

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, August 20, 2019

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:01 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Jose Sanchez, Will Elliott, Gino Filippi, Martha Goss, and Rudy Zuniga. 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 Filippi

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: Mr. Lee advised on the dais was information about AB54 and AB240 ethics training taking place on December 10th. Those that have yet to receive this training or have let their training lapse were requested to register for the event.

3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of July 16, 2019.
- B. Ad Hoc Office and Yard Relocation Committee Meeting Minutes
Meeting Minutes of July 10, 2017 and June 12, 2019.
- C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting Minutes of May 28, 2019.
- D. Administration and Finance committee (AFC) Meeting Minutes
No meeting Minutes.
- E. Financial Statement
Income Statement and Balance Sheet for June 30, 2019 and year-to-date
- F. Investment Activity Report
Monthly Report of Investments Activity
- G. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- H. Prominent Issues Update
Status summaries on certain on-going active issues.
- I. Projects and Operations Update
Status summaries on projects and operations matters.
- J. Groundwater Level patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
- K. Correspondence of Interest

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

5. Board Committee – Delegate Report:

- A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported on the August PVPA meeting. After some delays, unfenced PVPA land north of Baseline in Claremont prone to homeless encampments is in the process of having a chain link fence installed.

A PVPA building south of the San Antonio Dam used for monitoring water flow is currently having a stronger roof constructed to prevent future break-ins.

Continued discussion took place about the possible establishment of the National Recreation Area. Portions of PVPA's land has been grouped in with the proposed area and they would like the boundaries redrawn.

The City of Claremont has asked PVPA's opinion on placement of a kiosk at the entrance to the Claremont Wilderness Park. PVPA expressed no concern with the placement of the kiosk.

Director Thomas advised former PVPA Board member and Golden State Water Company employee, James Gallagher, passed away recently. The August PVPA Board Meeting was adjourned in his honor.

- B. Six Basins Representative Report** – Mr. Lee reported the main focus of the most recent meeting was the municipalities handling storm water recharge of the basin and determining the best site or sites.
- C. Chino Basin Representative Report** – Ms. Layton reported SAWCo applied last year for a storage account for 2,000 acre feet (AF) and has reached that amount prior to the deadline. Watermaster contacted staff and advised that with evaporation losses, SAWCo could recharge more water in the basin. As such, staff resumed spreading.

Watermaster went dark in August, however, the Appropriative Pool held a special meeting on August 8th.

SAWCo took issue with the assessment package Watermaster presented them as it caused them to not have enough Excess Carry-over Water for the last assessment package as well as for the Pre-emptive account. After discussion with the Watermaster General Manager, water needed will be taken out of the annual account in order to make the pre-emptive account whole.

Staff attended the 2nd Storage Management Plan Workshop and participated in the meeting. Since the Appropriative Pool parties are the ones who have paid for the basins, it should be those parties that benefit. It was suggested to have the storage carved out by Operating Safe Yield once the safe storage limit is reached.

Staff is also participating in closed session with the Appropriative Pool.

The 5th Optimum Basin Management Program (OBMP) listening session took place on July 31st. Watermaster is conducting workshops to update the OBMP and have identified several activities to be considered. Staff can see only two additional elements to what is currently in the OBMP which are water quality and costs.

- D. Cucamonga Basin Representative Report** – Ms. Layton reported the working group met on August 13th. The group finished the first review of the draft modernized Judgment. Ms. Layton will be compiling comments for mutual agreement and the areas where the group has not reached consensus will be discussed further. SAWCo's relationship with Cucamonga Valley Water District (CVWD) has greatly improved. Staff is still reviewing and revising the Term of Reference sheet.

One area of concern is that Chino Basin is using the Cucamonga groundwater model for Chino Basin benefit without receiving prior authorization from the parties. Staff has a meeting tomorrow at CVWD with Wildermuth to discuss this issue. Six Basins is experiencing the same problem.

Staff has drafted, but not sent yet, the letter of agreement for the restitution of overproduction in 2018 and prepared the transfer form. It was agreed that SAWCo would transfer half of the overproduction from Cucamonga Basin to CVWD from SAWCo's Chino Basin stored water account.

On another note, SAWCo sent an invoice for the Basin 6 restoration project and CVWD has promised to pay \$60,000 during this fiscal year. Staff contacted them today and was told to expect payment within the next couple weeks.

The working group is scheduled to meet again on October 1st at 1:30pm.

