to 1,223 domestic shareholders and 12 municipal and miscellaneous shareholders.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)
N/A

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)
N/A

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A		X
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?		X
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		X
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		X
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X

Part IV Checklist of Required Schedules (continued)

		Yes	No
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	14
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b	If "Yes," enter the name of the foreign country: ▶ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a	
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	4,460,371
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	118,865
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	15	X
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16	X

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	1a 7		
b	Enter the number of voting members included in line 1a, above, who are independent		
	1b 7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X
	9		

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
	12c		
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	X	
b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).	X	
	15b		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		
	16b		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **None**
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records **▶**

San Antonio Water Company

139 N Euclid Avenue

Upland

CA 91786

909-982-4107

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Tom Thomas President	2.00 0.00	X						6,500	0	0
(2) Will Elliott Vice President	2.00 0.00	X						5,250	0	0
(3) Jose R Sanchez Board Member	2.00 0.00	X						5,000	0	0
(4) Bob Cable Board Member	2.00 0.00	X						4,250	0	0
(5) John Gerardi Board Member	2.00 0.00	X						4,000	0	0
(6) Sue Sundell Secretary/CFO	2.00 0.00	X						3,750	0	0
(7) Gino Filippi Board Member	2.00 0.00	X						3,750	0	0
(8) Charles Moorrees General Manager	40.00 0.00			X				174,366	0	34,228
(9) Theresa Layton Asst General Manager	40.00 0.00			X				158,271	0	28,360
(10) Brian Lee General Manager	40.00 0.00			X				50,461	0	5,450
(11)										

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-total							415,598		68,038	
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							415,598		68,038	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **▶ 2**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
Healthnet Van Nuys	PO Box 9103 CA 91409-9103	Medical Benefit 140,631
Thomas H McPeters, ESQ Redlands	700 E Redlands Blvd. CA 92373	Legal 134,517

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶ 2**

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f						
	Program Service Revenue	2a Water Income	Busn. Code 221000	4,449,356	4,449,356		
b Other fees		221000	11,015	11,015			
c							
d							
e							
f All other program service revenue							
g Total. Add lines 2a-2f			4,460,371				
Other Revenue		3 Investment income (including dividends, interest, and other similar amounts)		58,676			58,676
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(i) Real	53,645				
		(ii) Personal					
		b Less: rental exps.					
	c Rental inc. or (loss)	53,645					
	d Net rental income or (loss)		53,645			53,645	
	7a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
		b Less: cost or other basis & sales exps.					
		c Gain or (loss)					
	d Net gain or (loss)						
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
c Net income or (loss) from fundraising events							
9a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Busn. Code					
11a Miscellaneous			3,205			3,205	
b							
c							
d All other revenue							
e Total. Add lines 11a-11d			3,205				
12 Total revenue. See instructions.			4,575,897	4,460,371	0	115,526	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX **Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	620,745			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	60,210			
9 Other employee benefits	319,740			
10 Payroll taxes	70,873			
11 Fees for services (non-employees):				
a Management				
b Legal	213,557			
c Accounting	62,493			
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	37,749			
12 Advertising and promotion				
13 Office expenses	91,714			
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	33,283			
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	881,254			
23 Insurance	42,224			
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Power, Gas & electric	774,034			
b Repairs	552,393			
c Water resource management	220,869			
d Property taxes	216,774			
e All other expenses	146,067			
25 Total functional expenses. Add lines 1 through 24e	4,343,979	0	0	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year	
Assets	1 Cash—non-interest bearing	1,204,981	1	1,330,774	
	2 Savings and temporary cash investments	4,520,959	2	4,881,580	
	3 Pledges and grants receivable, net		3		
	4 Accounts receivable, net	504,803	4	295,481	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5		
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6		
	7 Notes and loans receivable, net		7		
	8 Inventories for sale or use	85,679	8	93,446	
	9 Prepaid expenses and deferred charges	9,238	9	9,238	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 31,147,904			
	b Less: accumulated depreciation	10b 11,851,502	19,125,666	10c	19,296,402
	11 Investments—publicly traded securities		11		
	12 Investments—other securities. See Part IV, line 11		12		
	13 Investments—program-related. See Part IV, line 11		1	13	1
	14 Intangible assets		14		
	15 Other assets. See Part IV, line 11	335,740	15	293,753	
16 Total assets. Add lines 1 through 15 (must equal line 34)	25,787,067	16	26,200,675		
Liabilities	17 Accounts payable and accrued expenses	559,759	17	741,449	
	18 Grants payable		18		
	19 Deferred revenue		19		
	20 Tax-exempt bond liabilities		20		
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21		
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22		
	23 Secured mortgages and notes payable to unrelated third parties		23		
	24 Unsecured notes and loans payable to unrelated third parties		24		
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25		
	26 Total liabilities. Add lines 17 through 25	559,759	26	741,449	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27 Unrestricted net assets		27		
	28 Temporarily restricted net assets		28		
	29 Permanently restricted net assets		29		
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.				
	30 Capital stock or trust principal, or current funds	638,900	30	638,900	
	31 Paid-in or capital surplus, or land, building, or equipment fund	2,851,528	31	2,851,528	
	32 Retained earnings, endowment, accumulated income, or other funds	21,736,880	32	21,968,798	
33 Total net assets or fund balances	25,227,308	33	25,459,226		
34 Total liabilities and net assets/fund balances	25,787,067	34	26,200,675		

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,575,897
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,343,979
3	Revenue less expenses. Subtract line 2 from line 1	3	231,918
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	25,227,308
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	25,459,226

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization

San Antonio Water Company

Employer identification number

95-1183990

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors...?, 6 Did the organization inform all grantees...?

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 2 columns: Description, Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution..., 3 Number of conservation easements modified..., 4 Number of states where property subject to conservation easement is located..., 5 Does the organization have a written policy..., 6 Staff and volunteer hours devoted to monitoring..., 7 Amount of expenses incurred..., 8 Does each conservation easement reported on line 2(d) above satisfy the requirements..., 9 In Part XIII, describe how the organization reports conservation easements...

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenue included on Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X. 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenue included on Form 990, Part VIII, line 1, b Assets included in Form 990, Part X.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a** Public exhibition
 - b** Scholarly research
 - c** Preservation for future generations
 - d** Loan or exchange programs
 - e** Other
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b** If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|--|-----------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a** Board designated or quasi-endowment ▶ %
 - b** Permanent endowment ▶ %
 - c** Temporarily restricted endowment ▶ %
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|--|---------------|----|
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
- b** If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? **3b**
- 4** Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		924,864		924,864
b Buildings		1,746,625	389,310	1,357,315
c Leasehold improvements				
d Equipment		28,476,415	11,462,192	17,014,223
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				19,296,402

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	4,575,897
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	4,575,897
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	4,575,897

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	4,343,979
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	4,343,979
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	4,343,979

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Part X - FIN 48 Footnote

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its federal exempt and state organization tax return are more likely than not to be sustained upon examination. The Company's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and for a period of four years for California taxing authorities.

SCHEDULE J
(Form 990)

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

OMB No. 1545-0047

2018

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**
▶ **Attach to Form 990.**
▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

Name of the organization

San Antonio Water Company

Employer identification number

95-1183990

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?

If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?

If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		
5b		
6a		
6b		
7		
8		
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Charles Moorrees 1 General Manager	(i)	174,366	0	0	34,228	0	208,594	0
	(ii)	0	0	0	0	0	0	0
Theresa Layton 2 Asst General Manager	(i)	158,271	0	0	28,360	0	186,631	0
	(ii)	0	0	0	0	0	0	0
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018**Open to Public
Inspection**

Name of the organization

San Antonio Water Company

Employer identification number

95-1183990**Form 990, Part III, Line 4d - All Other Accomplishments**

Provided reliable and good quality water services at a cost effective rate to 1,223 domestic shareholders and 12 municipal and miscellaneous shareholders.

Form 990, Part VI, Line 6 - Classes of Members or Stockholders

The Company is a mutual water company that is required to deliver water only to stockholders.

Form 990, Part VI, Line 7a - Election of Members and Their Rights

Each shareholder has voting rights to elect the members of the governing body.

Form 990, Part VI, Line 11b - Organization's Process to Review Form 990

The 990 is reviewed by management as a representative of the governing body before it is filed and a copy is given to all members.

Form 990, Part VI, Line 12c - Enforcement of Conflicts Policy

The employee handbook has a section on Ethics/Conflicts of interest. In this section it describes what the employee's responsibilities are and the principles of conduct that is expected. It states that the employee shall not fail to report any action, conduct or situation that he or she reasonably believes may represent a violation of the Company's legal and ethical obligations. The policy states that if the employee believes he or she is in a potential conflict of interest that he or she should discuss

Name of the organization

San Antonio Water Company

Employer identification number

95-1183990

the situation with the General Manager. If an employee is found to have engaged in conduct in violation of the policy, the employee will be subject to discipline up to and including termination.

Form 990, Part VI, Line 15a - Compensation Process for Top Official

The Company contracted with an outside human resource consulting firm to conduct a compensation and benefits study. Salary ranges for all job descriptions were established based on the consulting firm's research and recommendation. This was approved by the Board of Directors along with an updated employee handbook. Annual employee evaluations are done and performance-based merit salary increases are determined by the matrix done by the consulting firm. The General Manager is reviewed by the Board of Directors and the Assistant General Manager is reviewed by the General Manager.

Form 990, Part VI, Line 15b - Compensation Process for Officers

The same process is used for other officers or key employees as is used for top management.

Form 990, Part VI, Line 19 - Governing Documents Disclosure Explanation

The audited annual financial statements are posted in the annual shareholders report and mailed annually to all shareholders. Monthly financial statements are presented every month at the open Board meetings. All documents are available under the California Public Records Act upon request.

Federal Statements**Taxable Interest on Investments**

<u>Description</u>	<u>Amount</u>	<u>Unrelated Business</u>	<u>Exclusion Code</u>	<u>Postal Code</u>	<u>Acquired after 6/30/75</u>	<u>US Obs (\$ or %)</u>
Interest on reserves	\$ 58,676			14		
Total	<u>\$ 58,676</u>					

Federal Statements

Form 990, Part IX, Line 11g - Other Fees for Service (Non-employee)

<u>Description</u>	<u>Total Expenses</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fund Raising</u>
Outside services	\$ 37,749	\$ 37,749	\$	\$
Total	<u>\$ 37,749</u>	<u>\$ 37,749</u>	<u>\$ 0</u>	<u>\$ 0</u>

Form 990, Part IX, Line 24e - All Other Expenses

<u>Description</u>	<u>Total Expenses</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fund Raising</u>
Human resources expense	\$ 45,398	\$ 45,398	\$	\$
Conservation	33,166	33,166		
All other	24,658	24,658		
Communication	21,671	21,671		
Staff development & train	11,344	11,344		
Income taxes	9,830	9,830		
Total	<u>\$ 146,067</u>	<u>\$ 146,067</u>	<u>\$ 0</u>	<u>\$ 0</u>

Agenda Item No. 6A

Item Title: Benson Avenue Property Sale to 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 authorize the property sale?

Manager's Recommendation:

The Board approve Resolution 2019-01-02, declaring as surplus and authorizing the sale of a portion of the Benson Avenue 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.

At its regularly scheduled December meeting, the Board authorized a time extension to March 31, 2019 requested by the City to secure the construction loan prior to purchasing the property.

City and Company staff have finalized the proposed acquisition terms. The proposed contract was also reviewed by Company Counsel. City Council approved the proposed sales contract at its regularly scheduled meeting on March 11, 2019.

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. The terms include a five-year payment plan, with appropriate interest charged on any remaining outstanding balance.

Additionally, the Company is proposing to lease to the City a portion of the northern property (retained by the Company) as a construction easement for up-to 36 months, allowing the City space to complete their project.

Previous Action:

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

Agenda Date: March 19, 2019

December 2018 – Board authorized to hold price through March 31, 2019.

Impact on Budget:

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

An estimated \$27,000 in non-water sale property rental revenue, split over multiple years.

RESOLUTION NO. 2019-01-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ANTONIO WATER COMPANY

Entitled

SALE OF A PORTION OF THE BENSON AVENUE PROPERTY

WHEREAS, San Antonio Water Company (“SAWCo”) owns certain real estate known as the Benson Avenue Property, Assessor’s Parcel Number 1005-271-03; and

WHEREAS, the City of Upland approached SAWCo with an intent to acquire a portion of the Benson Avenue Property by negotiation, if possible, and by condemnation if necessary; and

WHEREAS, upon consideration of the City’s proposal, SAWCo Board authorized the City to conduct an appraisal to establish fair market value for that portion of the Benson Avenue Property desired by the City; and

WHEREAS, upon review of the property appraisal SAWCo Board agreed to a sale price of \$1,720,000, pending development of an agreeable sales contract; and

WHEREAS, SAWCo staff has worked with City staff to develop a sales contract favorable to both parties; and

WHEREAS, the attached ‘Purchase and Sale Agreement and Escrow Instructions’ has been presented for review by the SAWCo Board.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors that the San Antonio Water Company hereby authorizes the President and General Manager to execute the attached Purchase and Sale Agreement and Escrow Instructions and appurtenant documents to facilitate said sale to the City of Upland for the sale price of \$1,720,000.

I, Tom Thomas, President of the Board of the San Antonio Water Company, do hereby certify that the foregoing Resolution was adopted on March 19, 2019 at a regular meeting of the Directors of the San Antonio Water Company by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Tom Thomas, President

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Escrow Instructions (this “Agreement”) is made and entered into as of March ___, 2019 (the “Effective Date”), by and between SAN ANTONIO WATER COMPANY, a California corporation (the “Seller”), and the CITY OF UPLAND, a municipal corporation (the “Buyer”), with respect to the following facts:

RECITALS

A. Seller is the owner of and desires to sell to Buyer:

(a) that certain property situated in the City of Upland, County of San Bernardino, State of California (the “State”), and an access easement appurtenant thereto, each as more particularly described on **Exhibit “A”** attached hereto and made a part hereof and depicted on **Exhibit “B”** attached hereto and made a part hereof, together with all and singular the rights and appurtenances pertaining to such property, including any right, title and interest of Seller in and to adjacent streets, alleys or rights-of-way (collectively, the “Land”); and

(b) any buildings, structures, fixtures and other improvements located on the Land (collectively, the “Improvements”). The Land and the Improvements are hereinafter referred to collectively as the “Property”.

