



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, October 20, 2020

5:00 p.m.

By Virtual/Online or Teleconference Only

Please join the meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/352572453>

You can also dial in using your phone. United States: +1 (872) 240-3212
Access Code: 352-572-453

- 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 September 15, 2020.
- B. Organizational Meeting Minutes
Meeting minutes of April 7, 2020.
- C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
- D. Administration and Finance Committee (AFC) Meeting Minutes
Meeting minutes of July 28, 2020.
- E. Financial Statement
Income Statement and Balance Sheet for August 31, 2020
- F. Investment Activity Report
Monthly Report of Investments Activity.
- G. Water Production and Consumption
Monthly water production and consumption figures.
- 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. Conservation Program Update [Quarterly in January, April, July, and October]
Update on SAWCo's existing water conservation programs
- L. Disposal of Records
Recommend approval of record disposal based on adopted retention schedule
- M. Correspondence of Interest

5. Board Committee – Delegate Report:

A. PVPA Representative 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

Verbal update on meeting held September 22, 2020.

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. Inventory Policy

Review and provide feedback on policy for recommended approval to Board

B. Request for Qualifications (RFQ) for Investment Advisor

Ratify solicitation of Statement of Qualifications

C. Rental Agreements

Review current process and discuss provided alternatives

D. Board Gift

Review past practices and provide direction for 2020 and budget submittal for 2021

E. 401k Change in Broker-Dealer

Review change and authorize trustee to sign documents

F. Financial Reporting

Verbal discussion on process of improvement

G. Company Response to COVID-19

Discussion regarding Company's response to the virus.

7. Closed Session (Will occur under a separate GoToMeeting. Connection information will be provided to the Board of Directors under separate cover).

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

Discussion and Possible Action regarding General Manager's Performance and Goals

8. Director's Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, November 17, 2020 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 Thursday [8:00 am – 11:30 am & 12:30 pm – 4:00 pm] and alternating Fridays [8:00 am – 11:30 am & 12:30 pm – 3:00 pm] and on the company's website www.sawaterco.com. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On October 15, 2020 a true and correct copy of this agenda was posted at the entry of the Company's Office (139 No. Euclid Avenue), on the public bulletin boards at 450 No. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall), and on the Company's website.

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

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

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: Mr. Lee confirmed all Board members received the revised Item 6B Holly Drive Reservoir Part II.
3. Shareholder-Public Testimony: None.
4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of August 18, 2020.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting minutes of June 23, 2020.
 - C. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Income Statement and Balance Sheet for July 31, 2020.
 - E. Investment Activity Report
Monthly Report of Investments Activity.
 - F. Water Production and Consumption
Monthly water production and consumption figures.
 - G. Prominent Issues Update
Status summaries on certain on-going active issues.
 - H. Projects and Operations Update
Status summaries on projects and operations matters.
 - I. Groundwater Level patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
 - J. Conservation Program Update [Quarterly in January, April, July, and October]
Update on SAWCo's existing water conservation programs
 - K. Correspondence of Interest

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The next meeting is scheduled for October 6th.

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

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

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

6. General Manager's Report on Activities:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Director Cable noted the cost differences in the bids of nearly \$100,000 for the construction of the reservoir tank as well as for the coating of the tank. He questioned if the numbers were investigated. Mr. Lee agreed the number variance was concerning and as such verified the numbers. The higher bidder was working with a civil contractor who, at the last minute, determined there was not enough civil work for them to do and because of that the tank contractor became the prime contractor and the civil contractor became the subcontractor. The tank contractor realized they were not on the pre-qualification list and didn't have the tank coating permits and inquired about waivers. It is believed they knew they risked being a non-qualified bid and therefore didn't take the time to tighten up their numbers.

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

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

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

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

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

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

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

7. Closed Session:

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

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

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

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

Adjournment:

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

Assistant Secretary
Brian Lee

SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS ORGANIZATIONAL MEETING MINUTES

Tuesday, April 7, 2020

Immediately following the Annual Meeting of Shareholders of the Company, the Board of Directors of the San Antonio Water Company (SAWCo) met virtually via GoToMeeting at 6:10 p.m. Directors present were Tom Thomas, Will Elliott, Bob Cable, Jose Sanchez, Gino Filippi, Martha Goss, and Rudy Zuniga.

▪ Call to Order

1. Recognitions and Presentations: Mr. Lee recognized the City of Upland IT staff for their efforts in getting the meetings set up for public broadcast.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Organizational Activities:

Director Tom Thomas assigned the General Manager, Brian Lee, as temporary chairperson for election of officers.

Mr. Lee advised and sought nominations for the offices of President, Vice President, and Secretary/Chief Financial Officer that are up for election.

Director Elliott moved and Director Zuniga seconded to have Tom Thomas serve as President, Will Elliott service as Vice President, and Jose Sanchez serve as Secretary/CFO. Motion carried unanimously.

Director Thomas suggested all designations listed under Item 5 be voted upon all together with one vote.

Director Elliott moved and Director Goss seconded to approve the Designations and Authorities as presented. Motion carried unanimously.

The following is the result of the above motions:

- A. President – Tom Thomas
 - B. Vice-President – Will Elliott
 - C. Secretary/Chief Financial Officer – Jose Sanchez
5. Designations and Authorities:
 - A. Representative to the Six Basins Watermaster – Teri Layton (primary) and Tommy Hudspeth (alternate) as representatives to the Six Basins Watermaster.
 - B. Representative to Chino Basin Pool and Advisory Committees – Brian Lee (primary) and Teri Layton (alternate) as representatives to the Chino Basin Pool and Advisory Committees.
 - C. Representative to Cucamonga Basin Management Committee – Teri Layton (primary) and Brian Lee (alternate) as representatives to Cucamonga Basin Management Committee.
 - D. Representative to Pomona Valley Protective Association (PVPA) – Tom Thomas (primary) as representative to the PVPA.

- E. Assistant Secretary/Assistant Financial Officer –General Manager, Brian Lee as Assistant Secretary/Assistant Financial Officer.
 - F. Representatives for the Administration and Finance Committee (AFC) – Director Sanchez, Director Zuniga, and Director Cable with Tom Thomas as ex-officio. Director Sanchez as chair of the committee.
 - G. Representatives for the Planning, Resources, and Operations Committee (PROC) – Director Filippi, Director Goss, and Director Elliott with Tom Thomas as ex-officio. Director Elliott as chair of the committee.
 - H. Company General Counsel –Tom McPeters, Esq.
 - I. Company Special Counsel – Fred Fudacz of the firm Nossaman LLP.
 - J. Company Auditor – Bowen, McBeth, Incorporated.
 - K. Company Depositories - That Citizens Business Bank, Local Agency Investment Funds (LAIF) and any other qualifying financial institution (FDIC insured) that conforms with the Company's Investment Policy is designated for and as a valid depository for Company funds;
 - L. Signatories for Company Checks, Withdrawals and Establishing Accounts – Any two (2) signatures, including that of the President, Vice President, Secretary/Chief Financial Officer, the General Manager or the Assistant General Manager are hereby authorized and required to sign checks, withdraw funds, and establish accounts on behalf of the Company with at least one Corporate Officer signing on any transaction greater than \$5,000, except for fund transfers between Company accounts or on routine payments for operations expense (e.g. electrical energy usage, taxes, et al.) and as otherwise granted under authority to the General Manager. In addition, the Accounting and Personnel Clerk has authority to transfer up to \$45,000 to facilitate payroll with provisions of internal accounting controls in place.;
 - M. General Manager's expenditure authority limitation is \$50,000.
[Note: Prior to October 20, 1997, the general manager's expenditure authority was limited to \$5,000. Due to the timely nature of certain repair needs, as well as the usual range of such costs, the Board acted to increase the expenditure authority limitation to \$50,000. This was done with the understanding that such necessary expenditures would be reported to the Board in a timely manner].
 - N. General Manager's authorized to execute professional service agreements.
[Note: On November 19th and December 17th of 2001, the general manager was authorized to approve and execute professional service agreements once they had been reviewed and approved by corporate counsel and after the Board's review and approval of funding. No such action may be taken on any agreement or amendment to an agreement that would cause the expenditure to exceed any prior Board approved funding authorization.]
6. Review of Director's Fiduciary Duties and Liabilities: Due to Mr. Tom McPeters, esq. absence, no review was provided.
7. Conflict of Interest Rules for Directors: Due to Mr. Tom McPeters, esq. absence, no report was provided.
8. Closed Session: None.

Adjournment: There being no further business the meeting was adjourned at 6:16 p.m.

Assistant Secretary

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES
July 28, 2020

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was held virtually and called to order at 3:00 p.m. on the above date as noticed. Committee Members present were Jose Sanchez, Bob Cable, Rudy Zuniga, and Tom Thomas. Also in attendance were Monte Vista Water District General Manager Justin Scott-Coe, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Cable moved and Mr. Zuniga seconded to approve the meeting minutes of May 26, 2020. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. ***Identity Theft Prevention Program*** – Mr. Lee stated this item is an update for a program already in place.

Ms. Layton advised the policy is verbatim what was previously approved by the Board in 2008. The updates have been made to the names of the Directors, General Manager, dates, and the like. If there are any changes needed, the Committee can recommend those at this time.