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

F. Planning, Resources, and Operations Committee (PROC) Chairman's Report – Director Elliott advised items discussed at the PROC are included in the General Manager's report.

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

6. General Manager's Report on Activities:

A. Water Conservation Update – Mr. Lee stated the update was self-explanatory.

Director Thomas inquired if there were any comments or questions from the Board of Directors.

Seeing as there were no comments or questions, the item was received and filed.

B. Response to City of Upland Regarding Replacement of Key Office Facilities – Director Zuniga recused himself from the meeting at 5:11 p.m.

Mr. Lee reported SAWCo received a letter from the City of Upland on July 9, 2019 regarding SAWCo consolidating their office and yard facilities into a new facility on a vacant lot SAWCo owns. The letter was presented to the Office Feasibility Ad Hoc Committee for review, discussion, and direction. It was agreed that a response would be drafted and presented to the Board of Directors for approval prior to mailing.

Director Thomas stated he sees the process as more like a consolidation of assets. SAWCo is looking at selling two aging facilities and constructing a facility that combines both operations on one SAWCo property. The majority of the cost to build the new facility would be covered by the sale of the current office and yard facilities and by the sale of the southern portion of the property SAWCo plans to build on.

Director Elliott suggested some editing of the letter to reduce the length to one page.

Director Thomas affirmed Director Elliott's input and suggested a decision on the item be delayed or have the motion include the response letter be revised to Director Elliott's approval.

Director Filippi stated he also had some suggestions on a simpler response and offered to go over them with Mr. Lee. Director Goss also offered to assist in simplifying the response letter.

Director Sanchez agreed the length of the letter needed addressing. He thanked Mr. Lee for gathering all of the information as now the Board has all they need to begin refining the response. He stated the response does need to be sent quickly, offered to help if needed, and agreed putting the item on another agenda is not what's needed.

There was consensus on the Board that Mr. Lee would consult with the Director Elliot, Director Filippi, and Director Goss to revise and mail the response letter.

Director Zuniga returned to the meeting at 5:18 p.m.

C. Award of Contract for Campus Avenue Waterline – Mr. Lee advised the Campus Avenue Waterline project is budgeted for this year. The project involves abandoning a waterline that runs

through residential properties and install a waterline in Campus Avenue to replace it. Staff budgeted \$517,000 for the project. The lowest responsible bid came in at \$404,364.00.

Mr. Lee recommended the Board find T.E. Roberts, Inc. as the lowest responsible bidder and authorize him to execute a construction contract with T.E. Roberts, Inc. for a not to exceed amount of \$404,364.00.

Director Thomas inquired if the amount included contingencies. Mr. Lee replied the amount is strictly construction costs but there are funds remaining in the budget for this project for any contingencies.

Director Elliott moved and Director Goss seconded T.E. Roberts, Inc. as the lowest responsible bidder and authorized the General Manager to execute a construction contract with them for a not to exceed amount of \$404,364.00. Motion carried.

D. Approval of Change Order No. 3, Reservoir 7 Rehabilitation – Mr. Lee reported the concrete panels of the reservoir are aged and cracked and coated with an unknown material that was also aged and spalling. Originally staff inquired about sandblasting the coating off of the panels and applying a new coating. The contractor instead suggested using a geosynthetic liner. After comparing the cost to sandblast and recoat with the cost of a geosynthetic liner, staff recommends using the geosynthetic liner.

Mr. Lee advised that prior to the meeting Director Goss brought up some concerns over the content in the Change Order. He assured Director Goss and the Board that those concerns will be brought to the contractor's attention and the Change Order revised accordingly. In order to not delay the project, Mr. Lee requested the Board authorize him to execute a construction change order with SCW Contracting Corporation provided Director Goss' concerns are addressed and resolved satisfactorily.

Director Sanchez moved and Director Elliott seconded to authorize the General Manager to execute a construction change order with SCW Contracting Corporation for a not to exceed amount of \$179,857.00 provided Director Goss' concerns are satisfactorily addressed and resolved. Motion carried.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Sanchez expressed his sorrow over the passing of a mentor of his, Raymond Corley. Mr. Corley was an advocate for water issues in Sacramento for the Los Angeles Department of Water and Power and the Metropolitan Water District. Director Sanchez worked with Mr. Corley and developed great admiration for him and his work.

Adjournment: Director Thomas adjourned the meeting at 5:27 p.m. in Mr. Ray Corley's honor.

Assistant Secretary
Brian Lee