(c) the Buyer determined an essential existing 7.5 million gallon reservoir is structurally deficient and in need of replacement; and

(d) the Property is suitable for the construction of a replacement reservoir facility; and

(e) the Buyer receives imported water supply for the Upland community from the Water Facility Authority Agua de Lejos through the reservoir; and

(f) the Seller wells also supply water to the reservoir for delivery to the Buyer to meet the Buyer’s water entitlement; and

(g) the Seller has been notified of the Buyer’s intent to purchase the Property; and

(h) the Seller has accepted a Property appraisal prepared by the Bronstein Company dated May 30, 2017; and

(i) pursuant to the Subdivision Map Act Section 66426.5, the Buyer is authorized to acquire the Property by deed without subdivision; and

(j) the Buyer has completed the entitlement, environmental, preparation of final plans and specifications for the construction of the replacement reservoir and is in the final process of securing financing under the State Revolving Fund program for the construction; and

(k) the Buyer has offered to acquire the Property at its fair and reasonable market value; and

(l) the Buyer wishes to purchase and the Seller wishes to sell the Property pursuant to the terms and conditions described herein; and

(m) the Buyer is prepared to proceed with the acquisition of the Property for the Purchase Price (as defined below) on an all cash basis subject to conditions hereinafter set forth.

B. Buyer desires to purchase the Property from Seller.

C. By this Agreement, Seller is agreeing to sell the Property to Buyer upon and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement and for other valuable consideration, the receipt of which is hereby acknowledged, the Buyer and Seller agree as follows:

1. Purchase and Sale; Attachments to Agreement. Subject to and in accordance with the terms and conditions hereinafter set forth, on the Close of Escrow (as herein defined), Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property.

The following is a list of the attachments to this Agreement, each of which is incorporated herein and made a part hereof:

- Exhibit "A" Legal Description of the Land
- Exhibit "B" Plat Depicting the Land
- Appendix 1 Form of Grant Deed
- Appendix 2 Form of Construction Access Easement Agreement
- Annex "A" Payment of Purchase Price;
Revenues for Payment of Construction Easement Rental

2. Opening and Closing of Escrow. Within five (5) days after the Effective Date, an escrow (the "Escrow") shall be opened with Lawyers Title Company Inland Empire, 625 E. Carnegie Dr., #105, San Bernardino, CA 92408, Attn: Colleen Graves, Sr. Escrow Officer, Tel: (909) 963-5570 (the "Escrow Holder"). For the purposes of this Agreement, Opening of Escrow shall mean the date on which Escrow Holder shall have received a fully executed copy of this Agreement from Buyer and Seller. The "Close of Escrow" shall be the date that a grant deed for the Property in favor of Buyer is recorded in the Official Records of the San Bernardino County Recorder's Office. The Close of Escrow shall occur on or before that date which is sixty (60) days after the Effective Date (the "Closing Date").

3. Purchase Price; Deposit; Escrow Account; Purchase Price Installment Payments; Temporary Construction Easement.

(a) Purchase Price. The principal amount of the purchase price for the Property to be paid by Buyer is the sum of One Million Seven Hundred Twenty Thousand Dollars

(\$1,720,000.00) (together with all accrued interest on such amount payable by Buyer as provided herein, the "Purchase Price").

(b) Deposit; Escrow Account. Within three (3) days after the Effective Date hereof, Buyer shall deliver to Escrow Holder an earnest money deposit in the amount of Five Thousand Dollars (\$5,000.00) (the "Deposit") in the form of a cashier's check, by a federal wire transfer, or other form acceptable to the Escrow Holder. The Deposit shall be placed in an interest-bearing bank account (the "Escrow Account") and all interest accruing thereon shall increase and become a part of the Deposit. On the Close of Escrow, the Deposit shall be returned to the Buyer, or applied to the costs and expenses to be paid by Buyer hereunder, pursuant to written instructions by the Buyer and delivered to Escrow Holder on or prior to the Closing Date. In the event that Buyer terminates this Agreement on or prior to the expiration of the Due Diligence Period (as defined in Section 9), the Deposit shall be refunded to Buyer less any accrued escrow charges. The Deposit shall be retained by Seller if the Close of Escrow does not occur solely as the result of (i) a default by Buyer or (ii) Buyer's termination of this Agreement (except in the event of a default by Seller or the failure of a condition). The Deposit shall also be refundable to the Buyer in accordance with the terms and conditions hereof.

(c) Purchase Price Installment Payments. The Purchase Price shall only be paid by Buyer to Seller in the manner, from the source of revenue available to the Buyer, at the times, and in the amounts (and subject to the conditions set forth) in Annex "A" attached hereto. Notwithstanding anything to the contrary contained herein, the payment obligation of the Buyer contained in this Section 3(c) shall survive the Close of Escrow and recordation of the Grant Deed.

(d) Temporary Construction Easement. Seller hereby agrees to provide to Buyer a temporary construction easement on a portion of the Remainder Parcel (as defined below) in connection with, and to facilitate, Buyer's construction of the replacement reservoir facility described in the Recitals of this Agreement. Such temporary construction easement shall be substantially in the form of the Construction Access Easement Agreement attached hereto as Appendix 2, together with such changes as Buyer and Seller may agree to prior to execution (the "Construction Access Easement Agreement"). As used in this Section 3(d), the "Remainder Parcel" shall mean that certain real property defined in the Construction Access Easement Agreement as the "Grantor Property," consisting of the real property described on Exhibit "A"-1 and depicted in Exhibit "B"-1 of the Construction Access Easement Agreement. Notwithstanding anything to the contrary contained herein, the terms contained in this Section 3(d) shall survive the Close of Escrow and recordation of the Grant Deed.

(i) Construction Access Easement Area. The portion of the Remainder Parcel subject to the temporary construction easement under the Construction Access Easement Agreement (the "Construction Access Easement Area") shall be (A) coincident with the north property line of the Property; (B) approximately 15,000 square feet +/-, with the actual size, location, and configuration to be determined by Buyer and approved by Seller (which approval shall not be unreasonably withheld) prior to the commencement of the term of the Construction Access Easement Agreement; and (C) described in Exhibit "A"-3, and depicted in Exhibit "B"-3, of the Construction Access Easement Agreement.

(ii) Rental for Construction Access Easement Area. Buyer shall pay to Seller rental payments (“Construction Easement Rental”) equal to \$0.05 per square foot of Construction Access Easement Area per month during the term of the Construction Access Easement Agreement. Construction Easement Rental shall be paid by Buyer to Seller on a monthly basis in arrears for use and possession of the Construction Access Easement Area for the preceding month. Construction Easement Rental shall only be paid by Buyer to Seller from the source of revenue available to Buyer described in Annex “A” attached hereto, consisting of Net Water Revenues or other available monies in Buyer’s Water Enterprise Fund (each as defined in Annex “A”).

(iii) Term of Construction Access Easement Agreement. As set forth in Section 2 of the Construction Access Easement Agreement, the term thereof shall commence on the date thereof and expire upon the earliest to occur of (A) the issuance and recordation of the notice of completion by Buyer pursuant to Chapter 2 (commencing with Section 9200) of Title 3 of Part 6 of Division 4 of the California Civil Code with respect to the replacement reservoir facility improvements, (B) the date that is 36 full calendar months from the date of the Construction Access Easement Agreement, or (C) such earlier date as Buyer shall determine that the easement granted thereunder is no longer necessary and notice of which Buyer shall provide to Seller in writing in advance of such termination date. Buyer shall notify Seller in writing at least sixty (60) calendar days in advance of Buyer’s desired start date of the term of the Construction Access Easement Agreement.

(iv) Execution and Recordation of Construction Access Easement Agreement. Seller and Buyer hereby agree to enter into, execute, and record the Construction Access Easement Agreement within sixty (60) calendar days (or such other period as Buyer and Seller may mutually agree to) after Buyer’s written notification to Seller of Buyer’s desired start date of the term of the Construction Access Easement Agreement, provided pursuant to Section 3(d)(iii) above.

(v) Other Buyer Obligations Under Construction Access Easement Agreement. As set forth in Section 4 of the Construction Access Easement Agreement, (A) Buyer shall, at Buyer’s sole cost, to the extent reasonably possible, restore the Construction Access Easement Area to its original condition prior to the expiration of the term of the Construction Access Easement Agreement; and (B) Buyer shall require its contractors and subcontractors to name Seller as an additional insured on any policy of insurance required by Buyer’s contract(s) let for the construction of the replacement reservoir facility improvements.

4. Delivery of Documents on the Close of Escrow.

(a) On the Close of Escrow, Seller covenants and agrees to cause to be delivered to Buyer a duly executed and acknowledged Grant Deed substantially in the form attached as Appendix 1 attached hereto (the “Grant Deed”) conveying to Buyer all of Seller’s interest in the Property subject only to the Permitted Title Exceptions (as defined in Section 5) approved by Buyer, as provided below.

(b) At the Close of Escrow, Buyer shall receive the Title Policy (as defined in Section 5) issued by Lawyers Title Company (the “Title Company”) insuring in Buyer title to the

Property, free and clear of all liens and encumbrances other than the Permitted Title Exceptions (as defined in Section 5).

5. Title and Title Insurance.

(a) Within five (5) days after the Effective Date, Seller shall deliver to Buyer a preliminary report for the Property from the Title Company together with copies of all instruments noted as exceptions therein (the "Preliminary Title Report") and the most recent ALTA survey of the Property in Seller's possession or under Seller's control (Buyer shall also have the option of ordering an ALTA survey for the Property pursuant to the terms set forth in Section 14 below) (the "Survey").

(b) Buyer shall have thirty (30) days after the date of Buyer's receipt of the Preliminary Title Report to disapprove any exceptions to title shown on the Preliminary Title Report or reflected on the Survey (collectively, "Disapproved Exceptions") and to provide Seller with notice of disapproval in writing describing the defect with reasonable particularity (the "Disapproval Notice"). Any exceptions to title not disapproved by Buyer within such thirty (30) day period shall be deemed approved. Within five (5) days of Seller's receipt of a Disapproval Notice, Seller shall notify Buyer in writing whether Seller intends to remove the Disapproved Exceptions. If Seller notifies Buyer of an intention to eliminate the Disapproved Exceptions, Seller shall cause the Title Company to delete such Disapproved Exceptions at least five (5) days prior to the Close of Escrow. If Seller indicates to Buyer in writing within the time allowed that Seller does not intend to remove any of the Disapproved Exceptions, Buyer, by notifying in writing Seller within five (5) days of Seller's notice to Buyer, may elect to terminate this Agreement or to take the Property subject to the Disapproved Exceptions. In any event, Seller covenants to pay in full all loans secured by mortgages and deeds of trust, any mechanics liens, all special bonded assessments encumbering the Property, and any other monetary liens or exceptions (other than current real property taxes which are not due and payable) prior to or concurrently with the Close of Escrow, and the Escrow Holder is hereby directed to cause same to be paid off from the proceeds of the Purchase Price. The policy of title insurance shall include such endorsements as Buyer shall reasonably request. Any title policy endorsements are to be paid for by Buyer. Whether or not Buyer shall have furnished to Seller any notice of Disapproved Exceptions pursuant to the foregoing provisions of this Agreement, Buyer may, at or prior to the Close of Escrow, notify Seller in writing of any objections to title (including any matters reflected on the Survey) first raised by the Title Company or the surveyor or disclosed to Buyer between (a) the last date on which to Buyer is entitled to make such an objection as set forth above and (b) the date on which the transaction contemplated herein is scheduled to close. With respect to any Disapproved Exceptions set forth in such notice, Seller shall have the same option to cure (or in the case of a monetary lien, the obligation to obtain the removal thereof) and Buyer shall have the same option to accept title subject to such matters or to terminate this Agreement as those which apply to any notice of Disapproved Exceptions made by Buyer before the expiration of the Due Diligence Period. If Seller elects to attempt to cure any such matters, the scheduled date for the Close of Escrow shall be automatically extended by a reasonable additional time to effect such a cure, but in no event shall the extension exceed thirty (30) days after the scheduled date for the Close of Escrow set forth in Section 2.

(c) Buyer's fee title to the Property shall be insured at the Close of Escrow by a CLTA or standard ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price, issued by Title Company (unless, at the option of Buyer, provided the increase in cost is paid by Buyer, the title shall be insured by an ALTA Extended Coverage Owner's Policy of Title Insurance) (the "Title Policy"). The Title Policy shall insure Buyer's fee interest in the Property free and clear of all liens, encumbrances, restrictions, and rights-of-way of record, subject only to the following permitted conditions of title (the "Permitted Title Exceptions"):

(i) Real property taxes for the then current tax fiscal year which are a lien not then due and payable;

(ii) The applicable zoning, building and development regulations of any municipality, county, state or federal jurisdiction affecting the Property; and

(iii) Those title exceptions approved by Buyer pursuant to Section 5(b).

Seller shall not encumber or agree to sell the Property to any other party during the period from the Effective Date to the Close of Escrow or the date of the termination of this Agreement.

6. Deposit of Documents and Funds in Escrow.

(a) Seller and Buyer, as applicable, hereby covenant and agree to deliver to Escrow Holder at least one (1) business day prior to the Close of Escrow the following instruments, documents, and funds, the delivery of each of which shall be a condition of the Close of Escrow.

(b) Seller shall deliver:

(i) The Grant Deed duly executed and acknowledged by Seller;

(ii) A Withholding Exemption Certificate Form 593-C as contemplated by California Revenue and Taxation Code § 18662 (the "Withholding Affidavit") duly executed by Seller;

(iii) A Certification of Non-Foreign Status in accordance with Internal Revenue Code Section 1445 duly executed by Seller;

(iv) A Natural Hazard Disclosure Report as provided for under Sections 1102 and 1103 of the California Civil Code; provided that Buyer shall bear the cost of preparation of such Natural Hazard Disclosure Report;

(v) Such funds as are required to pay for costs and expenses payable by Seller hereunder;

(vi) Such proof of Seller's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy; and

(vii) An executed memorandum of purchase and sale agreement in recordable form and otherwise in such form as may be reasonably approved by the Seller and Buyer (the “Memorandum”).