Mr. Lee then stated any updates and/or changes approved would be made, then presented to and signed by staff.

Mr. Sanchez asked if there were any comments or questions from the Committee. He then brought attention to line item number 33 regarding staff being alerted to phone phishing. He felt email phishing was much more likely to take place and asked that it be included on the list.

Mr. Cable moved and Mr. Zuniga seconded to recommend the Board approve the program updates as presented with the addition of email phishing. Motion carried unanimously.

- B. ***Travel Policy*** – Mr. Lee explained SAWCo does not currently have an approved travel policy for when staff or directors travel on company business. Ms. Layton has put together a policy for review, comment, and recommendation.

Mr. Thomas made mention there has been very little travel done by the Board of Directors in the time he has served.

Mr. Cable moved and Mr. Sanchez seconded to recommend the Board approve the Travel Policy as amended. Motion carried unanimously.

- C. ***Employee Handbook Revisions*** – Mr. Lee thanked Ms. Layton for spearheading this item. Staff reviewed the entire handbook and has run revisions through the human resource consultant on two occasions.

Mr. Cable inquired about the ability of field staff to wear shorts. Mr. Lee replied field staff does not wear shorts as they perform a lot of construction type work and need full length protection for their legs.

Mr. Sanchez provided a few corrections and some suggested additions to the handbook. The Committee members discussed the possible changes which included adding “at any time with due notice” in the third paragraph of page four, replacing the use of pregnancy disability leave with maternity leave, replacing the use of illegal drugs with controlled substances, preventing the use of social media during office hours, and adding “but is not limited to” regarding the description of inappropriate social media postings.

Mr. Sanchez moved and Mr. Cable seconded to recommend the Board approve the employee handbook with agreed upon revisions. Motion carried unanimously.

- D. ***Benefit and Compensation Proposals*** – Mr. Lee advised staff received three proposals for the Benefit and Compensation Study. Staff has reviewed all proposals and asks that the Committee recommend the Board approve Reward Strategy Group (RSG) with a not to exceed budget of \$18,700.

Mr. Thomas felt it evident RSG has more knowledge of the Company. Mr. Cable commented their references and past jobs prove they are the most qualified to perform the study.

Mr. Sanchez mentioned DeLoach & Associates proposal as having some interesting measures.

Mr. Zuniga moved and Mr. Cable seconded to recommend the Board award the contract for the Benefit and Compensation Study to RSG.

- E. ***Financial Discussion*** – Mr. Lee advised this item is for discussion. He is looking at scheduling a time to meet with both Mr. Sanchez and Ms. Martha Goss. Staff is researching quarterly and yearly reporting and an RFP for a financial advisor has been prepared.

Mr. Sanchez responded that he agreed with the list Mr. Lee had compiled. Investments and reserves had already been discussed. He felt organizing the list in order of importance would help keep them on track. He felt reporting was the most important and wished to begin discussion with that as the focus.

Mr. Thomas inquired as to whether or not staff can simply alter the current program to provide the type of reporting needed or would it require upgrading the software. Mr. Lee responded staff looked into having the current system altered and the costs involved were exorbitant. It was suggested that reports could be imported into Excel or another software such as Quickbooks could be utilized.

Ms. Layton advised she will be looking into a new billing software and possibly requesting it budgeted for the next year. Mr. Zuniga suggested asking the City of Upland, as they have billing software from the same company, for assistance in reporting. Mr. Lee replied he would have SAWCo contact the City of Upland if they have not already done so.

- F. COVID Response** – Mr. Lee advised that he will have this item on the agenda for the AFC and Board meetings so long as the recommendations and orders continue to be updated. He reported there is a glimmer of hope as most recent reports indicate a plateau in the number of positive cases in the State.

Office staff numbers have been reduced to no more than three at any given time. Field staff does come in and out throughout the day.

Mr. Sanchez requested rewording of the verbiage in the agenda item prior to the next update.

- G. Goals and Objectives for General Manager** – Mr. Lee inquired as to what the AFC would like him as General Manager to achieve over the next year.

Mr. Thomas asked that Mr. Lee generate a list with more items than possible to complete for the Committee to choose from and prioritize.

Mr. Sanchez asked that Mr. Lee list any forthcoming issues he sees so that the Committee can aid in selecting goals for their resolution. The question was asked when the Business Continuity Plan was last updated. Mr. Lee replied he would look into it. Mr. Sanchez asked that it be put on the General Manager's Goals and Objectives list.

Mr. Lee will put together a list of possible Goals and Objectives, including what issue brought about the need for the goal, and will email them to the Committee for review and revising. He will do the same for the Planning, Resources, and Operations Committee and will then compile a complete list to present to the Board.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: Seeing no further business, Mr. Zuniga moved and Mr. Cable seconded to adjourn the meeting at 3:54 p.m. The motion carried unanimously.

Assistant Secretary
Brian Lee



San Antonio Water Company, CA

Item 4E
Income Statement
Group Summary
 For Fiscal: 2020 Period Ending: 08/31/2020

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)	301,000.00	301,000.00	63,583.92	168,370.14	132,629.86
1215 - Domestic Water Income (Supplemental)	148,000.00	148,000.00	52,830.05	135,541.25	12,458.75
1220 - Domestic Water Income (Tier 3)	104,000.00	104,000.00	65,969.67	179,904.89	-75,904.89
1230 - Domestic Water Income (Readi/Chrg)	200,000.00	200,000.00	33,509.67	134,164.75	65,835.25
1235 - Domestic Water Availability Charge (WAC)	60,000.00	60,000.00	10,142.21	40,608.78	19,391.22
1245 - Municipal Water Income (Base)	3,073,000.00	3,073,000.00	353,422.69	2,242,967.14	830,032.86
1268 - Municipal Water Income (Readi/Chrg)	80,000.00	80,000.00	6,900.00	55,200.00	24,800.00
1274 - Misc Water Income (Base)	224,000.00	224,000.00	29,221.23	139,496.08	84,503.92
1275 - Misc Water Income (Supplemental)	126,000.00	126,000.00	1,683.79	31,024.69	94,975.31
1276 - Munnicipal Water Availability Charge (WAC)	477,000.00	477,000.00	39,736.00	317,854.00	159,146.00
1280 - Misc Water Income (Tier 3)	15,000.00	15,000.00	324.78	324.78	14,675.22
1288 - Misc Water Income (Readi/Chrg)	23,000.00	23,000.00	2,070.00	15,510.00	7,490.00
1290 - Misc Water Availability Charge (WAC)	24,000.00	24,000.00	1,922.00	15,376.00	8,624.00
1295 - Dormant Water Availability Charge (WAC)	54,000.00	54,000.00	8,733.07	34,949.22	19,050.78
1300 - Sale of Water/From Storage	0.00	0.00	0.00	73,979.50	-73,979.50
1302 - Meter Service Fees	0.00	0.00	3,256.00	7,773.00	-7,773.00
1400 - Stock Transfer	5,000.00	5,000.00	540.00	2,430.00	2,570.00
1405 - Capital Facility Connection Fee	0.00	0.00	5,691.00	17,073.00	-17,073.00
1410 - Late/Re-establishment Fee	4,000.00	4,000.00	0.00	1,830.00	2,170.00
1420 - Return Check Fee	0.00	0.00	0.00	150.00	-150.00
1430 - Stock Certificate Storage and Handling Fee	0.00	0.00	40.00	160.00	-160.00
SubCategory: 40 - Shareholder Revenue Total:	4,918,000.00	4,918,000.00	679,576.08	3,614,687.22	1,303,312.78
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	2,000.00	2,000.00	0.00	1,100.60	899.40
1750 - Service/Litigation Agreements	0.00	0.00	69.77	539.78	-539.78
1753 - Ground Lease Income	54,000.00	54,000.00	4,707.84	41,520.72	12,479.28
1755 - Interest Earned	90,000.00	90,000.00	802.50	37,764.37	52,235.63
1785 - Gain on Sale of Asset	344,000.00	344,000.00	0.00	1,000.00	343,000.00
1875 - Overhead Income	0.00	0.00	852.25	852.25	-852.25
SubCategory: 42 - Non-Shareholder Revenue Total:	490,000.00	490,000.00	6,432.36	82,777.72	407,222.28
Category: 4 - Income Total:	5,408,000.00	5,408,000.00	686,008.44	3,697,464.94	1,710,535.06
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	221,000.00	221,000.00	17,150.30	144,536.70	76,463.30
2235 - Repairs to Facilities and Equipment	305,000.00	305,000.00	31,160.45	274,833.16	30,166.84
2265 - Power-Gas & Electric (utilities)	600,000.00	600,000.00	84,751.81	360,246.82	239,753.18
SubCategory: 50 - Operating Facilities Total:	1,126,000.00	1,126,000.00	133,062.56	779,616.68	346,383.32
SubCategory: 51 - Operating Activities					
2475 - Customer Service	86,000.00	86,000.00	4,494.07	55,650.43	30,349.57
2498 - Conservation	30,000.00	30,000.00	0.00	6,724.78	23,275.22
SubCategory: 51 - Operating Activities Total:	116,000.00	116,000.00	4,494.07	62,375.21	53,624.79
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	83,000.00	83,000.00	6,995.86	44,679.03	38,320.97
2210 - O & M - All Other	1,000.00	1,000.00	0.00	2,741.68	-1,741.68
2295 - Supplies (Inventory & Tools Expense)	10,000.00	10,000.00	933.62	6,806.19	3,193.81
2565 - Depreciation/Amortization	901,000.00	901,000.00	80,326.54	620,644.94	280,355.06
2715 - Property Taxes	220,000.00	220,000.00	0.00	102,341.90	117,658.10
2805 - Water Resource Mgmt.	220,000.00	220,000.00	17,729.74	51,149.41	168,850.59

