

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, November 13, 2018

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:00 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, John Gerardi, Jose Sanchez, and Bob Cable. Also in attendance were Red Hill North Homeowners Association Board member Neil O'Dwyer, Melissa Calabretta with JLR Insurance, Public Works Director for the City of Upland Rosemary Hoerning, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Director Will Elliott

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: Mr. Neil O'Dwyer representing Red Hill North Homeowners Association (HOA) spoke to the Board about the HOA's irrigation water supply from SAWCo being abruptly shut off the previous week. He was advised the water supply from SAWCo would not become available again until the start of 2019. The HOA now must utilize the City of Upland for their irrigation water supply, which is more costly.

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

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

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of October 16, 2018.
- B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
- C. Administration and Finance committee (AFC) Meeting Minutes
Meeting Minutes of August 28, 2018.
- D. Financial Statement
Income Statement and Balance Sheet for September 30, 2018 and year-to-date.
- E. Investment Activity Report
Monthly Report of Investments Activity
- F. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- G. Prominent Issues Update
Status summaries on certain on-going active issues.
- H. Projects and Operations Update
Status summaries on projects and operations matters.
- I. Groundwater Level patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
- J. Correspondence of Interest –

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

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

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

5. Board Committee – Delegate Report:

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

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

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

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

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

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

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

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

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

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

F. Planning, Resources, and Operations Committee (PROC) Chairman's Report – No meeting to report.

G. Office Feasibility Study Ad Hoc Committee – No meeting to report.

6. General Manager's Report on Activities:

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

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

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

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

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

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

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

Ms. Calabretta exited the meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Project Status Report –

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

7. Closed Session: None.

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

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

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

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

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

Assistant Secretary
Brian Lee