(c) Buyer shall deliver:

(i) The amount of \$344,000.00, being the first installment of the Purchase Price due and payable upon the Close of Escrow as set forth on Annex “A” hereto, together with such funds as are required to pay for costs and expenses payable by Buyer hereunder;

(ii) Such proof of Buyer’s authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy; and

(iii) an executed Memorandum.

Each of the Buyer and Seller may waive any condition of the Close of Escrow to be performed by the other and set forth in this Section 6.

7. Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents and disburse the funds and distribute the documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

(a) The Title Company can issue in favor of Buyer the Title Policy, with a liability in the amount of One Million Seven Hundred Twenty Thousand Dollars (\$1,720,000.00) showing title to the Property vested in Buyer, subject only to the Permitted Title Exceptions. If Seller has not removed all monetary liens, monetary encumbrances, or special bonded assessments, or if a monetary claim is asserted by any third party, in addition to all other remedies Buyer may have at law or equity, Buyer may elect to consummate this transaction on the Close of Escrow and offset dollar for dollar against the Purchase Price an amount equal to any such monetary encumbrances and claims.

(b) Escrow Holder shall have received Buyer’s authorization to close and Buyer’s notice of approval or satisfaction or waiver of all of the contingencies/conditions to Buyer’s obligations hereunder, as provided for in Section 12;

(c) Escrow Holder shall have received Seller’s authorization to close and Seller’s notice of approval or satisfaction or waiver of all of the contingencies/conditions to Seller’s obligations hereunder, as provided for in Section 13; and

(d) Seller and Buyer shall have deposited in Escrow the documents and funds required pursuant to Section 6.

Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for the issuance of the Title Policy.

8. Escrow Charges and Prorations.

(a) Seller shall pay (i) all of the fees and charges of Escrow Holder, (ii) the cost of the premium for a CLTA or ALTA Standard Coverage portion of the Title Policy, (iii) all documentary or other local transfer taxes on the transfer of the Property; and (iv) Seller's share of the charges prorated under this Agreement. If the Escrow shall fail to close for any reason, Seller shall pay one-half (½) of any applicable Escrow cancellation charges.

(b) Buyer shall pay (i) the cost of the premium for the Title Policy in excess of the premium for a standard ALTA Owner's Policy, if any, (ii) the cost of all endorsements to the Title Policy, (iii) all costs and charges for the recordation of the Grant Deed, and (iv) Buyer's share of the charges prorated under this Agreement. If the Escrow shall fail to close for any reason, Buyer shall pay one-half (½) of any applicable Escrow cancellation charges.

(c) The following shall be apportioned with respect to the Property as of 12:01 a.m., on the day on which the Close of Escrow occurs, as if Buyer were vested with title to the Property during the entire day upon which the Close of Escrow occurs:

(i) taxes and assessments levied against the Property; and

(ii) any other items pertaining to the Property which are customarily prorated between a buyer and a seller in the area in which the Property is located.

(d) Notwithstanding anything contained in Section 8(c), any installment of taxes or assessments for the current year paid at or prior to the Close of Escrow shall be prorated based upon the amounts actually paid. If taxes and assessments for the current year have not been paid before the Close of Escrow, Seller shall be charged at the Close of Escrow an amount equal to that portion of such taxes and assessments which relates to the period before the Close of Escrow and Buyer shall pay the taxes and assessments prior to their becoming delinquent.

(e) All prorations shall be determined on the basis of a 360-day year. The provisions of this Section 8 shall survive the Close of Escrow.

9. Due Diligence Period; Access. During the period commencing on the Effective Date and ending at 5:00 p.m. on the date which is thirty (30) days thereafter (the "Due Diligence Period"), Buyer may inspect the Property as necessary to approve all zoning and land use matters relating to the Property and to approve the physical condition of the Property. Seller shall provide to Buyer, within five (5) days of the Effective Date any and all documents, studies, and reports relating to the condition of the property, including any analyses, surveys, environmental site assessments, and the like, in Seller's possession or under Seller's control, if any. Buyer and its agents, attorneys, accountants, and other representatives shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property.

10. Warranties, Representations and Covenants of Seller. Seller hereby represents, warrants and covenants to Buyer the following, it being expressly understood and agreed that all

such representations, warranties and covenants are to be true and correct as of the Close of Escrow, and all of such representations, warranties and covenants shall survive the Close of Escrow, the termination of this Agreement and/or the delivery of the Grant Deed. With the exception of the representations set forth herein, the Property is sold “as is”:

(a) Seller has full right and power to execute, deliver and perform its obligations under this Agreement, and when executed and delivered, Seller and all parties having an interest in the Property shall be lawfully bound by the terms of this Agreement. Seller is the sole owner of the Property, free and clear of all liens, claims, encumbrances, and easements other than those that may appear on the Preliminary Title Report. Seller shall not further transfer or encumber the Property or allow the Property to be further encumbered prior to the Close of Escrow.

(b) Seller is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

11. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller the following, it being expressly understood and agreed that all such representations and warranties are to be true and correct at the date of this Agreement and as of the Close of Escrow.

(a) Buyer has the full power and authority to enter into this Agreement and consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement has been duly and validly authorized by Buyer, and no other action by Buyer is requisite to the valid and binding execution, delivery, and performance of this Agreement by Buyer.

12. Buyer’s Conditions. Buyer’s obligations under this Agreement are expressly made subject to the following conditions precedent solely for the benefit of Buyer. The Close of Escrow and Buyer’s obligation to consummate the purchase of Property shall be contingent upon and subject to written notice to Escrow Holder by Buyer of the occurrence of all of the following (or Buyer’s written waiver thereof, it being agreed that Buyer can waive any or all such contingencies) on or before the Close of Escrow:

(a) Buyer’s obtaining a satisfactory commitment issued by Title Company to issue the Title Policy in favor of Buyer with a liability amount of One Million Seven Hundred Twenty Thousand Dollars (\$1,720,000.00) showing Buyer’s interest in the Property subject only to the Permitted Title Exceptions, and being otherwise in accordance with the provisions of Section 5 of this Agreement, and expressly insuring against the claims of any persons in possession of all or any part of the Property and the claims of any mechanics or materialmen.

(b) Buyer’s verifying that no easements, covenants, conditions, deed restrictions, subdivision restrictions or regulations of any lawful governmental authority having jurisdiction over the Property exist which will adversely affect or impair Buyer’s intended use and development of the Property.

(c) Buyer’s verifying that there are no mechanics’ and/or materialmen’s liens, or lis pendens actions affecting the Property, and that all taxes, sewer, water, and utility bills and/or tap-on fees have been paid.

(d) Buyer's performing such environmental analysis of the Property as it deems appropriate to determine, to its complete satisfaction, that the Property has not been used for the storage of any petroleum products, toxic materials, or hazardous substances, and that no petroleum product, hazardous substance or toxic material is or has been located on, in or under the Property.

(e) That as of the Close of Escrow the representations and warranties of Seller contained in this Agreement are all true and correct.

(f) Seller's delivery of all documents required to be delivered by Seller pursuant to Section 6 hereof.

(g) Buyer's approval, prior to the expiration of the Due Diligence Period, of the physical condition of the Property, including without limitation, any and all inspections, tests, Survey(s), and other studies to be conducted by Buyer, in Buyer's sole discretion, including without limitation, any environmental site assessments, investigations, studies and reports that may be required under the California Environmental Quality Act ("CEQA"). Buyer's approval of any such inspections of the Property shall not alter or diminish Seller's representations or warranties under this Agreement.

(h) If Buyer has elected to obtain the same, Buyer's obtaining and approving the Survey provided for herein.

(i) The State has issued the final version of the Construction Installment Sale Agreement providing for the construction financing for the new reservoir facility for execution by the City, and the City and the State have executed the same.

If all the foregoing conditions precedent have not been either met to Buyer's sole satisfaction or expressly waived in writing by Buyer on or before the respective dates set forth therein, or if no date is set forth therein on or prior to the Close of Escrow, then this Agreement shall, at the option of Buyer, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties and obligations hereunder, and Buyer shall be entitled to the immediate refund of the Deposit. In addition, Buyer may terminate this Agreement in Buyer's sole and absolute discretion for any reason, or for no reason whatsoever, by giving written notice to the Seller on any day prior to and including the final day of the Due Diligence Period, in which event, this Agreement shall become null and void and, except as expressly set forth in this Agreement, neither party shall have any further rights, duties and obligations hereunder, and Buyer shall be entitled to the immediate refund of the Deposit.

13. Seller's Conditions. For the benefit of Seller, the Close of Escrow and Seller's obligation to consummate the sale of the Property shall be contingent upon and subject to written notice to the Escrow Holder by Seller of the occurrence of all of the following (or Seller's written waiver thereof, it being agreed that Seller can waive any or all such contingencies) on or before the Close of Escrow:

(a) Deposit by Buyer of the Purchase Price and all other sums to be deposited by Buyer in Escrow in accordance with the requirements hereof.

(b) Buyer's delivery of all documents required to be delivered by Buyer pursuant to Section 6 hereof.

(c) Seller's reasonable satisfaction that as of the Close of Escrow the representations and warranties of Buyer contained in this Agreement are all either true and correct or, to the extent that is not the case, have been waived by Seller.

14. Survey.

(a) Buyer, at Buyer's sole cost and expense, may obtain an ALTA survey of the Property prepared by a registered land surveyor licensed by the State of California (i) showing the boundaries thereof and the locations of all easements and/or encroachments on or affecting the Property, if any, and (ii) certifying the exact acreage of the Property to three decimal places, exclusive of any portion thereof used or dedicated for public rights-of-way. In all other respects the survey shall meet the requirements of any governmental agency having jurisdiction over the Property for preparation of a parcel map and any requirements of the Title Company necessary to delete the survey exception from an ALTA policy of title insurance.

(b) If the survey (i) shows any encroachments affecting the Property, or (ii) shows any easements that would adversely affect Buyer's intended use of the Property, then Buyer shall have the right to declare this Agreement null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder, and the Deposit shall immediately be returned to Buyer.

15. Condemnation; Destruction. All risk of loss with respect to the Property shall remain with Seller until after the Close of Escrow and delivery of possession of the Property to Buyer. If at any time prior to the Close of Escrow, the Property, or any portion thereof, is damaged by fire or other casualty or taken or appropriated through eminent domain or similar proceedings, or is condemned for any public or quasi-public use, Buyer may terminate this Agreement. If Buyer terminates this Agreement, Seller shall be entitled to receive all insurance proceeds payable to Buyer or Seller or all condemnation proceeds actually paid for that portion of the property taken. If Buyer elects to maintain this Agreement in full force and effect, Buyer shall be entitled to receive all insurance proceeds payable to Seller or all condemnation proceeds actually paid for that portion of the Property taken or, if such proceeds have been paid to Seller, Buyer shall receive a credit against the Purchase Price equal to the amount of proceeds actually paid to Seller.

16. Default. In the event of a breach or default under this Agreement by either Seller or Buyer, the non-defaulting party shall have the right to terminate this Agreement and the Escrow for the purchase and sale of the Property by delivering written notice thereof to the defaulting party and to Escrow Holder, and if Buyer is the non-defaulting party, Buyer shall thereupon promptly receive a refund of the Deposit. Such termination of the Escrow by a nondefaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity. **IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER, IT IS AGREED THAT THE DEPOSIT SHALL BE NONREFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S**

SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, BUYER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

SELLER

BUYER

17. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested. A copy of all notices shall be sent to Escrow Holder. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

SELLER: San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attn: Brian C. Lee, General Manager
Phone: (909) 982-4107, Ext. 102
Email: BLee@sawaterco.com

with a copy to: Thomas H. McPeters, Esq.
700 E. Redlands Blvd., Suite U-297
Redlands, CA 92373-6109
Phone: (909) 253-7730
Email: THMcp@aol.com

BUYER: City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attn: Jeannette A. Vagnozzi, City Manager
Phone: (909) 931-4121
Email: jvagnozzi@ci.upland.ca.us

with a copy to: Richards, Watson & Gershon
355 S. Grand Ave., 40th Floor
Los Angeles, CA 90071
Attn: Diana Chuang, Esq.
Phone: (213) 626-8484
Email: dchuang@rwglaw.com

ESCROW HOLDER: Lawyers Title Company Inland Empire
625 E. Carnegie Dr., #105
San Bernardino, CA 92408
Attn: Colleen Graves, Sr. Escrow Officer
Phone: (909) 963-5570
Email: CGraves@ltic.com

18. Broker's Commissions. Buyer represents and warrants to Seller that Buyer has used no broker, agent, finder or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. Seller represents and warrants to Buyer that Seller has used no broker, agent, finder or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. Each party indemnifies and agrees to defend and hold the other harmless from any claims resulting from any breach by the indemnifying party of the warranties, representations and covenants in this Section. The indemnification obligations contained in this Section 18 shall survive the Close of Escrow and the delivery of the Grant Deed.

19. Standard Instructions. Each party agrees to execute Escrow Holder's supplemental reasonable standard instructions as may be necessary or proper in order to consummate the transactions contemplated by this Agreement; provided, however, in the event of a conflict between the terms hereof and the terms of such standard instructions, the terms hereof shall control.

20. Time is of the Essence. The parties hereto agree that time is of the essence with respect to each term, condition and covenant hereof.

21. Successors and Assigns. The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

22. Entire Agreement. This Agreement, together with all attachments and exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

23. Severability. Invalidation of any of the terms, conditions, covenants, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, covenants, or provisions hereof, and the same shall remain in full force and effect.

24. Amendments. Any amendments to this Agreement shall be effective only when duly executed by Seller and Buyer and deposited with Escrow Holder.

25. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees, costs, and expenses from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

26. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of Seller and Buyer and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

27. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

28. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Agreement, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

29. Assignment of Agreement. Neither Buyer nor Seller may assign or transfer their respective rights or obligations under this Agreement without first obtaining the prior written consent of the other, which consent may not be unreasonably withheld or delayed.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

SELLER:

San Antonio Water Company,
a California corporation

By: _____
Name: Tom Thomas
Title: President

BUYER:

City of Upland,
a municipal corporation

By: _____
Name: Jeannette Vagnozzi
Title: City Manager

ATTEST:

Keri Johnson, City Clerk

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: _____
Thomas H. McPeters, Esq.

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation

By: _____
City Attorney

EXHIBIT "A"

Legal Description of the Land

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.


This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

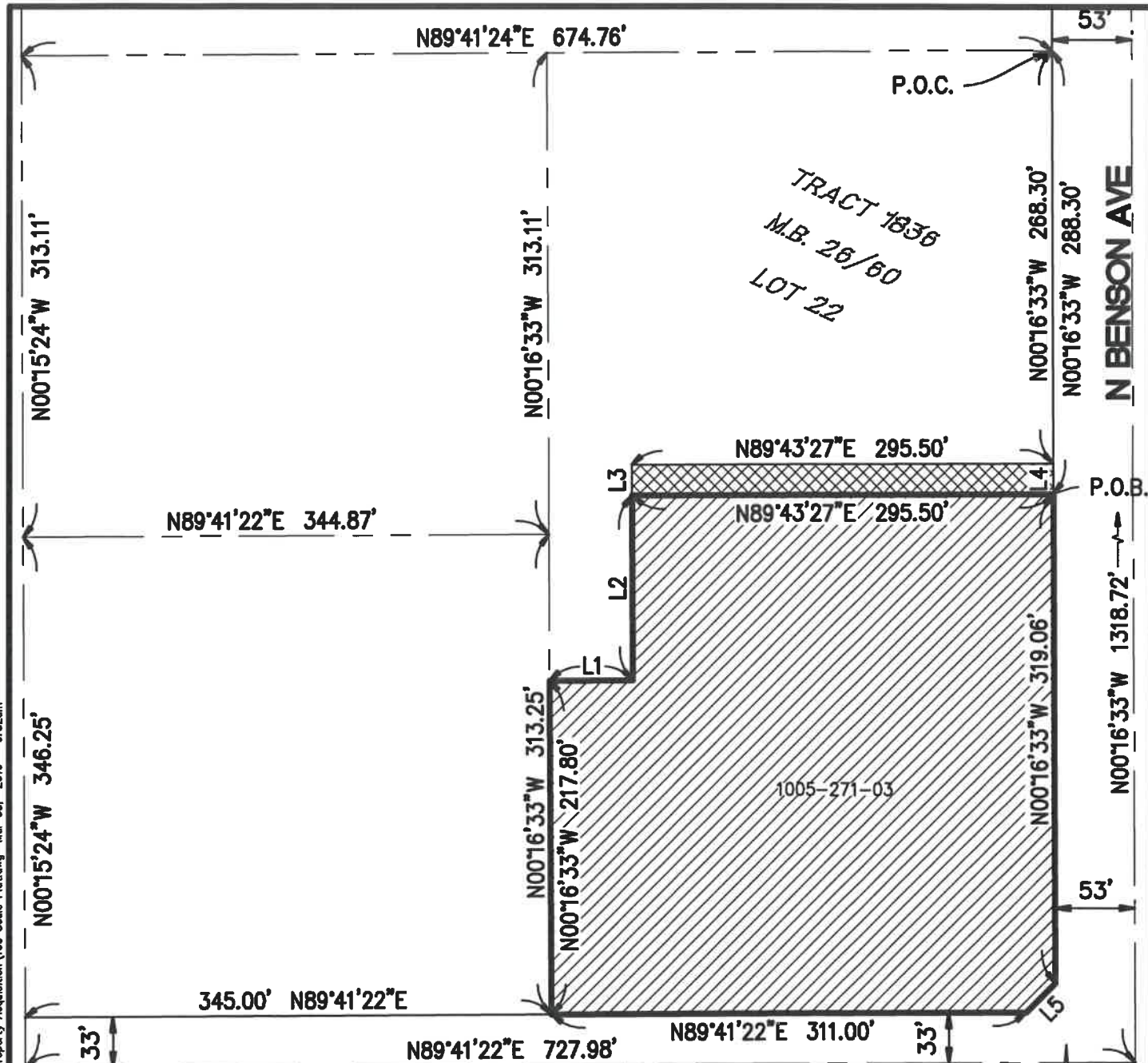
This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Ronald A. Musser, L.S. 4230, Exp. 6-30-20




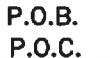


3-5-19
Date

EXHIBIT "B" - Plat Depicting the Land



LEGEND

-  EXISTING PROPERTY LINE
-  PROPOSED PROPERTY ACQUIRED
-  PROPOSED AREA TO BE ACQUIRED (104,847 SF)
-  PROPOSED EASEMENT (5,510 SF)
- P.O.B.** POINT OF BEGINNING
- P.O.C.** POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	20.00'	N00°16'33"W
L4	20.00'	N00°16'33"W
L5	26.88'	N44°42'25"E



TKE ENGINEERING, INC.
2305 CHICAGO AVENUE
RIVERSIDE, CA 92507
(951) 680-0440

Ronald A. Musser
RONALD A. MUSSER L.S. No. 4230
EXPIRES: 6-30-20



EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
(PORTION OF)

APPENDIX 1
FORM OF GRANT DEED

RECORDING REQUESTED BY:

City of Upland

AND WHEN RECORDED RETURN TO:

City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attention: Jeannette Vagnozzi, City Clerk

With a copy to:

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

APN: 1005-271-03 (portion of)

Space Above This Line For Recorder's Use

This Grant Deed is exempt from Recording Fees pursuant to
California Government Code Sections 6103 and 27383, and exempt from
Documentary Transfer Tax pursuant to Revenue and Taxation Code Section 11922

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SAN ANTONIO WATER COMPANY**, a California corporation (the "**Grantor**"), hereby grants to the **CITY OF UPLAND**, a municipal corporation (the "**Grantee**"), its fee interest in that certain real property, together with a perpetual non-exclusive easement for the benefit of such real property, each as more particularly described in Exhibit A attached hereto and incorporated herein by this reference and depicted in Exhibit B attached hereto and incorporated herein by this reference (the "**Site**"), together with all improvements located thereon and all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 2019.

GRANTOR:

SAN ANTONIO WATER COMPANY,
a California corporation

By: _____

Name: Tom Thomas

Title: Board President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Bernardino)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

EXHIBIT "A"

Legal Description of the Site

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.



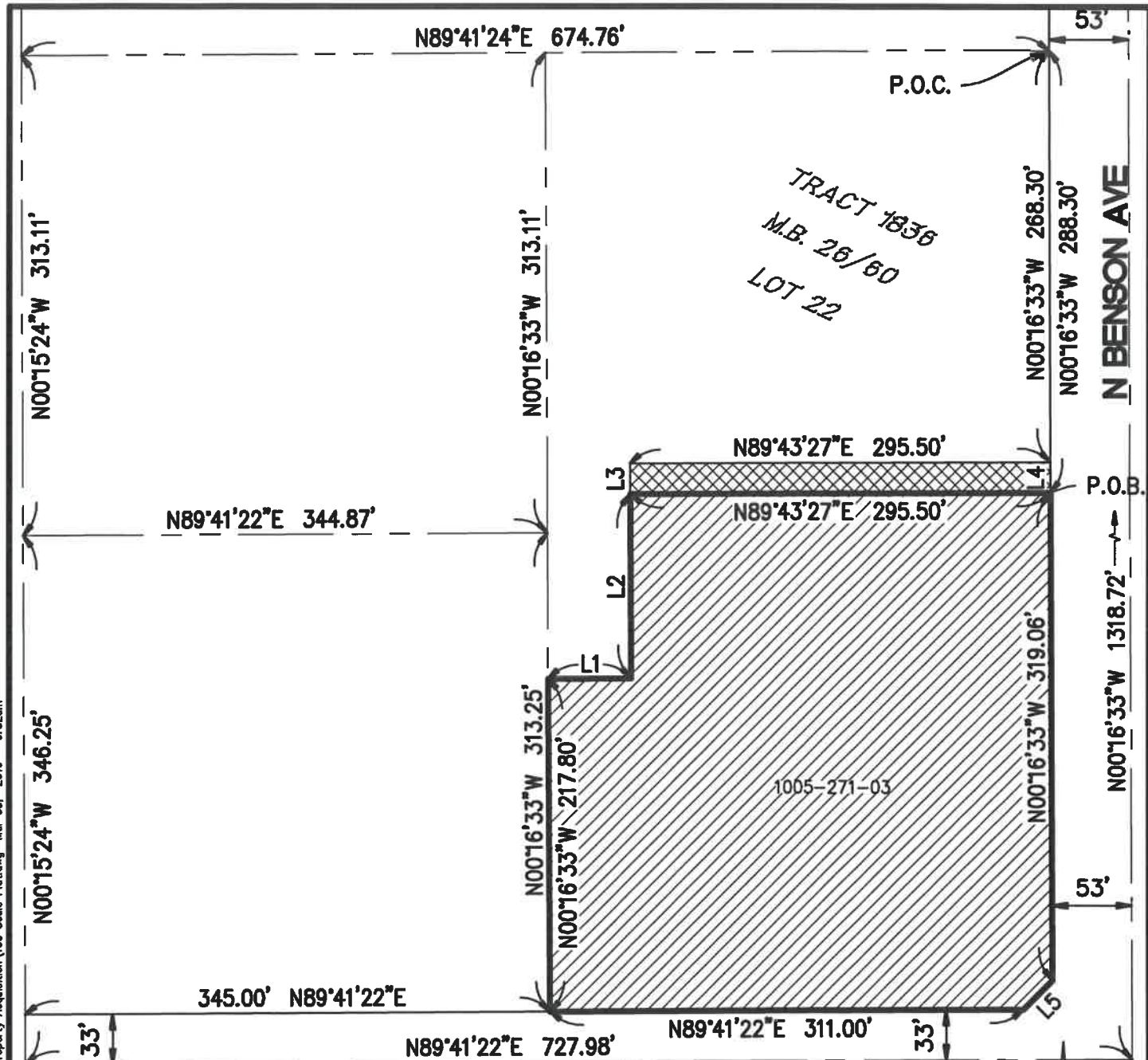
Ronald A. Musser, L.S. 4230, Exp. 6-30-20






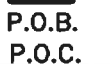


3-5-19

Date

EXHIBIT "B" - Plat Depicting the Site



LEGEND

-  EXISTING PROPERTY LINE
-  PROPOSED PROPERTY ACQUIRED
-  PROPOSED AREA TO BE ACQUIRED (104,847 SF)
-  PROPOSED EASEMENT (5,510 SF)
-  P.O.B. POINT OF BEGINNING
-  P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	20.00'	N00°16'33"W
L4	20.00'	N00°16'33"W
L5	26.88'	N44°42'25"E



TKE ENGINEERING, INC.
2305 CHICAGO AVENUE
RIVERSIDE, CA 92507
(951) 680-0440

Ronald A. Musser
RONALD A. MUSSER L.S. No. 4230
EXPIRES: 6-30-20



EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
(PORTION OF)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by written deed or grant dated _____, 2019 from the San Antonio Water Company, is hereby accepted by the undersigned officer or agent on behalf of the City of Upland, pursuant to authority conferred by the City of Upland on _____ 2019, pursuant to Resolution No. 2019-_____ and the City of Upland consents to recordation thereof by its duly authorized officer.

Dated this _____ day of _____, 2019

By: _____
Jeannette Vagnozzi
City Manager, City of Upland

Provides for:

1723 N. Benson Avenue, Upland, CA. 91784 (1005-271-03)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California } ss

County of San Bernardino }

On _____ before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and who acknowledged to me that he/she executed the same in his/her authorized capacity, and by his/her signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY of PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Signature of Notary)

(This area for official notarial seal)

APPENDIX 2

Form of Construction Access Easement Agreement

RECORDING REQUESTED BY
City of Upland

AND WHEN RECORDED, RETURN TO:

City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attention: Jeannette Vagnozzi, City Clerk

with a copy to:

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

Space Above Reserved for Recorder's Use Only

This Construction Access Easement Agreement is exempt from recording fees pursuant to Sections 6103 and 27383 of California Government Code. No Documentary Transfer Tax pursuant to Section 11922 of California Revenue and Taxation Code

CONSTRUCTION ACCESS EASEMENT AGREEMENT

THIS CONSTRUCTION ACCESS EASEMENT AGREEMENT (“**Agreement**”) is entered into as of _____, 201__, by and between San Antonio Water Company, a California corporation (“**Grantor**”) and the City of Upland (“**Grantee**”).

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the Parties. The following recitals are a substantive part of this Agreement.

WHEREAS, Grantor is the fee owner of that certain real property in the City described in **Exhibit “A”-1** and depicted in **Exhibit “B”-1**, each of which is attached hereto and incorporated herein (“**Grantor Property**”).

WHEREAS, the Grantee owns that certain property described in **Exhibit “A”-2** and depicted in **Exhibit “B”-2**, each of which is attached hereto and incorporated herein (“**Grantee Property**”).

WHEREAS, the Grantee intends to construct and maintain certain reservoir improvements within the Grantee Property (“**Improvements**”) as described in that certain Plan No. WT-9128 entitled, “Replacement of 7.5 MG Reservoir and Water Improvements, 17th Street and Benson Avenue, Upland CA 91786,” prepared by Brady and approved by the City’s Director of Public Works on January 11, 2018.