Income Statement

For Fiscal: 2020 Period Ending: 08/31/2020

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
SubCategory: 52 - Other Operating Expense Total:	1,435,000.00	1,435,000.00	105,985.76	828,363.15	606,636.85
Category: 5 - O & M Expense Total:	2,677,000.00	2,677,000.00	243,542.39	1,670,355.04	1,006,644.96
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	295,000.00	295,000.00	25,828.34	184,610.82	110,389.18
2130 - Development/Water Svc. App.	1,000.00	1,000.00	219.30	239.79	760.21
2325 - Payroll Taxes	78,000.00	78,000.00	5,420.08	50,607.85	27,392.15
2355 - Worker's Compensation Insurance	16,000.00	16,000.00	1,413.00	9,401.00	6,599.00
2385 - Benefit Pay (Vac., sick, etc.)	147,000.00	147,000.00	5,296.04	127,952.17	19,047.83
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc	241,000.00	241,000.00	18,927.02	153,228.82	87,771.18
2430 - Benefit Administrative Services	1,000.00	1,000.00	0.00	1,185.00	-185.00
SubCategory: 60 - Personnel Total:	779,000.00	779,000.00	57,103.78	527,225.45	251,774.55
SubCategory: 61 - Other					
2445 - Office/IT Support	70,000.00	70,000.00	4,504.03	29,832.00	40,168.00
2505 - Directors Fees & Expense	32,000.00	32,000.00	2,750.00	22,507.80	9,492.20
2535 - Liability Insurance	39,000.00	39,000.00	0.00	29,894.00	9,106.00
2595 - Communication	106,000.00	106,000.00	2,130.61	32,495.92	73,504.08
2625 - Dues & Publications	3,000.00	3,000.00	816.00	2,538.95	461.05
2655 - Outside Services	69,000.00	69,000.00	199.22	3,581.05	65,418.95
2745 - Income Tax Expense	8,000.00	8,000.00	0.00	12,000.00	-4,000.00
2775 - Accounting	76,000.00	76,000.00	4,603.45	52,068.96	23,931.04
2776 - Legal	180,000.00	180,000.00	17,674.48	188,014.69	-8,014.69
2790 - Human Resources Expense	42,000.00	42,000.00	4,003.15	27,228.83	14,771.17
2865 - All other	42,000.00	42,000.00	0.00	6,062.39	35,937.61
SubCategory: 61 - Other Total:	667,000.00	667,000.00	36,680.94	406,224.59	260,775.41
Category: 6 - G & A Expense Total:	1,446,000.00	1,446,000.00	93,784.72	933,450.04	512,549.96
Total Surplus (Deficit):	1,285,000.00	1,285,000.00	348,681.33	1,093,659.86	

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	1,285,000.00	1,285,000.00	348,681.33	1,093,659.86	191,340.14
Total Surplus (Deficit):	1,285,000.00	1,285,000.00	348,681.33	1,093,659.86	



San Antonio Water Company, CA

Item 4E
Balance Sheet
 Account Summary
 As Of 08/31/2020

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	1,939,084.07
10-00-00-10300-00000	Savings-Money Market	2,204,785.46
10-00-00-10400-00000	Savings-CD Accounts	20,000.00
10-00-00-10415-00000	D&O Checking Account	745,690.85
10-00-00-10438-00000	Depre/Obsolescene Res (LAIF)	2,323,561.74
	Total BalSubCategory 10 - Cash:	7,233,372.12
BalSubCategory: 11 - Accounts Receivable		
10-00-00-11100-00000	Accounts Receivable-Domestic	227,497.48
10-00-00-11200-00000	Accounts Receivable-Municipal	416,342.47
10-00-00-11250-00000	Accounts Receivable-Misc.	34,977.77
10-00-00-11260-00000	Accounts Receivable - Dormant	12,016.34
10-00-00-11275-00000	Contra Accounts Receivable - Unapplic	-12,311.29
10-00-00-11300-00000	Accounts Receivable-Other	216,249.64
10-00-00-11301-00000	Note Receivable	1,376,000.00
	Total BalSubCategory 11 - Accounts Receivable:	2,270,772.41
BalSubCategory: 12 - Inventory		
10-00-00-12100-00000	Inventories-Materials & Supply	107,569.56
	Total BalSubCategory 12 - Inventory:	107,569.56
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
10-00-00-14151-00000	457B Plan Investment	24,740.60
	Total BalSubCategory 14 - Investments:	24,741.60
BalSubCategory: 15 - Property, Plant, & Equipment		
10-00-00-15100-00000	Land & Water Rights	920,161.26
10-00-00-15110-1507J	Work in Progress "Proj J"	63,160.15
10-00-00-15110-1602U	Work in Progress	477,677.92
10-00-00-15110-1901	Work In Progress	400.00
10-00-00-15110-1904	Work in Progress-GIS	43,078.10
10-00-00-15110-2001	Work In Progress	44,830.16
10-00-00-15110-2002	Work In Progress	23,001.37
10-00-00-15110-2003	Work In Progress	77,571.14
10-00-00-15150-00000	Buildings & Site Improvements	1,746,624.52
10-00-00-15200-00000	Wells-Shafts, Bldgs, & Equip	4,888,725.22
10-00-00-15250-00000	Boosters-Bldgs & Equip	2,448,690.30
10-00-00-15300-00000	Reservoirs	3,081,272.33
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	16,434,612.48
10-00-00-15500-00000	Autos & Equipment	513,205.56
10-00-00-15550-00000	Tools	106,751.11
10-00-00-15600-00000	Telemetry System	600,886.90
10-00-00-15650-00000	Office Equipment	519,101.84
10-00-00-15990-00000	Accumulated Depreciation	-13,185,576.67
	Total BalSubCategory 15 - Property, Plant, & Equipment:	20,496,379.59

Balance Sheet

As Of 08/31/2020

Account	Name	Balance
BalSubCategory: 16 - Other Assets		
10-00-00-16100-00000	Documents & Studies	867,778.67
10-00-00-16100-1905	WIP- Master Plan and Asset Managemen	35,818.92
10-00-00-16990-00000	Accumulated Amortization	-664,955.91
	Total BalSubCategory 16 - Other Assets:	238,641.68
	Total Assets:	30,380,714.71
		<u>30,380,714.71</u>
Liability		
BalSubCategory: 13 - Prepaid		
10-00-00-20650-00000	Deferred Revenue Deposit	4,824.00
	Total BalSubCategory 13 - Prepaid:	4,824.00
BalSubCategory: 20 - Short-term less than 1 year		
10-00-00-20100-00000	Trade Accounts Payable	126,267.70
10-00-00-20115-00000	D&O Trade Accounts Payable	22,237.50
10-00-00-20600-00000	Water Hydrant Meter Deposit	1,700.00
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:	195,428.37
BalSubCategory: 21 - Long-term more than 1 year		
10-00-00-20152-00000	457B Deferred Comp Liability	24,740.60
10-00-00-21500-00000	Unclaimed Credits	614,939.12
10-00-00-22100-00000	Deferred Gain	1,372,237.78
	Total BalSubCategory 21 - Long-term more than 1 year:	2,011,917.50
	Total Liability:	2,212,169.87
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	2,432,256.77
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	2,656,215.35
10-00-00-30410-00000	Retained Earnings-Unrestricted	20,900,254.84
	Total BalSubCategory 30 - Stockholder equity:	27,074,884.98
	Total Beginning Equity:	27,074,884.98
Total Revenue		3,697,464.94
Total Expense		2,603,805.08
Revenues Over/Under Expenses		1,093,659.86
	Total Equity and Current Surplus (Deficit):	28,168,544.84
	Total Liabilities, Equity and Current Surplus (Deficit):	<u>30,380,714.71</u>

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 as of 08/31/2020	*Accumulated Yearly Service Fees	Accumulated Yearly Interest Earnings
					thru Aug	thru Aug
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	1,939,084.07	-	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	745,690.85		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.2000%	2,204,785.46		3,988.69
Local Agency Investment Fund	LAIF	N/A	0.7840%	2,323,561.74		33,197.48
Golden State Business Bank	12 Month C.D.	April 15,2021	1.00%	20,000.00		167.14
TOTAL:				\$ 7,233,122.12		
TOTAL IN CD'S:				\$ 20,000.00		