WHEREAS, Grantor and Grantee wish to enter into this Agreement to provide to the Grantee a temporary easement over the Grantor Property and adjacent to the Grantee Property, as described in **Exhibit “A”-3** and depicted in **Exhibit “B”-3**, each of which is attached and incorporated herein (“**Construction Access Easement Area**”), for the purpose of facilitating the construction of the Improvements.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and easement contained herein, the parties agree as follows:

1. **Grant of Easement.** Grantor hereby grants to Grantee and Grantee’s agents, employees, invitees, representatives, architects, consultants, contractors, and subcontractors (collectively, “**Grantee Parties**”) an easement to enter upon and use the Construction Access Easement Area for the purpose of constructing the Improvements during the Term (as defined below) of this Agreement. In connection with the construction of the Improvements, the Grantee may use any or all of the Construction Access Easement Area for all construction-related purposes including, without limitation, vehicular access, temporary placement of building materials and assembly, and all other related construction activities.

2. **Term.** The term (“**Term**”) of this Agreement shall commence on the date hereof and shall expire upon the earliest to occur of (A) the issuance and recordation of a notice of completion by the Grantee pursuant to Chapter 2 (commencing with Section 9200) of Title 3 of Part 6 of Division 4 of the California Civil Code (“**Notice**”) with respect to the Improvements, (B) the date that is 36 full calendar months from the date hereof, or (C) such earlier date as Grantee shall determine that the easement granted hereunder is no longer necessary and notice of which Grantee shall provide to Grantor in writing in advance of such termination date. The Grantee agrees to not unreasonably withhold or delay the issuance/recordation of the Notice.

3. **Indemnity.**

3.1 **Indemnity by Grantee.** Grantee shall indemnify, defend and hold harmless Grantor from and against any and all claims, liabilities, obligations, orders, damages, fines, penalties, and expenses (including, but not limited to, attorneys’ fees and costs) to the extent arising from any negligent act or willful misconduct by the Grantee or Grantee’s officials, officers, employees, contractors, subcontractors, agents, and representatives under this Agreement, except to the extent such claims, liabilities, obligations, orders, damages, fines, penalties, or expenses arise from the negligence or willful misconduct of Grantor.

4. **Grantee Obligations.** The Grantee shall be solely responsible for securing any building materials placed upon the Construction Access Easement Area and at Grantee’s sole cost shall, to the extent reasonably possible, restore the Construction Access Easement Area to its

original condition prior to the expiration of the Term of this Agreement. In addition, Grantee shall require its contractors and subcontractors to name Grantor as an additional insured on any policy of insurance required by Grantee's contract(s) let for the construction of the Improvements.

5. Modification. The terms and conditions of this Agreement shall not be modified, amended, waived, or repealed except by the written agreement of the parties.

6. Notice of Termination. Upon the expiration of this Agreement under Section 2 above, the parties shall cooperate reasonably to record a written statement acknowledging such termination in the San Bernardino County Recorder's Office. The provisions of this Section 6 shall survive termination of this Agreement.

7. Remedies and Enforcement.

7.1 All Legal and Equitable Remedies Available. In the event of a breach or threatened breach by any party to this Agreement of any of the terms, covenants, restrictions or conditions hereof, the other party shall be entitled forthwith to full and adequate relief by injunction and/or all such other available legal and equitable remedies from the consequences of such breach, including payment of any amounts due and/or specific performance.

7.2 Remedies Cumulative. The remedies specified herein shall be cumulative and in addition to all other remedies permitted at law or in equity.

7.3 No Termination for Breach. Notwithstanding anything in this Agreement to the contrary, no breach hereunder shall entitle any party to cancel, rescind, or otherwise terminate this Agreement.

7.4 Irreparable Harm. In the event of a violation or threat thereof of any of the provision of this Agreement, the parties agree that such violation or threat thereof shall cause the other party to suffer irreparable harm and such nondefaulting party shall have no adequate remedy at law. As a result, in the event of a violation or threat thereof of any of the provisions of this Agreement, the nondefaulting party, in addition to all remedies available at law or otherwise under this Agreement, shall be entitled to injunctive or other equitable relief to enjoin a violation or threat thereof of this Agreement.

7.5 Limitation of Remedies. Notwithstanding anything to the contrary contained herein, the Grantor shall not have any recourse to any funds or assets of the Grantee other than is described in Annex "A" attached to that certain Purchase and Sale Agreement and Escrow Instructions by and between the Grantor and Grantee dated as of March ___, 2019 (the "Purchase and Sale Agreement").

8. Miscellaneous.

8.1 Amendment. The parties agree that the provisions of this Agreement may be modified or amended, in whole or in part, or terminated, only by the written consent of the Grantee and the record owner of the Grantor Property, evidenced by a document that has been fully executed and acknowledged by all parties and recorded in the Official Records.

8.2 No Waiver. No waiver of any default of any obligation by any party hereto shall be implied from any omission by the other party to take any action with respect to such default.

8.3 No Agency. Nothing in this Agreement shall be deemed or construed by either party or by any third person to create the relationship of principal and agent or of limited or general partners or of joint venturers or of any other association between the parties.

8.4 Benefit to Grantor Property; Construction Easement Rental. The parties to this Agreement agree that this Agreement and the construction of the Improvements benefits the Grantor Property, and that the easement herein granted by Grantor to Grantee is provided by Grantor as partial consideration of the Grantee's acquisition of the Grantee Property as described in the Purchase and Sale Agreement. Construction Easement Rental shall be paid by Grantee to Grantor only in the manner, from the source of revenue available to Grantee, at the times, and in the amounts (and subject to the conditions) set forth in the Purchase and Sale Agreement.

8.5 Covenants to Run with Land. It is intended that each of the easements, covenants, conditions, restrictions, rights and obligations set forth herein shall run with the land, shall bind every person having any fee, leasehold or other interest therein and shall inure to the benefit of the respective parties and their successors, assigns, heirs, and personal representatives.

8.6 Grantee's Acceptance. Any future purchaser or grantee of the Grantor's Property or any portion thereof, by acceptance of a deed conveying title thereto or the execution of a contract for purchase thereof, whether from an original party or from a subsequent owner of such property, shall accept such deed or contract upon and subject to each and all of the easements, covenants, conditions, restrictions and obligations contained herein. By such acceptance, any such grantee shall for himself and his successors, assigns, heirs, and personal representatives, covenant, consent, and agree to and with the other party, to keep, observe, comply with, and perform the obligations and agreements set forth herein with respect to the property so acquired by such grantee.

8.7 Severability. Each provision of this Agreement and the application thereof to the Grantor Property is hereby declared to be independent of and severable from the remainder of this Agreement. If any provision contained herein shall be held to be invalid or to be unenforceable or not to run with the land, such holding shall not affect the validity or enforceability of the remainder of this Agreement. In the event the validity or enforceability of any provision of this Agreement is held to be dependent upon the existence of a specific legal description, the parties agree to promptly cause such legal description to be prepared.

8.8 Time of Essence. Time is of the essence of this Agreement.

8.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed as original but all of which together shall constitute one and the same instrument.

8.10 Entire Agreement. This Agreement contains the complete understanding and agreement of the parties hereto with respect to all matters referred to herein, and all prior representations, negotiations, and understandings are superseded hereby.

8.11 Governing Law. The laws of California shall govern the interpretation, validity, performance, and enforcement of this Agreement.

8.12 Bankruptcy. In the event of any bankruptcy of the owner of the Grantor Property, the parties agree that this Agreement shall, to the maximum extent permitted by law, be considered an agreement that runs with the land and that is not rejectable, in whole or in part, by the bankrupt person or entity.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

GRANTOR:

SAN ANTONIO WATER COMPANY,
a California corporation

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: _____
Name: Tom Thomas
Title: President

By: _____
Thomas H. McPeters, Esq

GRANTEE:

CITY OF UPLAND,
a public body

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation

By: _____
Name: Jeannette Vagnozzi
Title: City Manager

By: _____
City Attorney

ATTEST:

Keri Johnson, City Clerk

EXHIBIT "A"-1

LEGAL DESCRIPTION OF GRANTOR PROPERTY

The East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County.

Excepting therefrom the following;

Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 101,672 square feet or 1.90 ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.



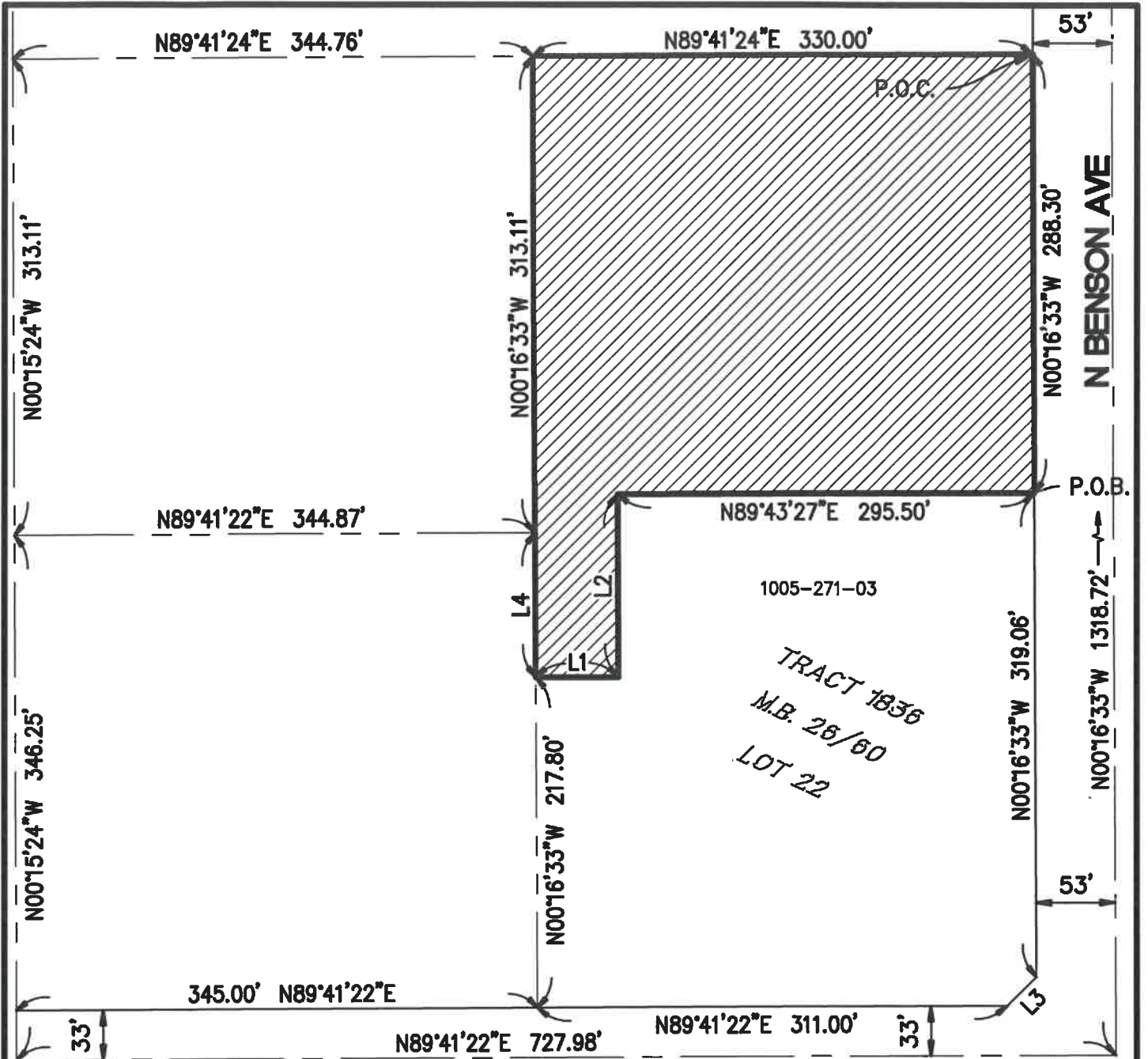
Ronald A. Musser, L.S. 4230, Exp. 6-30-20



3-5-19

Date

EXHIBIT "B"-1 (PLAT DEPICTING GRANTOR PROPERTY)



LEGEND

- EXISTING PROPERTY LINE
- PROPOSED REMAINDER PARCEL BOUNDARY
- PROPOSED REMAINDER PARCEL (101,672 SF)
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	26.88'	N44°42'25"E
L4	95.45'	N00°16'33"W



SCALE: 1"=100'



TKE ENGINEERING, INC.
2305 CHICAGO AVENUE
RIVERSIDE, CA 92507
(951) 680-0440

Ronald A. Musser

RONALD A. MUSSER L.S. No. 4230
EXPIRES: 6-30-20

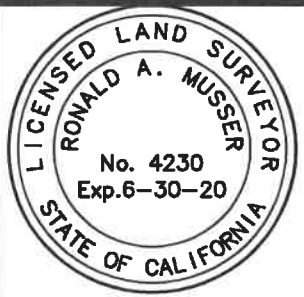


EXHIBIT 'B'

REMAINDER PARCEL

APN 1005-271-03
(PORTION OF)

EXHIBIT "A"-2

LEGAL DESCRIPTION OF GRANTEE PROPERTY

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

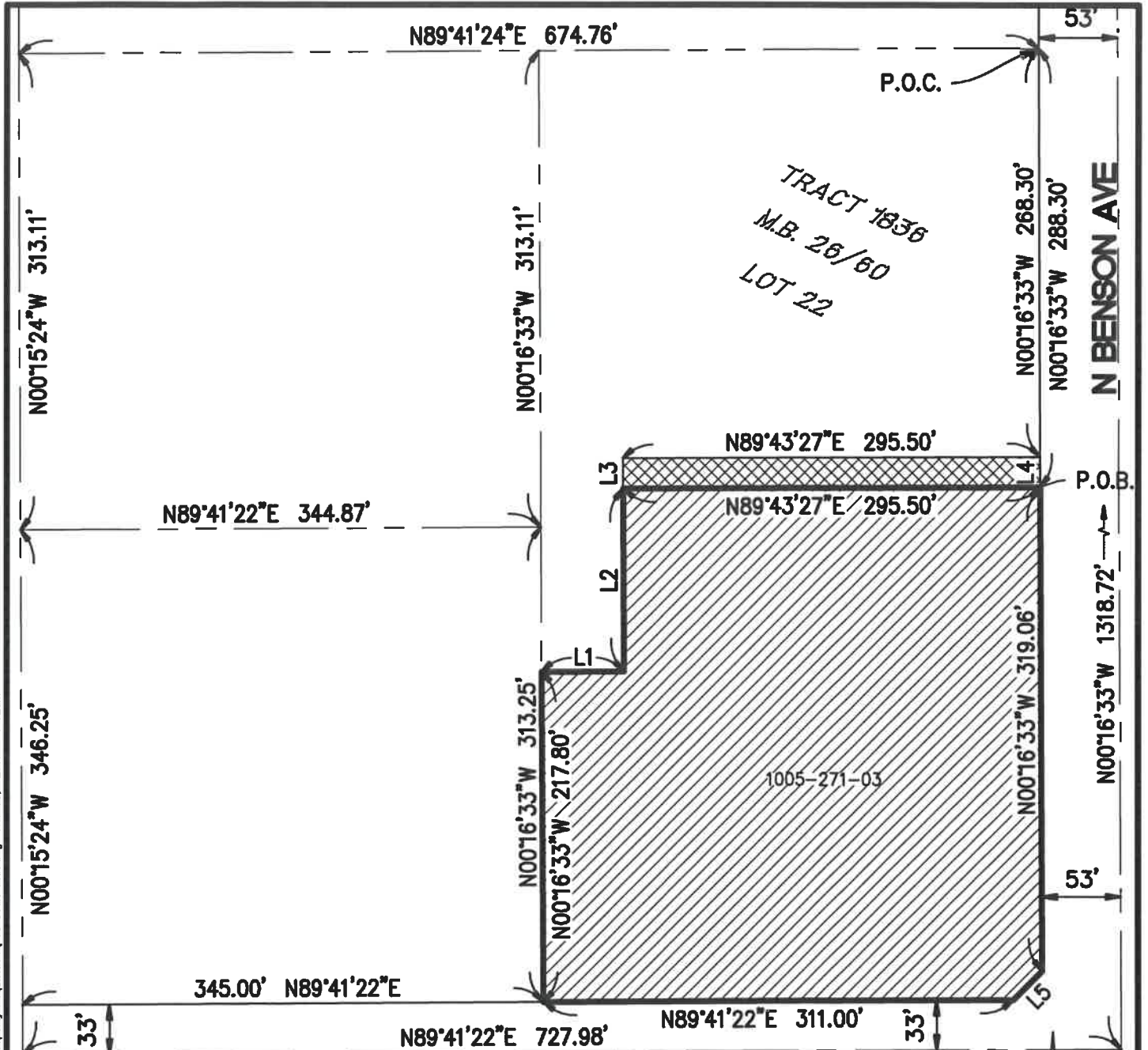
This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Ronald A. Musser, L.S. 4230, Exp. 6-30-20




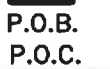




3-5-19
Date

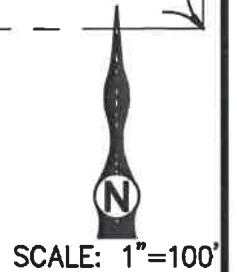
EXHIBIT "B"-2 (PLAT DEPICTING GRANTEE PROPERTY)



LEGEND

-  EXISTING PROPERTY LINE
-  PROPOSED PROPERTY ACQUIRED
-  PROPOSED AREA TO BE ACQUIRED (104,847 SF)
-  PROPOSED EASEMENT (5,510 SF)
-  P.O.B. POINT OF BEGINNING
-  P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
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 RONALD A. MUSSER L.S. No. 4230
 EXPIRES: 6-30-20

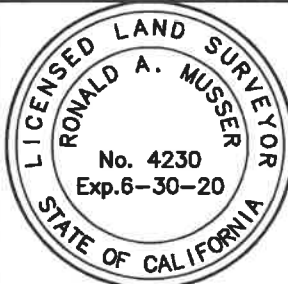


EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
 (PORTION OF)

EXHIBIT "A"-3

LEGAL DESCRIPTION OF CONSTRUCTION ACCESS EASEMENT AREA

[TO BE PROVIDED]

[Approximately 15,000 sq. ft. portion of Remainder Parcel TBD]

EXHIBIT "A"-3

PLAT DEPICTING CONSTRUCTION ACCESS EASEMENT AREA

[TO BE PROVIDED]

[Approximately 15,000 sq. ft. portion of Remainder Parcel TBD]

ANNEX "A"

Payment of Purchase Price; Revenues for Payment of Construction Easement Rental

The payment of the Purchase Price, accrued interest thereon, and Construction Easement Rental by the Buyer shall be on an unsecured basis solely from Net Water Revenues or from other available monies in the Buyer's Water Enterprise Fund.

Related Defined Terms:

"Gross Water Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Buyer's Water System including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Buyer from the furnishing and supplying of services and facilities through the Water System, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Water System pursuant to law, and (iii) the proceeds derived by the Buyer directly or indirectly from the sale, lease, or other disposition of a part of the Water System; provided the term "Gross Water Revenues" shall not include any of the following: (A) customers' deposits or any other deposits or advances subject to refund until those deposits or advances become the property of the Buyer, (B) connection charges and impact fees that are established for specific purposes and moneys derived from which are deposited by the Buyer in funds separate and apart from the Water Enterprise Fund, and (C) charges collected by the Buyer for water meter installation that are deposited by the Buyer in funds separate and apart from the Water Enterprise Fund.

"Net Water Revenues" means, for any period, an amount equal to all of the Gross Water Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Buyer for maintaining and operating the Water System, determined in accordance with generally accepted accounting principles, including (i) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, (ii) all administrative costs of the Buyer that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Water System and insurance premiums, and (iii) all other reasonable and necessary costs of the Buyer or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations incurred by the Buyer with respect to the Water System, (B) depreciation, replacement and obsolescence charges or reserves therefor, and (C) amortization of intangibles or other bookkeeping entries of a similar nature.

"Water Enterprise Fund" means the enterprise fund of the Buyer relating to the Water System and in which Gross Water Revenues are deposited.

“**Water System**” means the whole and each and every part of the water system of the Buyer (including but not limited to all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Buyer, and all other properties, structures, or works hereafter acquired and constructed by the Buyer and determined to be a part of such water system), including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed; provided, that to the extent the Buyer is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described water system purposes, only the Buyer’s ownership interest in such asset or property or only the part of the asset or property so used for water system purposes shall be considered to be part of the Water System.

All principal of the Purchase Price to be paid by the Buyer shall bear interest at the rate of **one and eighty-eight hundredths of one percent (1.88%)** per annum from the Closing Date to and including the date of payment to Seller.

Except as otherwise provided below, the Buyer shall pay to the Seller the Purchase Price in the amounts and at the following times:

Installment Payment Schedule Table:

Installment Payment	Payment Date	Principal	Interest	Total Principal & Interest
#1	Close of Escrow	\$ 344,000.00	\$ 0.00	\$ 344,000.00
#2	December 10, 2020	344,000.00	interest ⁽¹⁾	344,000.00 + interest ⁽¹⁾
#3	December 10, 2021	344,000.00	19,401.60	363,401.60
#4	December 10, 2022	344,000.00	12,934.40	356,934.40
#5	December 10, 2023	344,000.00	6,467.20	350,467.20
	Total:	\$1,720,000.00		

(1) Interest from the Close of Escrow through Installment Payment #2 shall be calculated as follows: (a) the ratio of the number of calendar days, commencing with first calendar day after the Close of Escrow, through and including December 10, 2020, divided by 365, multiplied by (b) 0.0188 and multiplied by (c) \$1,376,000.00 (i.e., the then outstanding principal amount of \$1,720,000.00 minus \$344,000.00 principal amount paid at Close of Escrow). For example, if Close of Escrow and Installment Payment #1 occur on March 31, 2019, interest for Installment Payment #2 would be calculated as 619 calendar days ÷ 365 x 0.0188 x \$1,376,000.00 = \$43,870.65.

Notwithstanding anything herein or in the Agreement to the contrary, the Buyer in its sole discretion and at any time may prepay any or all of the principal amount of the Purchase Price with accrued interest to the date of payment. In addition, the Buyer and Seller may in their discretion agree to defer all or a portion of the principal amount due and payable on the dates set forth above, and provide for the payment of deferred amount to another date not later than December 10, 2025.

In the event of any such prepayment or deferment of payment of all or a portion of the principal amount of the Purchase Price, the Buyer and Seller shall promptly prepare and attach to the Agreement a modified schedule of principal and interest payments reflecting the same. The City Manager and President may prepare and approve such modified schedule without having to obtain further authorization from the Buyer or Seller.

Agenda Item No. 6B

Item Title: Award of Contracts for Rehabilitation Construction of Reservoir 7

Purpose:

Rehabilitation of Reservoir 7.

Issue:

Award construction contract to SCW Contracting, Fallbrook CA for a not-to-exceed price of \$1,013,415.00 for the replacement of an aging wood roof on Reservoir 7 with a new aluminum geodesic dome, along with appurtenant work.

Project management services will be provided by CivilTech Engineering under a previously awarded contract.

Manager's Recommendation:

Authorize General Manager to execute contract documents with SCW Contracting necessary to construct aluminum geodesic dome and associated site work at a not-to-exceed cost of \$1,013,415.00.

Background:

In 2017 the Company started preliminary review of Reservoir 7, based in part on the visually observable deterioration of the reservoir's roof. Preliminary engineering studies recommended roof replacement. A CIP project was budgeted in CY 2018 to replace the wooden roof with an aluminum geodesic dome. A design contract was awarded to CivilTech Engineering in the summer of 2018. The project design was completed in late 2018.

The project financials (prior year actuals and FY2019 projected) are as follows:

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

Project plans and specifications were advertised in February 2019 and a bid opening was held on March 7, 2019. A total of 4 bids were received.

Bid Opening Results:

Engineer's Estimate	\$1,022,125
SCW Contracting	\$1,013,415
RC Graves Construction	\$1,138,000
Spiess Construction	\$1,170,000
Pacific Hydrotech Corp	\$1,174,760

Staff reviewed, and found substantially complete, the apparent low bidder; SCW Contracting.

Agenda Date: March 19, 2019

Based on a review of the bids, staff recommends award SCW Contracting for the contract price of \$1,013,415.00.

Previous Action:

Budget approval in 2017, 2018 and 2019 included this project.

Impact on Budget:

Capital cost of \$1,059,000 budgeted in 2019 for completion of project.

Item Title: Nominees for the Position of Director of the Company

Purpose:

Present a list of nominees for Company Directors to consider for the Annual Meeting on April 9, 2019.

Issue:

Does the Board wish to submit a list of nominees for the position of director of the Company for inclusion with the 2019 Notice of the Annual Meeting of Shareholders?

Manager's Recommendation:

Consider this matter as it relates to giving notice and preparation for the Annual Meeting. Take action as the Board deems appropriate.

Background:

Pursuant to Article II of the Bylaws, Section 2.04 "Notice of Shareholders' Meetings", if the Company intends to present any nominees for election as director(s), it must present the names of those nominees with the notice of the meeting.

Current Directors with expiring terms:

- Director Will Elliott
- Director Sue Sundell (vacated)
- Director John Gerardi

Nominees for the slate of officers submitted on the City of Upland's proxy are as follows:

- Director Will Elliott [Incumbent]
- Councilmember Rudy Zuniga
- Martha Goss

Should there be no presentation of nominees by the Company, then all nominations for office of director must occur at the appropriate time during the annual meeting. Balloting will then be conducted using printed card ballots with the desired nominee's names being written-in by the voting shareholder or their designated proxy and presented for ballot counting.

Impact on the Budget:

None

Previous Actions:

Historically the Company has selected and presented nominees with the notice of the Annual Meeting.

SAN ANTONIO WATER COMPANY
Annual Meeting of the Shareholders
OFFICIAL PROXY AUTHORIZATION
(2019)

INSTRUCTIONS TO PROXY HOLDER(S)

Shareholders: Complete this form as noted below if you desire to instruct your chosen proxy holder, regarding the voting of your shares with respect to the election of members of the Board of Directors from the list of nominees set forth below.

Any shareholder completing this proxy, but failing to indicate in writing how the shares are to be voted on candidates or proposals before the meeting, will be deemed to have given the proxy holder(s) complete discretion in voting his, her, or its shares on any matter voted on at the meeting. If instructions are provided, your shares shall be voted in accordance with your instructions. Please return your proxy to: San Antonio Water Company, 139 N. Euclid Ave., Upland, CA 91786

ELECTION OF DIRECTORS

FOR ALL NOMINEES listed below (except as marked to the contrary).

To withhold authority to vote for any individual or all nominees, strike a line through the nominee's name in the list below:

Rudy Zuniga
Martha Goss
Will Elliott


The undersigned appoints **Tom Thomas** as the proxy of the undersigned, with full power of substitution, to attend and vote all shares of the undersigned in the Corporation at the Annual Meeting to be held on Tuesday, April 9, 2019, and all adjournments thereof according to the number of votes the undersigned would be entitled to cast if personally present, for or against any proposal, including the election of members of the Board of Directors, and any and all other business that may come before the meeting, except as otherwise indicated in the written instructions hereon.

Please sign exactly as your name(s) appear(s) on your stock certificate. Joint owners should sign personally. If signed by attorney-in-fact, power of attorney must also be attached.

Dated 2/25/2019

460 N Euclid Ave
Address

Upland, CA
City/State

Signature(s)


Signature(s)

Debbie Stone, Mayor
Name(s) Typed or Printed

Item Title: General Liability Insurance Renewal and Cyber Liability

Purpose:

To report the Company's annual insurance renewal as presented by the Company's insurance broker EPIC designed to protect the company from liability and property damages and to recommend approval of renewal as updated under JPRIMA.

Issue:

In 2017, the Board accepted the General Liability package offered through California Mutual Water Association from JPRIMA (3 year program). This is the last quote under the 3 year program.

Manager's Recommendation:

That the Board ratify AFC's recommendation to approve premium update and Cyber Insurance with JPRIMA for the General Liability renewal as presented by EPIC at the annual premium of \$28,891.