2020 Production

Item 4G

CHINO BASIN	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Yearly Production Rights = 1232	38.19%	38.21%	38.21%	38.24%	39.48%	49.87%	10.66%	21.18%	31.17%	41.49%	51.75%	62.03%	-
Well #12 - inactive	-	-	-	-	-	-	-	-	-	-	-	-	-
Well #15 - Domestic	0.08	0.09	-	0.11	-	-	-	0.15	-	-	-	-	0.42
Well #16 - Domestic	0.16	0.17	-	0.19	15.25	128.10	131.34	129.43	123.11	-	-	-	527.75
Well#18 - inactive	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	0.23	0.26	-	0.30	15.25	128.10	131.34	129.58	123.11	-	-	-	528.17
CUCAMONGA BASIN	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Yearly Production Rights = 5996 (1496 10-yr Average Spread)	2.57%	6.25%	8.12%	10.89%	17.95%	29.50%	42.02%	54.59%	62.89%	71.63%	80.36%	89.39%	-
Well #2	49.87	0.25	0.09	40.39	121.66	111.86	112.39	111.23	107.78	-	-	-	655.52
Well #3	0.33	0.40	0.11	0.22	-	0.00	0.26	0.00	-	-	-	-	1.33
Well#19 - inactive	-	-	-	-	-	-	-	-	-	-	-	-	-
Well #22	9.49	18.84	7.17	18.89	50.68	50.49	63.34	59.40	43.63	-	-	-	321.91
Well #24	0.68	0.43	0.20	0.15	-	317.95	358.77	351.92	337.02	-	-	-	1,367.13
Well #31	0.33	3.46	1.28	0.10	(0.00)	-	0.47	4.85	5.76	-	-	-	16.24
Well #32 - Domestic	-	-	-	-	-	-	-	0.09	3.65	-	-	-	3.74
Upl. # 15 (SAWCo's Rts)	93.55	197.41	102.78	106.46	251.02	212.62	215.24	226.03	-	-	-	-	1,405.12
Subtotal	154.26	220.79	111.64	166.22	423.36	692.92	750.47	753.51	497.83	-	-	-	3,770.98
Upl. # 15 (WECWCo's Rts) Memo Only	-	-	-	-	-	-	-	-	-	-	-	-	-
SIX BASINS	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Yearly Production Rights = 932	9.81%	19.22%	29.39%	39.27%	56.13%	71.51%	82.62%	93.16%	103.58%	116.03%	128.21%	140.94%	-
Well #25-A	-	-	-	2.06	52.11	42.49	3.81	-	-	-	-	-	100.47
Well #26	46.26	45.92	50.02	43.30	43.30	43.06	44.26	42.68	42.32	-	-	-	401.13
Well 27-A	45.14	41.80	44.77	46.78	61.70	57.85	55.43	55.61	54.76	-	-	-	463.84
Subtotal	91.40	87.72	94.80	92.14	157.11	143.40	103.50	98.29	97.08	-	-	-	965.43
TOTAL PUMPED	245.90	308.77	206.43	258.65	595.71	964.41	985.31	981.38	718.02	-	-	-	5,264.58
GRAVITY FLOW	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
V screen	524.54	368.06	611.92	879.40	1,137.03	1,050.79	713.07	443.12	288.81	-	-	-	6,016.72
backwash from city treatment plant	0.74	0.92	0.86	0.96	1.30	6.83	2.54	1.75	1.16	-	-	-	17.06
San Antonio Tunnel (forebay)	233.50	199.02	207.04	232.16	252.81	243.63	210.45	195.58	176.40	-	-	-	1,950.59
Frankish & Stamm Tunnel 8"	35.45	12.40	7.33	56.51	59.53	47.95	27.34	-	-	-	-	-	246.51
San Ant. Tunnel Connect to City	-	-	-	-	-	-	-	-	-	-	-	-	-
Discharge to waste	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GRAVITY	794.23	580.40	827.13	1,169.03	1,450.67	1,349.19	953.40	640.46	466.37	-	-	-	8,230.88
Monthly	San Antonio Tunnel	233.50	199.02	207.04	232.16	252.81	243.63	210.45	195.58	176.40	-	-	1,950.59
V Screen, Frankish & Stamm Tunnel and TP Backwash	560.73	381.38	620.10	936.88	1,197.86	1,105.56	742.95	444.87	289.97	-	-	-	6,280.29
Gravity Production	794.23	580.40	827.13	1,169.03	1,450.67	1,349.19	953.40	640.46	466.37	-	-	-	8,230.88
Cumulative	San Antonio Tunnel	233.50	432.52	639.56	871.72	1,124.53	1,368.16	1,578.61	1,774.19	1,950.59	-	-	1,950.59
V Screen, Frankish & Stamm Tunnel and TP Backwash	560.73	942.10	1,562.20	2,499.08	3,696.94	4,802.50	5,545.45	5,990.32	6,280.29	-	-	-	6,280.29
Gravity Production	794.23	1,374.63	2,201.76	3,370.80	4,821.47	6,170.66	7,124.06	7,764.51	8,230.88	-	-	-	8,230.88
Purchased Water - Upl. City to Dom. Sys.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production	1,040.12	889.17	1,033.57	1,427.69	2,046.38	2,313.60	1,938.71	1,621.83	1,184.38	-	-	-	13,495.46
Total Cumulative Production	1,040.12	1,929.30	2,962.86	4,390.55	6,436.93	8,750.53	10,689.24	12,311.07	13,495.46	-	-	-	-
Domestic Production	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Domestic Production	233.74	199.28	207.04	232.45	268.05	371.73	341.80	325.25	303.16	-	-	-	2,482.49
Irrigation Production	806.39	689.89	826.53	1,193.17	1,726.22	1,899.39	1,593.10	1,296.59	881.22	-	-	-	10,912.49
RainFall (Inches)	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	
RainFall (Inches)	0.17	0.24	4.69	5.71	-	-	-	-	-	-	-	-	-
Cumulative (Inches)	0.17	0.41	5.10	10.81	10.81	10.81	10.81	10.81	10.81	-	-	-	-

2020 Consumption

DOMESTIC	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Dom. Sys. - Base	52.51	36.97	55.30	37.74	100.91	69.66	137.67	77.27	120.44	-	-	-	688.47
Dom. Sys. - Supplemental	7.11	21.99	5.61	14.86	9.11	47.89	15.71	52.43	16.22	-	-	-	190.93
Dom Sys - Tier 3	3.97	19.97	2.36	9.76	2.83	34.67	5.02	35.04	4.72	-	-	-	118.34
Dom. Sys. - Del. to Upland(24th/Campus)	41.55	72.34	62.25	59.45	60.56	44.53	18.59	0.06	0.08	-	-	-	359.40
Dom. Sys. -Del. To Upland (Well 16/15)	-	-	-	-	14.92	129.27	132.68	50.90	187.38	-	-	-	515.16
Dom. Sys. - Del. to Upland(24th/Mtn)-installed 4/2/19	0.01	-	-	-	-	-	-	0.08	-	-	-	-	0.09
Tunnel meter to the Upland	-	-	-	-	-	-	-	-	-	-	-	-	-
Discharge to waste	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	105.15	151.27	125.52	121.81	188.33	326.02	309.67	215.78	328.84	-	-	-	1,872.39

Truck Loads - note only crosswall projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Well 32 Hydrant Mtr. - note only(started 8/6/18)Crosswalls	1.28	0.09	0.04	0.06	0.13	0.18	0.17	0.16	0.18	-	-	-	2.29

Irr. Note only Del. to MVWD(wheeled through Upland)	-	-	-	-	-	-	-	-	-	-	-	-	-
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IRRIGATION	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Irrig. Sys.-Upland(Pump & Rec'd) (City W#15)	93.55	197.41	102.78	106.46	251.02	212.62	215.24	226.03	-	-	-	-	1,405.12
Irrig. Sys. - Upl. City - Tier 1	370.45	305.46	306.51	365.49	668.85	950.41	951.02	818.68	673.52	-	-	-	5,410.38
Irrig. Sys. - Upl. City - Tier 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Monte Vista - Tier 1	48.30	47.00	50.20	46.90	42.80	53.80	53.10	51.60	50.70	-	-	-	444.40
Irrig. Sys. - Monte Vista - Tier 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Ont. City - Tier 1	42.90	41.70	44.60	41.60	38.00	47.80	47.00	45.80	45.00	-	-	-	394.40
Irrig. Sys. - Ont. City - Tier 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Cucamonga Valley - Tier 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Cucamonga Valley - Tier 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Holiday Rock Co - Tier 1	14.52	14.52	16.67	18.58	22.86	19.96	31.67	31.67	27.23	-	-	-	197.68
Irrig. Sys. - Holiday Rock Co - Tier 2	4.43	4.76	0.71	5.42	10.49	-	7.06	0.97	-	-	-	-	33.84
Irrig. Sys. - Holiday Rock Co - Tier 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Red Hill Golf Course - Tier 1	8.60	17.66	6.68	18.02	37.72	46.37	52.27	52.27	41.93	-	-	-	281.52
Irrig. Sys. - Red Hill Golf Course - Tier 2	-	-	-	-	11.00	1.99	7.99	4.83	-	-	-	-	25.81
Irrig. Sys. - Red Hill Golf Course - Tier 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Red Hills HOA - Tier 1	0.01	-	-	0.33	1.53	1.61	1.66	2.13	0.80	-	-	-	8.07
Irrig. Sys. - Red Hills HOA - Tier 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Red Hills HOA - Tier 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrig. Sys. - Minor Irrigators - Tier 1	0.58	1.88	0.51	0.46	4.20	5.88	6.56	7.75	6.95	-	-	-	34.77
Irrig. Sys. - Minor Irrigators - Tier 2	-	0.06	-	-	1.63	1.24	0.80	1.19	2.87	-	-	-	7.78
Irrig. Sys. - Minor irrigators - Tier 3	-	-	-	-	-	-	-	0.20	-	-	-	-	0.20
TOTAL	583.34	630.45	528.66	603.26	1,090.10	1,341.67	1,374.37	1,243.11	849.00	-	-	-	8,243.96