Background:

In CY2016, California Mutual Water Associations (CalMutuals) was able to pass AB656 that allowed mutual water companies to work with public agencies to form a Joint Powers Risk Insurance Management Authority (JPRIMA).

The Board approved the Water Company changing over to JPRIMA for Liability and Cyber Insurance. The proposal accepted from JPRIMA in CY2016 provided a 3- year program with specific applications for water systems. The program has an "off ramp" for those to opt out if premiums increase 15%.

The commercial package with JPRIMA runs from 4/1/19 to 4/1/20.

For the period 4/1/17 to 4/1/18 the premium for General Liability was \$24,746 and the Cyber Liability is \$3,508 for a total of \$28,254.

Last year for the period of 4/1/18 to 4/1/19 the total cost was \$27,547 and provided a savings of \$707.

This year's proposal for the period 4/1/19 to 4/1/20 is \$28,891 for an increase of \$1,344 from last year's quote. This is considered a modest increase in total cost which included a \$440,000 increase in our property limits.

The Administration and Finance Committee (AFC) reviewed this item at its regularly scheduled meeting on February 26, 2019. AFC unanimously recommends approval.

Impact on the Budget:

Under budget [Budgeted \$32,000 and Actual considered is \$28,891].

Previous Actions:

None.



Property and Casualty Insurance Proposal

San Antonio Water Company

Effective
April 1, 2019 to April 1, 2020

Presented by:
David McNeil, ARM
Principal
909.919.7508
david.mcneil@epicbrokers.com

Shelly Birdzell
Account Manager
909.919.7904
shelly.birdzell@epicbrokers.com

License OB29370

**SAN ANTONIO WATER COMPANY
PREMIUM COMPARISON**

COVERAGE	4/1/2018 TO 4/1/2019- Allied Public Risk Cal Mutuals JPRIMA (3 Year Program) LIMITS / PREMIUM	4/1/2019 TO 4/1/2020 - Allied Public Risk Cal Mutuals JPRIMA (3 Year Program) LIMITS / PREMIUM
<p>Property</p> <ul style="list-style-type: none"> Blanket Property (Replacement Cost) - Real Property & Business Personal Property Blanket Coverage Extension; applies to the following - - Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic, Data, Preservation of Property Equipment Breakdown / Boiler & Machinery Mobile Equipment (Actual Cash Value) - Scheduled - Unscheduled, maximum \$10,000 any one item - Borrowed, rented & leased Terrorism Crime Limits Deductibles - Property - Mobile Equipment - Equipment Breakdown - Crime 	<p style="text-align: center;">\$9,060,140</p> <p style="text-align: center;">\$2,000,000</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">\$90,762</p> <p style="text-align: center;">\$61,602</p> <p style="text-align: center;">n/a</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">\$250,000</p> <p style="text-align: center;">\$1,000</p> <p style="text-align: center;">\$1,000</p> <p style="text-align: center;">\$1,000/\$2,500</p> <p style="text-align: center;">\$1,000</p>	<p style="text-align: center;">\$9,500,540</p> <p style="text-align: center;">\$2,000,000</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">\$90,762</p> <p style="text-align: center;">\$61,451</p> <p style="text-align: center;">n/a</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">\$250,000</p> <p style="text-align: center;">\$1,000</p> <p style="text-align: center;">\$1,000</p> <p style="text-align: center;">\$1,000/\$2,500</p> <p style="text-align: center;">\$1,000</p>
<p>General Liability</p> <ul style="list-style-type: none"> Per Occurrence General Aggregate Products & Completed Operations Aggregate Personal & Advertising Injury Damage to Premises Rented To You Medical Payments Water & Wastewater Testing Errors & Omissions Terrorism Rating Basis-Payroll Non-Auditable 	<p style="text-align: center;">\$1,000,000</p> <p style="text-align: center;">\$10,000,000</p> <p style="text-align: center;">\$10,000,000</p> <p style="text-align: center;">\$1,000,000</p> <p style="text-align: center;">\$1,000,000</p> <p style="text-align: center;">\$10,000</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">\$369,071</p>	<p style="text-align: center;">\$1,000,000</p> <p style="text-align: center;">\$10,000,000</p> <p style="text-align: center;">\$10,000,000</p> <p style="text-align: center;">\$1,000,000</p> <p style="text-align: center;">\$1,000,000</p> <p style="text-align: center;">\$10,000</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">Included</p> <p style="text-align: center;">\$369,071</p>

**SAN ANTONIO WATER COMPANY
PREMIUM COMPARISON**

COVERAGE	4/1/2018 TO 4/1/2019- Allied Public Risk Cal Mutuals JPRIMA (3 Year Program) LIMITS / PREMIUM	4/1/2019 TO 4/1/2020 - Allied Public Risk Cal Mutuals JPRIMA (3 Year Program) LIMITS / PREMIUM
<p align="center">Public Officials & Management Liability</p> <p>Wrongful Act-per act Employment Practices (including third party discrimination)-per offense Employee Benefits Plans-per act Injunctive Relief-per act Aggregate Limit Deductible Policy Form Privacy & Network Security(Cyber Liability)-Wrongful Acts - per act Breach Consultation Services-per offense Breach Response Services-per offense Public Relations & Data Forensics-per act Privacy-Retroactive Date Privacy-Deductible Policy Form</p>	<p>\$1,000,000 \$1,000,000 \$1,000,000 \$5,000 \$10,000,000 \$1,000 Occurrence \$1,000,000 \$1,000,000 \$100,000 \$100,000 6/1/2012 None Claims Made</p>	<p>\$1,000,000 \$1,000,000 \$1,000,000 \$5,000 \$10,000,000 \$1,000 Occurrence \$1,000,000 \$1,000,000 \$100,000 \$100,000 6/1/2012 None Claims Made</p>
<p align="center">Automobile</p> <p>Combined Single Limit Uninsured/Underinsured Motorist Medical Expense Hired/Non-Owned Liability Hired Physical Damage Owned Physical Damage - Comprehensive Deductible - Collision Deductible Number of Vehicles</p>	<p>\$1,000,000 \$1,000,000 \$5,000 \$1,000,000 \$100,000 ACV \$500 \$500 6</p>	<p>\$1,000,000 \$1,000,000 \$5,000 \$1,000,000 \$100,000 ACV \$500 \$500 6</p>
<p align="center">Excess</p> <p>Each Occurrence General Aggregate Retention</p>	<p>\$10,000,000 \$10,000,000 None</p>	<p>\$10,000,000 \$10,000,000 None</p>
<p>Member Contribution JPRIMA Administration Fees Total Amount Due</p>	<p>\$24,953 \$2,594 \$27,547</p>	<p>\$26,173 \$2,718 \$28,891</p>





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

**COVERAGE PROPOSAL
San Antonio Water Company**

**COVERAGE PERIOD
4/1/2019 - 4/1/2020**

**PRESENTED BY:
Edgewood Partners Insurance Center**



**Insurance Administrator
www.alliedpublicrisk.com
Allied Community Insurance Services, LLC
CA License Number: 0L01269
National Producer Number: 17536322**



PREMIUM SUMMARY

NOTE: This proposal is prepared from information supplied to us on the application submitted by you or insurance broker. It may or may not contain all terms requested on the application. Coverage is provided by the JPRIMA Memorandum of Coverage (MOC) and subject to its terms, exclusions, conditions and limitations. A specimen MOC is available for your review, as is the JPRIMA Member Agreement. Enrollment in the JPRIMA requires execution of the JPRIMA Member Agreement as well as membership in the California Association of Mutual Water Companies (Cal Mutuals).

PAGE	COVERAGE SECTION		PREMIUM
3-7	SECTION 1. PROPERTY (Property, Equipment Breakdown & Mobile Equipment)	\$	5,259.00
8	SECTION 2. COMMERCIAL CRIME	\$	675.00
9-10	SECTION 3. COMMERCIAL GENERAL LIABILITY	\$	3,174.00
11	SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY (Wrongful Acts, Employment Practices & Employee Benefits, Privacy and Network Risk)	\$	3,819.00
12	SECTION 5. BUSINESS AUTO	\$	6,324.00
13	SECTION 6. COMMERCIAL EXCESS LIABILITY	\$	6,922.00
		MEMBER CONTRIBUTION	\$ 26,173.00
		JPRIMA ADMINISTRATION FEES	\$ 2,718.00
		TOTAL AMOUNT DUE*	\$ 28,891.00

*Payment is due within thirty (30) days of binding.

NOTES:

The JPRIMA MOC has a common anniversary date of April 1, 2019.

Terrorism coverage is automatically included for Property and General Liability.

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2019 - 4/1/2020

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 1. PROPERTY*

***PROPERTY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated

LIMITS:

Blanket Property: (Real Property & Business Personal Property)	\$9,500,540
Blanket Coverage Extension: A separate blanket limit that applies to the following coverages: Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic Data, Preservation of Property.	\$2,000,000
Equipment Breakdown / Boiler & Machinery:	Included
Mobile Equipment (scheduled):	\$90,762
Mobile Equipment (unscheduled, maximum \$10,000 any one item):	\$61,451
Mobile Equipment (borrowed, rented & leased):	N/A
Flood Zone X: (shaded/unshaded)	N/A

DEDUCTIBLES:

- \$1,000** Property
- \$1,000** Mobile Equipment
- \$1,000** Equipment Breakdown (aboveground & less than 50 feet belowground)
- \$2,500** Equipment Breakdown (greater than 50 feet belowground)
- N/A** Flood Zone X (per occurrence)

COVERAGE HIGHLIGHTS:

- Blanket Property Limits & Blanket Coverage Extension Limits
- No Coinsurance Penalty
- Equipment Breakdown
- Foundations as Covered Property

VALUATION:

- Replacement Cost: Real Property & Business Personal Property
- Actual Cash Value: Mobile Equipment
- Actual Loss Sustained: Loss of Income & Expenses
- Market Price: Fine Arts

KEY EXCLUSIONS:

- Earthquake & Earth Movement
- Flood (unless coverage is designated above, such coverage would be limited to locations in Zone X only)

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2019 - 4/1/2020

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.

SPECIAL COVERAGES:

- **New Locations or Newly Constructed Property:**
Pays up to \$1,000,000 for your new real property while being built on or off described premises as well as real property you acquire, lease or operate at locations other than the described premises; and business personal property located at new premises.
- **Utility Services – Direct Damage, Business Income & Expense:**
Pays up to \$250,000 for covered property damaged by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss and does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. Separate limits apply to Direct Damage and Business Income/Expense.
- **Pollution Remediation Expenses:**
Pays up to \$100,000 or \$250,000 for remediation expenses resulting from a Covered Causes of Loss or Specified Cause of Loss occurring during the coverage period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Specified Cause of Loss means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow; ice or sleet; water damage; and equipment breakdown.
- **SCADA Upgrades:**
Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.
- **Contract Penalties:**
Pays up to \$100,000 for contract penalties you are required to pay due to your failure to deliver your product according to contract terms solely as a result of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- **Contamination:**
Pays up to \$250,000 for loss or damage to covered property because of contamination as a result of a Covered Cause of Loss. Contamination means direct damage to real property and business personal property caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.
- **Property In Transit:**
Pays up to \$100,000 for direct physical loss or damage to covered property while in transit more than 1000 feet from the described premises. Shipments by mail must be registered for covered to apply. Electronic data processing property and fine arts are excluded.
- **Unintentional Errors:**
Pays up to \$250,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.

KEY DEFINITIONS

■ **Real Property:**

The buildings, items or structures described in the Declarations that you own or that you have leased or rented from others in which you have an insurable interest. This includes:

- Aboveground piping;
- Aboveground and belowground penstock;
- Additions under construction;
- Alterations and repairs to the buildings or structures;
- Buildings;
- Business personal property owned by you that is used to maintain or service the real property or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- Completed additions;
- Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- Fixtures, including outdoor fixtures;
- Foundations;
- Glass which is part of a building or structure;
- Light standards;
- Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the premises or in the open (including property inside vehicles) within 1000 feet of the premises, used for making additions, alterations or repairs to buildings or structures at the premises;
- Paved surfaces such as sidewalks, patios or parking lots;
- Permanently installed machinery and equipment;
- Permanent storage tanks;
- Solar panels;
- Submersible pumps, pump motors and engines;
- Underground piping located on or within 100 feet of premises described in the Declarations;
- Underground vaults and machinery.

■ **Business Personal Property:**

The property you own that is used in your business including:

- Furniture and fixtures;
- Machinery and equipment;
- Computer equipment;
- Communication equipment;
- Labor materials or services furnished or arranged by you on personal property of others;
- Stock;
- Your use interest as tenant in improvements and betterments.
- Leased personal property for which you have a contractual responsibility to insure.

■ **Pollution Conditions:**

The discharge, dispersal, release, seepage, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

KEY DEFINITIONS (continued)

■ **Remediation Expenses:**

Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of "pollution conditions."

■ **Outdoor Property:**

Fixed or permanent structures that are outside covered real property including but not limited to:

- Historical markers or flagpoles;
- Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment;
- Exterior signs not located at a premises;
- Fences or retaining walls;
- Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
- Dumpsters, concrete trash containers, or permanent recycling bins; or
- Hydrants.

■ **Equipment Breakdown:**

Direct damage to mechanical, electrical or pressure systems as follows:

- Mechanical breakdown including rupture or bursting caused by centrifugal force;
- Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
- Loss or damage to hot water boilers or other water heating equipment;
- If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
- None of the following are covered objects as respects to equipment breakdown:
 - a. Insulating or refractory material;
 - b. Buried vessel or piping;
 - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - (1) Feed water piping between any boiler and its feed pump or injector;
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - d. Structure, foundation, cabinet or compartment containing the object;
 - e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
 - f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
 - g. Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.