COMPANY TOTALS	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
San Antonio Heights	63.59	78.93	63.27	62.36	112.85	152.22	158.40	164.74	141.38	-	-	-	997.74
City of Upland	505.56	575.21	471.54	531.40	995.35	1,336.82	1,317.53	1,095.75	860.98	-	-	-	7,690.15
Monte Vista Water District	48.30	47.00	50.20	46.90	42.80	53.80	53.10	51.60	50.70	-	-	-	444.40
City of Ontario	42.90	41.70	44.60	41.60	38.00	47.80	47.00	45.80	45.00	-	-	-	394.40
Cucamonga Valley Water District	-	-	-	-	-	-	-	-	-	-	-	-	-
Holiday Rock Company	18.95	19.29	17.38	24.00	33.35	19.96	38.73	32.64	27.23	-	-	-	231.52
Red Hills Golf Course	8.60	17.66	6.68	18.02	48.72	48.36	60.25	57.10	41.93	-	-	-	307.33
Red Hill HOA	0.01	-	-	0.33	1.53	1.61	1.66	2.13	0.80	-	-	-	8.07
Minor Irrigators	0.58	1.95	0.51	0.46	5.83	7.11	7.36	9.13	9.82	-	-	-	42.74
TOTAL	688.50	781.72	654.18	725.07	1,278.43	1,667.69	1,684.04	1,458.89	1,177.84	-	-	-	10,116.35

IRRIGATORS	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Irrigator Emberton	0.12	0.21	0.27	0.20	0.50	1.10	1.17	1.75	1.24	-	-	-	6.56
Irrigator McMurray	-	-	-	-	-	-	-	0.65	-	-	-	-	0.65
Irrigator Mistretta	-	-	-	-	0.70	0.60	0.65	0.65	0.65	-	-	-	3.24
Irrigator Nisbit	-	-	-	-	-	0.67	0.76	1.38	1.17	-	-	-	3.98
Irrigator Scheu	-	-	-	-	4.00	4.00	4.00	4.00	6.00	-	-	-	21.99
Irrigator Pfister	0.47	1.74	0.23	0.26	0.63	0.74	0.79	0.70	0.76	-	-	-	6.32

2020 Spread and Storage

Cucamonga Basin	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
23rd St. (Meter) - Basin 6 - A	0.23	-	5.06	7.79	-	-	-	-	1.28	-	-	-	14.37
15th Street Basin	14.84	-	-	54.04	53.65	0.00	-	-	-	-	-	-	122.53
Basin 3 meter (23rd street Clock)	115.17	60.78	158.28	186.69	127.89	149.85	119.38	65.52	33.77	-	-	-	1,017.32
Frankish & Stamm Tunnel to Basin 3	35.45	12.40	48.64	56.51	59.53	47.95	27.34	-	-	-	-	-	287.82
Vscreen via Frankish & Stamm Meter to Basin 3	38.07	-	21.91	0.00	141.64	61.23	0.33	-	0.32	-	-	-	263.50
PRV Station (res 1)(basin 6)	42.65	0.90	44.99	133.99	127.43	73.83	1.56	-	-	-	-	-	425.34
Monthly Spread	246.41	74.08	256.97	439.03	368.50	271.63	148.28	65.52	35.37	-	-	-	1,905.78
Cumulative Spread	246.41	320.49	577.46	1,016.49	1,384.99	1,656.61	1,804.89	1,870.41	1,905.78	-	-	-	

Six Basins	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Monthly Spread	130.23	38.05	161.17	207.25	-	-	117.64	11.21	17.01	-	-	-	682.57
Cumulative Spread	130.23	168.28	329.46	536.71	536.71	536.71	654.35	665.56	682.57	-	-	-	

Note: City of Upland Well Exercising may contribute to spread

Note: Maximum end of year storage limit: 2,000 AF

Previous Storage	2,155.64	2,272.14	2,300.14	2,444.18	2,636.96	2,557.52	2,491.79	2,583.60	2,574.19				
Spread	130.23	38.05	161.17	207.25	-	-	117.64	11.21	17.01				
Unused Monthly OSY	(13.73)	(10.05)	(17.13)	(14.47)	(79.44)	(65.73)	(25.83)	(20.62)	(19.41)				
Current Storage Estimate	2,272	2,300	2,444	2,637	2,558	2,492	2,584	2,574	2,572				

932 yearly OSY = 77.67 monthly OSY

Chino Basin	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Monthly Spread	-	-	-	154.63	472.60	444.13	-	-	-	-	-	-	1,071.35
Cumulative Spread	-	-	-	154.63	627.23	1,071.35	1,071.35	1,071.35	1,071.35	1,071.35	-	-	

Local Supplemental Account (Spreading)*	3,923.25	3,923.25	3,923.25	3,923.25	4,077.88	4,550.48	4,994.60	4,994.60	4,994.60				
Carry Over Account	1,232.00	1,232.00	1,232.00	1,232.00	1,232.00	1,232.00	1,232.00	1,233.00	1,234.00				
Excess Carry Over Account*	1,433.40	1,535.83	1,638.24	1,740.91	1,843.28	1,930.70	1,905.27	1,876.59	1,849.68				
Preemptive Replenishment Account	-	-	-	-	-	-	-	1.00	2.00				
Total Storage	6,588.65	6,691.08	6,793.49	6,896.16	7,153.16	7,713.18	8,131.87	8,105.20	8,080.28				
Spread	-	-	-	154.63	472.60	444.13	-	-	-				
Unused Monthly OSY	102.43	102.40	102.67	102.37	87.42	(25.43)	(28.68)	(26.91)	(20.44)				
Current Storage Estimate*	6,691	6,793	6,896	7,153	7,713	8,132	8,103	8,078	8,060				

1,232 yearly OSY = 102.67 monthly OSY

* Does not include yearly storage losses calc of 0.07%

Company Wide	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Monthly Spread	376.64	112.13	418.14	800.91	841.09	715.75	265.92	76.73	52.38	-	-	-	3,659.70
Cumulative Spread	376.64	488.77	906.92	1,707.83	2,548.93	3,264.68	3,530.60	3,607.33	3,659.70	-	-	-	
Total Current Storage Estimate	8,963	9,094	9,340	9,790	10,271	10,624	10,687	10,652	10,632				

Meter to spread ponds (NOTE ONLY)	71.45	72.53	59.44	44.53	-	97.34	89.29	-	188.64	-	-	-	623.23
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2020 Production v Consumption

Yearly %	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	8%	17%	25%	33%	42%	50%	58%	67%	75%	83%	92%	100%

Consumption versus Entitlement, Company Wide **Active Shares**

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Consumption	688.50	781.72	654.18	725.07	1,278.43	1,667.69	1,684.04	1,458.89	1,177.84	-	-	-	
Cumulative Consumption	688.50	1,470.22	2,124.40	2,849.47	4,127.89	5,795.58	7,479.62	8,938.51	10,116.35	-	-	-	10,116.35
<i>Cumulative Entitlement (straight line)</i>	<i>1,047.56</i>	<i>2,095.11</i>	<i>3,142.67</i>	<i>4,190.22</i>	<i>5,237.78</i>	<i>6,285.33</i>	<i>7,332.89</i>	<i>8,380.45</i>	<i>9,428.00</i>	-	-	-	12,571
% of Entitlement*	5.48%	11.70%	16.90%	22.67%	32.84%	46.10%	59.50%	71.11%	80.48%	90.09%	99.70%	109.75%	80.5%

Consumption versus Entitlement, Company Wide **Total Shares**

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Consumption	688.50	781.72	654.18	725.07	1,278.43	1,667.69	1,684.04	1,458.89	1,177.84	-	-	-	
Cumulative Consumption	688.50	1,470.22	2,124.40	2,849.47	4,127.89	5,795.58	7,479.62	8,938.51	10,116.35	-	-	-	10,116.35
<i>Cumulative Entitlement (straight line)</i>	<i>1,083.33</i>	<i>2,166.67</i>	<i>3,250.00</i>	<i>4,333.33</i>	<i>5,416.67</i>	<i>6,500.00</i>	<i>7,583.33</i>	<i>8,666.67</i>	<i>9,750.00</i>	-	-	-	13,000
% of Entitlement*	5.30%	11.31%	16.34%	21.92%	31.75%	44.58%	57.54%	68.76%	77.82%	87.12%	96.41%	106.13%	77.8%

Production versus Consumption, Company Wide

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Production	1,040.12	889.17	1,033.57	1,427.69	2,046.38	2,313.60	1,938.71	1,621.83	1,184.38	-	-	-	13,495.46
Consumption	688.50	781.72	654.18	725.07	1,278.43	1,667.69	1,684.04	1,458.89	1,177.84	-	-	-	10,116.35
Spread	376.64	112.13	418.14	800.91	841.09	715.75	265.92	76.73	52.38	-	-	-	3,659.70
Total Consumption	1,065.14	893.85	1,072.32	1,525.99	2,119.52	2,383.44	1,949.96	1,535.61	1,230.21	-	-	-	13,776.05
Difference	(25.01)	(4.68)	(38.76)	(98.30)	(73.14)	(69.84)	(11.25)	86.22	(45.83)	-	-	-	(280.59)
% of Production	-2.4%	-0.5%	-3.7%	-6.9%	-3.6%	-3.0%	-0.58%	5.3%	-3.9%	0.0%	0.0%	0.0%	-2.1%

Production versus Consumption, Domestic System

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Production	233.74	199.28	207.04	232.45	268.05	371.73	341.80	325.25	303.16	-	-	-	2,482.49
Consumption	105.15	151.27	125.52	121.81	188.33	326.02	309.67	215.78	328.84	-	-	-	1,872.39
Monthly Difference	128.58	48.02	81.52	110.64	79.72	45.71	32.12	109.47	(25.67)	-	-	-	610.11
% difference	122.28%	31.74%	64.95%	90.83%	42.33%	14.02%	10.37%	50.73%	-7.81%	0.00%	0.00%	0.00%	32.6%

Production versus Consumption, Irrigation System

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Production	806.39	689.89	826.53	1,193.17	1,726.22	1,899.39	1,593.10	1,296.59	881.22	-	-	-	10,912.49
Addition from Domestic	128.58	48.02	81.52	110.64	79.72	45.71	32.12	109.47	(25.67)	-	-	-	610.11
Total Production	934.97	737.91	908.05	1,303.82	1,805.94	1,945.10	1,625.22	1,406.06	855.55	-	-	-	11,522.60
Consumption	959.98	742.58	946.81	1,404.17	1,931.19	2,057.42	1,640.29	1,319.84	901.38	-	-	-	11,903.66
Monthly Difference	(25.01)	(4.68)	(38.76)	(100.36)	(125.25)	(112.32)	(15.06)	86.22	(45.83)	-	-	-	(381.06)
% difference	-2.61%	-0.63%	-4.09%	-7.15%	-6.49%	-5.46%	-0.92%	6.53%	-5.08%	0.00%	0.00%	0.00%	-3.2%

* - Out months are Exponential Smoothing (ETS) forecasts based on consumption to date

2020 GW Production Rights

Yearly %	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	8%	17%	25%	33%	42%	50%	58%	67%	75%	83%	92%	100%

Cucamonga Basin Production

Yearly Production Rights = 5996 (4,500AF + 1496AF 10-yr Average Spread)

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Production	154.26	220.79	111.64	166.22	423.36	692.92	750.47	753.51	497.83	-	-	-	
Cumulative Production	154.26	375.05	486.69	652.91	1,076.26	1,769.18	2,519.65	3,273.15	3,770.98	-	-	-	3,770.98
Cumulative Production Rights	499.70	999.40	1,499.10	1,998.80	2,498.50	2,998.20	3,497.89	3,997.59	4,497.29	-	-	-	5,996
% of Production Rights*	2.57%	6.25%	8.12%	10.89%	17.95%	29.50%	42.02%	54.59%	62.89%	71.63%	80.36%	89.39%	62.9%

Six Basins Production

Yearly Production Rights = 932AF

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Production	91.40	87.72	94.80	92.14	157.11	143.40	103.50	98.29	97.08	-	-	-	
Cumulative Production	91.40	179.12	273.92	366.05	523.16	666.56	770.06	868.35	965.43	-	-	-	965.43
Cumulative Production Rights	77.68	155.35	233.03	310.70	388.38	466.05	543.73	621.40	699.08	-	-	-	932
% of Production Rights*	9.81%	19.22%	29.39%	39.27%	56.13%	71.51%	82.62%	93.16%	103.58%	116.03%	128.21%	140.94%	103.6%

Chino Basin Production

Note: Chino Basin production rights are calculated from July through June.

Yearly Production Rights = 1232AF

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR
Production		0.23	0.26	-	0.30	15.25	128.10	131.34	129.58	123.11	-	-	-	528.17
Cumulative Production for 2020		0.23	0.49	0.49	0.79	16.04	144.13	275.48	405.06	528.17	-	-	-	
Water Year 19-20														
Cumulative Production	470.30	470.53	470.79	470.79	471.09	486.34	614.43							614.43
Cumulative Rights	616.00	718.67	821.33	924.00	1,026.67	1,129.33	1,232.00							1,232.00
% of Production Rights 19-20*		38.19%	38.21%	38.21%	38.24%	39.48%	49.87%							
Water Year 20-21														
Cumulative Production								131.34	260.92	384.03	-	-	-	776.30
Cumulative Rights								102.67	205.33	308.00	410.67	513.33	616.00	1,232.00
% of Production Rights 20-21*								10.66%	21.18%	31.17%	41.49%	51.75%	62.03%	

* - Out months are Exponential Smoothing (ETS) forecasts based on basin production to date

2020 Consumption Analysis

Yearly %	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	8%	17%	25%	33%	42%	50%	58%	67%	75%	83%	92%	100%

COMPANY TOTALS

Active Shares

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares
Consumption	688.50	781.72	654.18	725.07	1,278.43	1,667.69	1,684.04	1,458.89	1,177.84	-	-	-		6,178
Cumulative Consumption	688.50	1,470.22	2,124.40	2,849.47	4,127.89	5,795.58	7,479.62	8,938.51	10,116.35	-	-	-	10,116.35	
Cumulative Entitlement	984.00	1,967.99	2,968.59	3,984.15	5,032.73	6,121.90	7,238.74	8,355.58	9,472.43	-	-	-	12,570.67	
% of Yearly Entitlement*	5.48%	11.70%	16.90%	22.67%	32.84%	46.10%	59.50%	71.11%	80.48%	90.09%	99.70%	109.75%	80.48%	

COMPANY TOTALS

All Shares

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares
Consumption	688.50	781.72	654.18	725.07	1,278.43	1,667.69	1,684.04	1,458.89	1,177.84	-	-	-		6,389
Cumulative Consumption	688.50	1,470.22	2,124.40	2,849.47	4,127.89	5,795.58	7,479.62	8,938.51	10,116.35	-	-	-	10,116.35	
Cumulative Entitlement	1,083.33	2,166.67	3,250.00	4,333.33	5,416.67	6,500.00	7,583.33	8,666.67	9,750.00	-	-	-	13,000.00	
% of Yearly Entitlement*	5.30%	11.31%	16.34%	21.92%	31.75%	44.58%	57.54%	68.76%	77.82%	87.12%	96.41%	106.13%	77.82%	

San Antonio Heights

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares
Consumption	63.59	78.93	63.27	62.36	112.85	152.22	158.40	164.74	141.38	-	-	-		624
Cumulative Consumption	63.59	142.52	205.79	268.15	381.00	533.22	691.62	856.36	997.74	-	-	-	997.74	
Cumulative Entitlement	68.48	136.95	215.53	303.12	410.89	543.36	692.68	842.00	991.32	-	-	-	1,268.66	
% of Yearly Entitlement*	5.01%	11.23%	16.22%	21.14%	30.03%	42.03%	54.52%	67.50%	78.64%	89.97%	101.30%	112.64%	78.64%	

City of Upland

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares
Consumption	505.56	575.21	471.54	531.40	995.35	1,336.82	1,317.53	1,095.75	860.98	-	-	-		4,514.75
Cumulative Consumption	505.56	1,080.77	1,552.31	2,083.71	3,079.06	4,415.88	5,733.42	6,829.17	7,690.15	-	-	-	7,690.15	4,515.00
Cumulative Entitlement	765.53	1,531.06	2,296.59	3,062.29	3,827.87	4,593.44	5,359.02	6,124.59	6,890.16	-	-	-	9,186.38	9,186.88
% of Yearly Entitlement*	5.50%	11.76%	16.90%	22.68%	33.52%	48.07%	62.41%	74.34%	83.71%	93.37%	103.02%	113.23%	83.71%	

Monte Vista Water District

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares
Consumption	48.30	47.00	50.20	46.90	42.80	53.80	53.10	51.60	50.70	-	-	-		330
Cumulative Consumption	48.30	95.30	145.50	192.40	235.20	289.00	342.10	393.70	444.40	-	-	-	444.40	
Cumulative Entitlement	55.91	111.83	167.74	223.65	279.57	335.48	391.39	447.31	503.22	-	-	-	670.96	
% of Yearly Entitlement*	7.20%	14.20%	21.69%	28.68%	35.05%	43.07%	50.99%	58.68%	66.23%	73.59%	80.99%	88.41%	66.23%	