PROPERTY SUBLIMITS:

Coverage			Limit		
Accounts Receivable	X	\$500,000	<input type="checkbox"/>	\$1,000,000	\$2,000,000
Valuable Papers and Records	X	\$500,000	<input type="checkbox"/>	\$1,000,000	\$2,000,000
Contamination	X	\$250,000			
Tools and Equipment Owned by Your Employees	X	\$5,000	<input type="checkbox"/>	\$10,000	\$25,000
Personal Effects and Property of Others	X	\$5,000	<input type="checkbox"/>	\$10,000	\$25,000
New Locations or Newly Constructed Property		\$1,000,000			
Business Personal Property at New Locations		\$1,000,000			
Backup/Overflow of Water from Sewer, Drain, Sump		\$250,000			
Utility Services - Direct Damage		\$250,000			
Utility Services –		\$250,000			
Business Income and Extra Expense					
Dependent Business Premises		\$250,000			
Property at Other Locations		\$250,000			
Pollution Remediation Expense (specified cause of loss)		\$250,000			
Outdoor Property (unscheduled)		\$100,000			
Contract Penalties		\$100,000			
Pollution Remediation Expense (covered cause of loss)		\$100,000			
Property in Transit		\$100,000			
SCADA Upgrades		\$100,000			
Indoor and Outdoor Signs (unscheduled)		\$50,000			
Limited Coverage for “Fungus”, Wet Rot or Dry Rot		\$50,000			
Fine Arts		\$25,000			
Fire Department Service Charge		\$25,000			
Fire Protection Devices		\$25,000			
Key and Lock Replacement Expenses		\$25,000			
Trees, Shrubs & Plants (maximum \$1,000 any one item)		\$25,000			
Arson Reward		\$10,000			
Rental Reimbursement – Mobile Equipment		\$10,000			
Cost of Inventory or Adjustment		\$5,000			
Non-Owned Detached Trailers		\$5,000			
Water Contamination Notification Expenses		\$5,000			
Patterns, Dies, Molds, Forms		\$2,500			
Debris Removal		25% of scheduled limit plus \$250,000			
Ordinance or Law Provision		100% of scheduled limit plus 25%			

NOTES:

Contribution is calculated from attached property schedule; review property schedule for coverage and limit adequacy.

Flood and Earthquake coverages are excluded.

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2019 - 4/1/2020

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 2. COMMERCIAL CRIME*

***COMMERCIAL CRIME IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

COVERAGE GROUP SELECTED	EMPLOYEE THEFT	FORGERY OR ALTERATION	INSIDE THE PREMISES Theft of Money and Securities	INSIDE THE PREMISES Robbery or Safe Burglary or Other Property	OUTSIDE THE PREMISES	COMPUTER FRAUD	FUNDS TRANSFER FRAUD	MONEY ORDERS & COUNTERFEIT PAPER CURRENCY
	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
X	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$500,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$1,000,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$2,000,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

DEDUCTIBLE:

\$1,000 each claim

DESIGNATED EMPLOYEE BENEFIT PLAN(S):

COVERAGE HIGHLIGHTS:

- Separate Limits Apply to Each Coverage
- Coverage Extended to Directors and Authorized Volunteers
- Faithful Performance

NOTES:

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2019 - 4/1/2020

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 3. GENERAL LIABILITY*

***GENERAL LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Occurrence
- Defense Costs Outside the Limit
- Proprietary & Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Per Occurrence	\$ 1,000,000
General Aggregate	\$10,000,000
Products & Completed Operations Aggregate	\$10,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
Damage to Premises Rented to You	\$ 1,000,000
Medical Payments	\$ 10,000

DEDUCTIBLE:

N/A

COVERAGE HIGHLIGHTS:

- Duty to Defend
- Broad Definition of Enrolled Named Member
- Blanket Additional Enrolled Named Member
- Water & Wastewater Testing Errors & Omissions
- Expanded Pollution Liability
- Failure to Supply (no ISO limitation)
- Lead (potable water)
- Waterborne Asbestos (potable water)
- Product Recall
- Impaired Property
- Fungi & Bacteria

OPTIONAL COVERAGES:

- Hired & Non Owned Automobile Liability
- Employee Benefits Liability
- Dam, Levee & Dike Structural Failure

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2019 - 4/1/2020

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.

SPECIAL COVERAGES:

- **Water & Wastewater Testing Errors & Omissions:**
Coverage is provided for damages arising out of an act, error or omission which arises from your water or wastewater testing.
- **Failure To Supply:**
Coverage is provided for bodily injury or property damage arising out of the failure of any Enrolled Named Member to adequately supply water.
- **Waterborne Asbestos:**
Coverage is provided for bodily injury or property damage from waterborne asbestos arising out of potable water which is provided by you to others.
- **Contractual Liability - Railroads:**
Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- **Pollution:**
Coverage is provided for bodily injury or property damage which occurs or takes place as a result of your operations and arises out of the following:
 - Potable water which you supply to others;
 - Chemicals you use in your water or wastewater treatment process;
 - Natural gas or propane gas you use in your water or wastewater treatment process;
 - Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
 - Your application of pesticide or herbicide chemicals if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
 - Smoke drift from controlled or prescribed burning that has been authorized and permitted by an appropriate regulatory agency.
 - Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts
 - Escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if property damage occurs away from land you own or lease.
 - Sudden and accidental events that are neither expected nor intended by an Enrolled Named Member. However, no coverage is provided under this exception for petroleum underground storage tanks.
- **Damage to Impaired Property or Property Not Physically Injured**
Coverage is provided for bodily injury or property damage arising from your potable water, nonpotable water, or wastewater as well as any loss of use of other property arising out of sudden and accidental physical injury to “your product” or “your work” after it has been put to its intended use.
- **Fungi or Bacteria**
Coverage is provided for bodily injury or property damage arising from any “fungi” or bacteria that are, are on, or are contained in a good or product intended for consumption; or to any injury or damage arising out of or caused by your water, irrigation, or wastewater intake, outtake, reclamation, treatment and distribution processes.
- **Recall of Products, Work or Impaired Property**
Coverage applies to any injury or damage arising out of or caused by your potable water, nonpotable water, or wastewater for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of: “Your product”; “Your work”; or “Impaired property”; if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

NOTES:

Additional Designated Enrolled Named Member endorsement to be added with PNC wording for San Bernardino County Flood Control District and County of San Bernardino and Holliday Rock Co., Inc. .



SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY*

***PUBLIC OFFICIALS & MANAGEMENT LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated
- Occurrence
- Defense Costs Outside the Limits

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Wrongful Acts	\$1,000,000 per act
Employment Practices (including third party discrimination)	\$1,000,000 per offense
Employee Benefit Plans	\$1,000,000 per act
Injunctive Relief	\$5,000 per act
	\$10,000,000 aggregate limit

PRIVACY LIABILITY AND NETWORK RISK¹:

Privacy & Network Security Wrongful Acts	1,000,000 per act
Breach Consultation Services	1,000,000 per offense
Breach Response Services	100,000 per offense
Public Relations & Data Forensics	100,000 per act
¹ Coverage provided for Privacy Liability & Network Risk Coverage is issued on a claims made basis with defense inside the limit of liability. Privacy Retroactive Date:6/1/2012. Privacy Deductible: None.	
*\$1,000,000 maximum annual aggregate applies per Enrolled Named Member, with a \$2,000,000 coverage form aggregate applicable to all participating Enrolled Named Members.	

SPECIAL COVERAGE:

- Inverse Condemnation

RETROACTIVE DATE:

N/A

DEDUCTIBLE:

\$1,000 each claim including expenses

COVERAGE HIGHLIGHTS:

- Duty To Defend
- Broad Definition of Enrolled Named Member including Past and Future Employees
- Outside Directorship

NOTES:

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2019 - 4/1/2020

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 5. BUSINESS AUTO*

***BUSINESS AUTO IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated
- Occurrence
- Defense Costs Outside the Limits

PORTFOLIO:

Coverage	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1	\$1,000,000
Hired Auto Liability	8	\$1,000,000
Non-Owned Auto Liability	9	\$1,000,000
Medical Payments	2	\$5,000
Uninsured / Underinsured Motorists	2	\$1,000,000
Hired Physical Damage	8	\$100,000
Owned Physical Damage – Comprehensive	2	ACV
Owned Physical Damage – Collision	2	ACV
Towing & Rental Car Reimbursement (covered accident)		\$75 per Day up to 30 Days
Fleet Automatic		Included

DEDUCTIBLE:

Liability: None
Comprehensive: \$500
Collision: \$500

NOTES:

Please refer to auto terms provided for per unit coverage.
Additional Designated Enrolled Named Member endorsement to be added with PNC wording for San Bernardino County Flood Control District and County of San Bernardino and Holliday Rock Co., Inc. .



SECTION 6. EXCESS LIABILITY*

***EXCESS LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Following Form
- Occurrence
- Defense Costs Outside the Limits

LIMITS:

\$10,000,000/\$10,000,000

SCHEDULED UNDERLYING POLICIES:

Commercial General Liability - Yes
 Hired and Non-Owned Auto Liability - Yes
 Owned Auto Liability - Yes
 Public Officials & Management Liability - Yes
 Wrongful Acts - Yes
 Employment Practices - Yes
 Employee Benefit Plans - Yes
 Employers' Liability: *(minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000)* - Yes
 Other:

NOTABLE EXCLUSION:

- Workers' Compensation
- Uninsured Motorists / Underinsured Motorists
- Underlying Limits < \$1,000,000 except for Employers' Liability

NOTES:

Employers' Liability subject to JPRIMA security requirements.

Your **EPIC** Account Team & Contact Information

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Principal

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909.919.7508

Overall Account Management

Shelly Birdzell

Account Manager

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Overall Client Satisfaction

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909.919.7904

Fax: 888.789.5971

General Contact Information

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Fax Number.....888.789.5971

Certificates909.919.7904

P&C Claims949.417.9118

WC Claims.....909.919.7502

Private Client.....866.722.2526

Employee Benefits.....877.225.2648

EPIC's Service Commitment

EPIC will provide you with the following services:

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

When to Notify **EPIC**

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

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

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

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

EPIC's Claims Advocacy

Claim reporting is simple!

Choose the most convenient method to report your claim:

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

- **Internet:** Workers' Compensation Claims and questions
Email Max Rodriguez – max.rodriguez@epicbrokers.com or Carrier directly for assistance

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

Your EPIC Claims Team...second to none.

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

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

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

Agenda Item No. 6E

Item Title: Salary Table Adjustment

Purpose:

To consider adjusting employee salary ranges to match local inflation.

Issue:

Two issues are before the Board:

- Should the Company adjust salary tables to match inflation?
- Which Consumer Price Index to use for adjustment?

Manager's Recommendation:

Recommend ratifying the AFC's recommendation to adjust the Company's salary tables 3.0% upward based on the Riverside / San Bernardino / Ontario 'Consumer Price Index for Urban Wage Earners and Clerical Workers' change from January 2018 to January 2019.

Background:

A Consumer Price Index (CPI) measures changes in the price of consumer goods and services purchased by households. The Federal Bureau of Labor Statistics (BLS) tracks CPI for geographical areas in the States (www.bls.gov).

Based on changes in the CPI tables, companies may adjust wages to ensure employee's 'cost of living' is not impacted negatively by inflation. Adjustment to salary tables based on CPI are called, "Cost of Living Adjustments (COLA)".

Yearly, the Company considers adjustments to its salary tables based on published federal changes to a CPI index.

In 2013 the AFC committed to using the 'Los Angeles-Long Beach-Anaheim' CPI 12-month change from December to December when considering COLA adjustments to Company salary tables. At the time, the Los Angeles-Long Beach-Anaheim CPI was the closest geographic area to the Company and considered the best available measure of inflation for San Bernardino County.

In 2017 the BLS started tracking CPI for 'Riverside-San Bernardino-Ontario' on a bimonthly basis. Since 2018 the CPI numbers for Riverside-San Bernardino-Ontario have been published for the months of January, March, May, July, September and November.

The CPI numbers and respective yearly change are shown below:

Geographic Area	Dec 2017	Dec 2018	Change	% Change
Los Angeles, et al.	249.854	258.101	8.25	3.20

Geographic Area	Jan 2018	Jan 2019	Change	% Change
Riverside, et al.	100.944	104.062	3.12	3.00

The Administration and Finance Committee (AFC) reviewed this item at its regularly scheduled meeting on February 26, 2019. AFC unanimously recommends approval.

March 19, 2019

Impact on the Budget:

Implementing a COLA for 2019 would increase salary ranges only and would increase labor costs for those employees currently at the top of their range at the time of their performance evaluation.

Previous Actions:

None.

Agenda Item No. 6F

Item Title: Stock Auction May - 2019

Purpose:

Recommend approving timeline for a proposed 2019 stock auction in May.

Issue:

Disposition of personal property (shareholder's stock) in order to collect on bad debt is governed by the Commercial Code to be "commercially reasonable."

Managers Recommendation:

Ratify AFC's recommendation to approve the proposed stock auction and timeline as presented.

Background:

Since we have billed the dormant shareholders with the "water availability charge" for the first time in September 2017, there have been more unpaid bills. As a result, we held two stock auctions last year in May and October.

There are currently 12 shareholder's stock certificates to be auctioned off for a total of 3.50 shares. We anticipate that this will bring most accounts current with future stock auctions on year to year basis as needed.

Below is a timeline of the process leading up to the stock auction:

Stock Auction 2019 (May) – Anticipated Timeline					
<u>Description</u>	<u>Dec</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Address verification	12/31/18				
Final Letter owe w/due date		2/22/19			
AFC Committee Review		2/26/19			
Bid Process		2/27/19			
Bid Form		2/27/19			
Board Review			3/19/19		
Final due date			3/22/19		
Notification of Disposition of Collateral			3/25/19		
Website w/bid form			3/25/19		
Separate letter to shareholders			3/27/19		
Co. Newsletter ad			3/31/19		
Newspaper ad				4/2/19	
Stock Auction Date					5/7/19

The Administration and Finance Committee (AFC) reviewed this item at its regularly scheduled meeting on February 26, 2019. AFC unanimously recommends approval.

Agenda Date: March 19, 2019

Previous Actions:

November 9, 2009 – First Stock Auction held

April 20, 2010 – Board approved Stock Auction procedure for collecting unpaid water bills

Impact on Budget:

Collection of outstanding charges owed and reimbursement of all related costs.