City of Ontario

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares
Consumption	42.90	41.70	44.60	41.60	38.00	47.80	47.00	45.80	45.00	-	-	-		295
Cumulative Consumption	42.90	84.60	129.20	170.80	208.80	256.60	303.60	349.40	394.40	-	-	-	394.40	
Cumulative Entitlement	50.06	100.13	150.19	200.25	250.32	300.38	350.44	400.51	450.57	-	-	-	600.76	
% of Yearly Entitlement*	7.14%	14.08%	21.51%	28.43%	34.76%	42.71%	50.54%	58.16%	65.65%	72.94%	80.28%	87.63%	65.65%	

* - Out months are Exponential Smoothing (ETS) forecasts based on consumption to date

2020 Consumption Analysis

Yearly %	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	8%	17%	25%	33%	42%	50%	58%	67%	75%	83%	92%	100%

Cucamonga Valley Water District

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares	4
Consumption	-	-	-	-	-	-	-	-	-	-	-	-			
Cumulative Consumption	-	-	-	-	-	-	-	-	-	-	-	-	-		
Cumulative Entitlement	-	-	-	-	-	-	-	-	-	-	-	-	8.14		
% of Yearly Entitlement*	-	-	-	-	-	-	-	-	-	-	-	-			

Holiday Rock Company

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares	132
Consumption	18.95	19.29	17.38	24.00	33.35	19.96	38.73	32.64	27.23	-	-	-			
Cumulative Consumption	18.95	38.24	55.62	79.62	112.97	132.93	171.66	204.30	231.52	-	-	-	231.52		
Cumulative Entitlement	14.52	29.05	45.72	64.29	87.15	115.25	146.92	178.60	210.27	-	-	-	269.10		
% of Yearly Entitlement*	7.04%	14.21%	20.67%	29.59%	41.98%	49.40%	63.79%	75.92%	86.04%	96.13%	106.39%	116.71%	86.04%		

Red Hills Golf Course

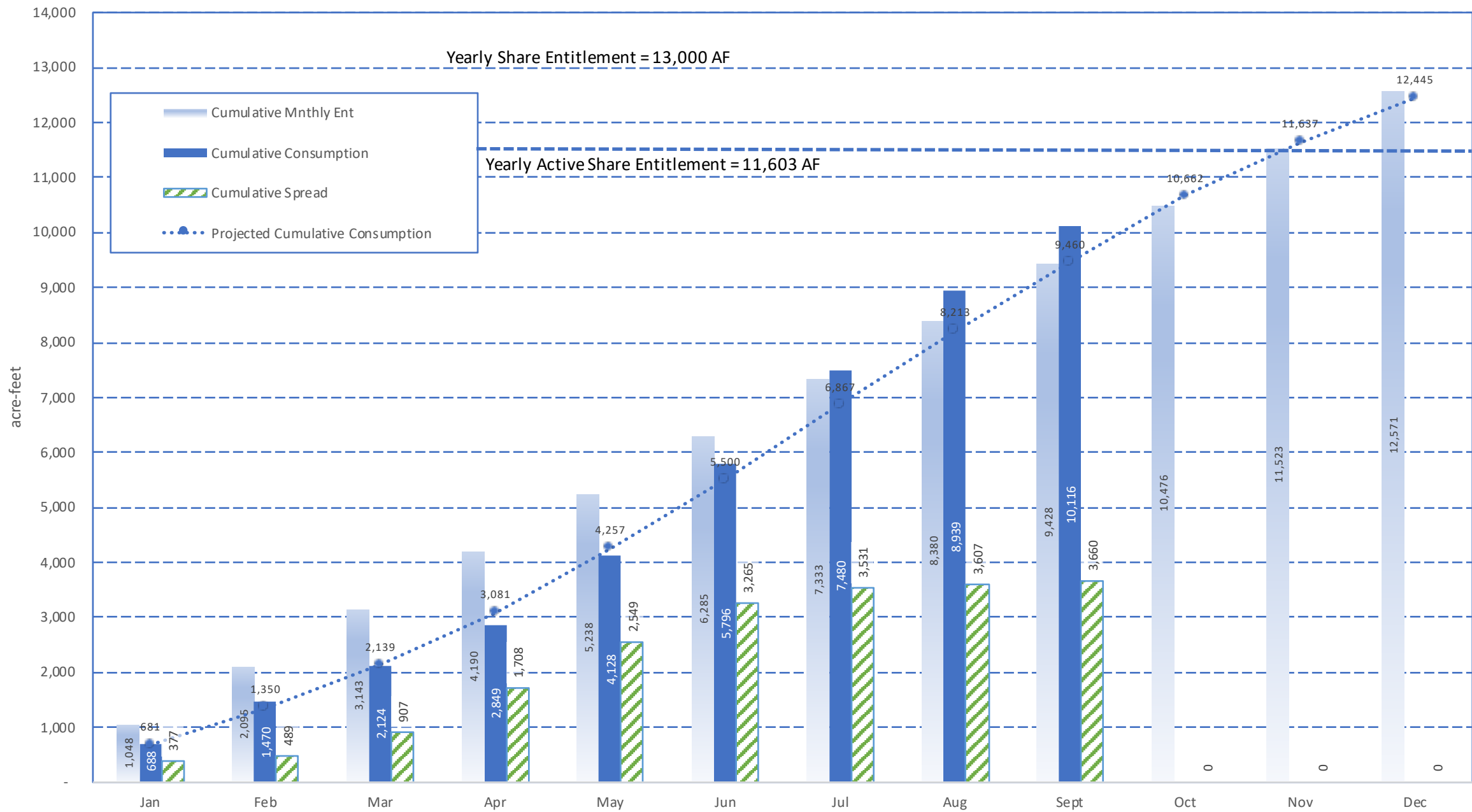
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares	218
Consumption	8.60	17.66	6.68	18.02	48.72	48.36	60.25	57.10	41.93	-	-	-			
Cumulative Consumption	8.60	26.25	32.93	50.96	99.68	148.04	208.30	265.39	307.33	-	-	-	307.33		
Cumulative Entitlement	23.97	47.94	75.45	106.10	143.83	190.20	242.46	294.73	347.00	-	-	-	444.08		
% of Yearly Entitlement*	1.94%	5.91%	7.42%	11.47%	22.45%	33.34%	46.90%	59.76%	69.20%	79.00%	88.80%	98.84%	69.20%		

Minor Irrigators

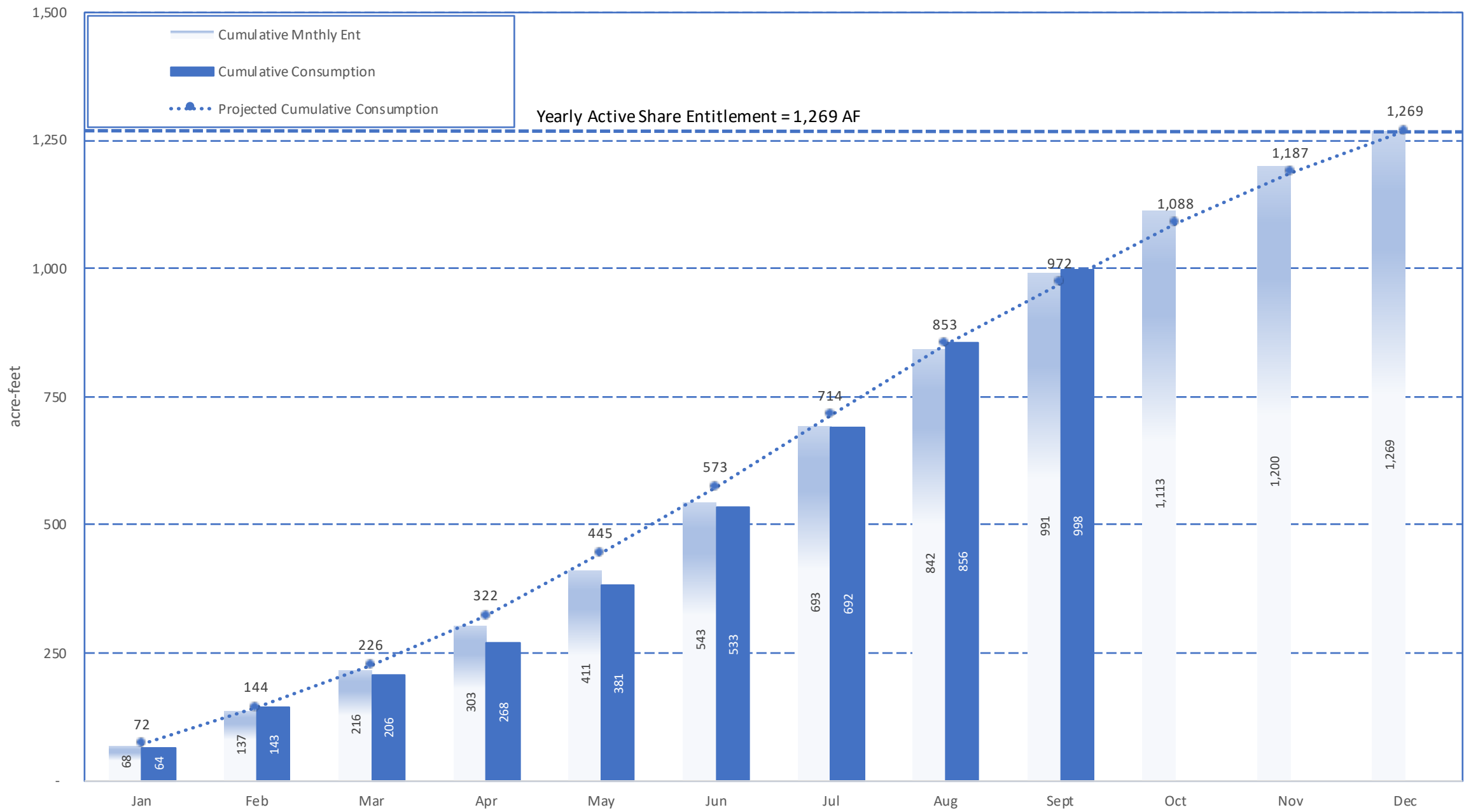
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	THIS YEAR	Shares	50
Consumption	0.58	1.95	0.51	0.46	5.83	7.11	7.36	9.13	9.82	-	-	-			
Cumulative Consumption	0.58	2.53	3.04	3.49	9.32	16.43	23.79	32.93	42.74	-	-	-	42.74		
Cumulative Entitlement	5.52	11.04	17.37	24.43	33.11	43.79	55.83	67.86	79.89	-	-	-	102.25		
% of Yearly Entitlement*	0.57%	2.47%	2.97%	3.42%	9.12%	16.07%	23.27%	32.20%	41.81%	51.32%	60.84%	70.48%	41.81%		

* - Out months are Exponential Smoothing (ETS) forecasts based on consumption to date

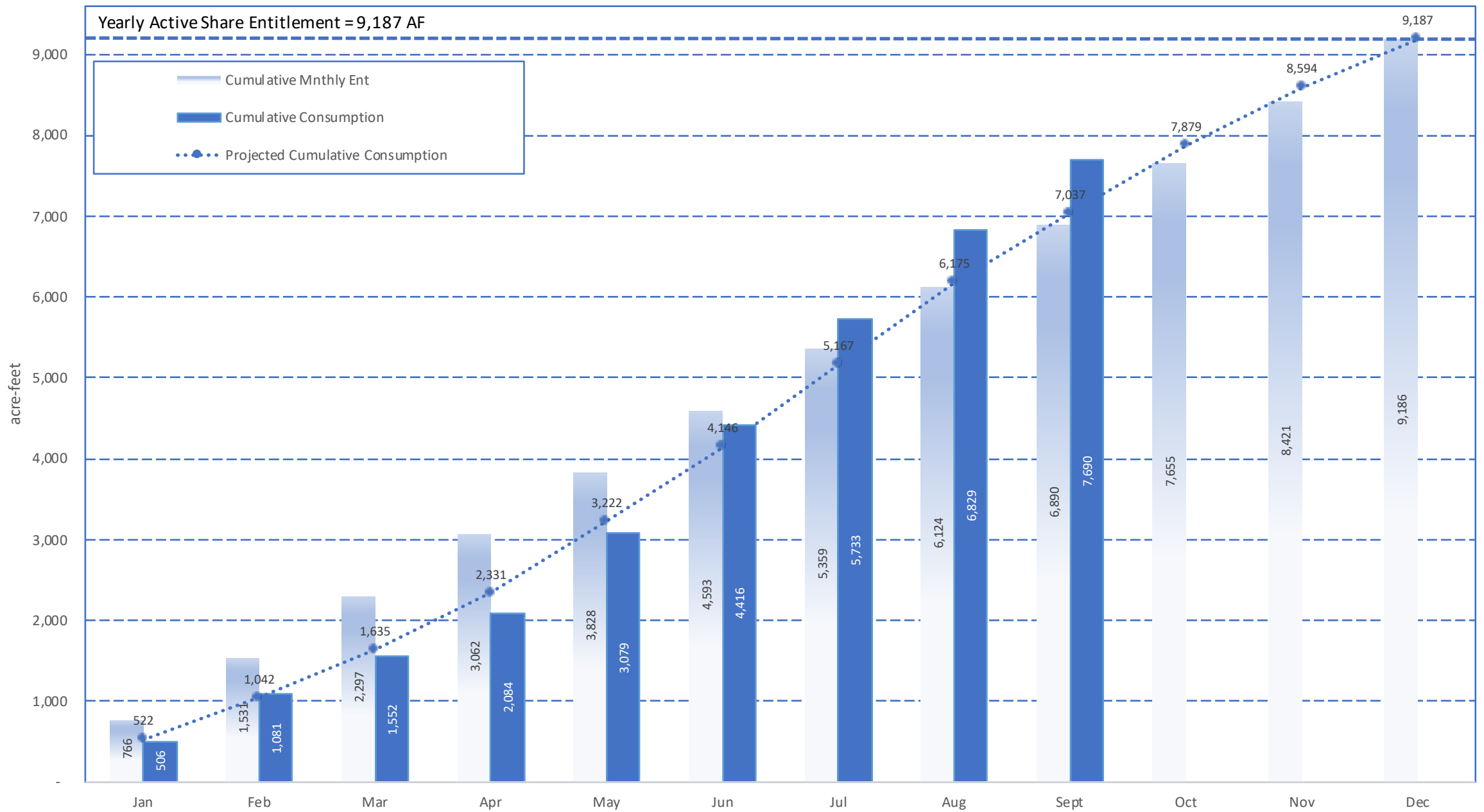
2020 Consumption Chart



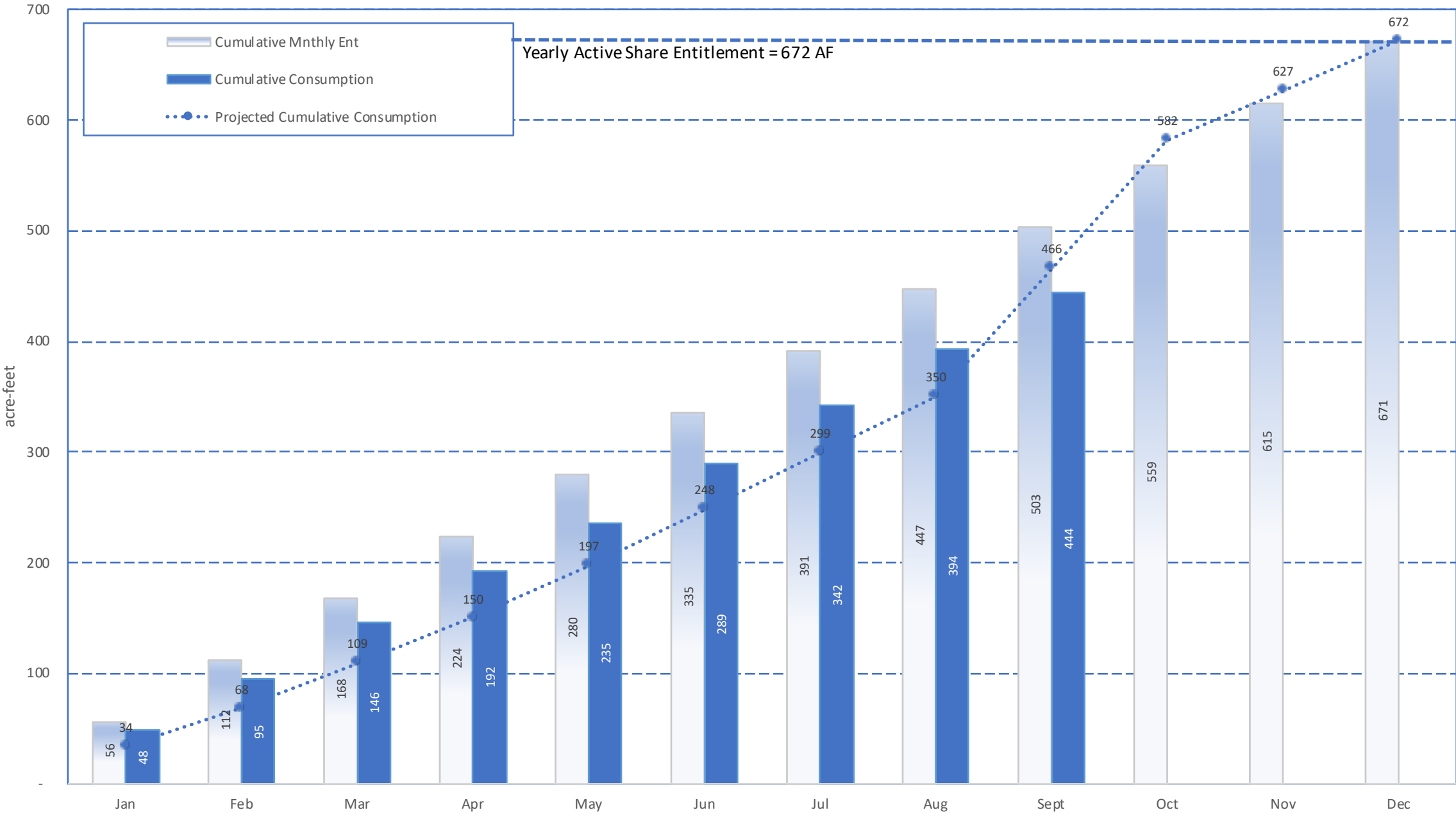
2020 Domestic Consumption



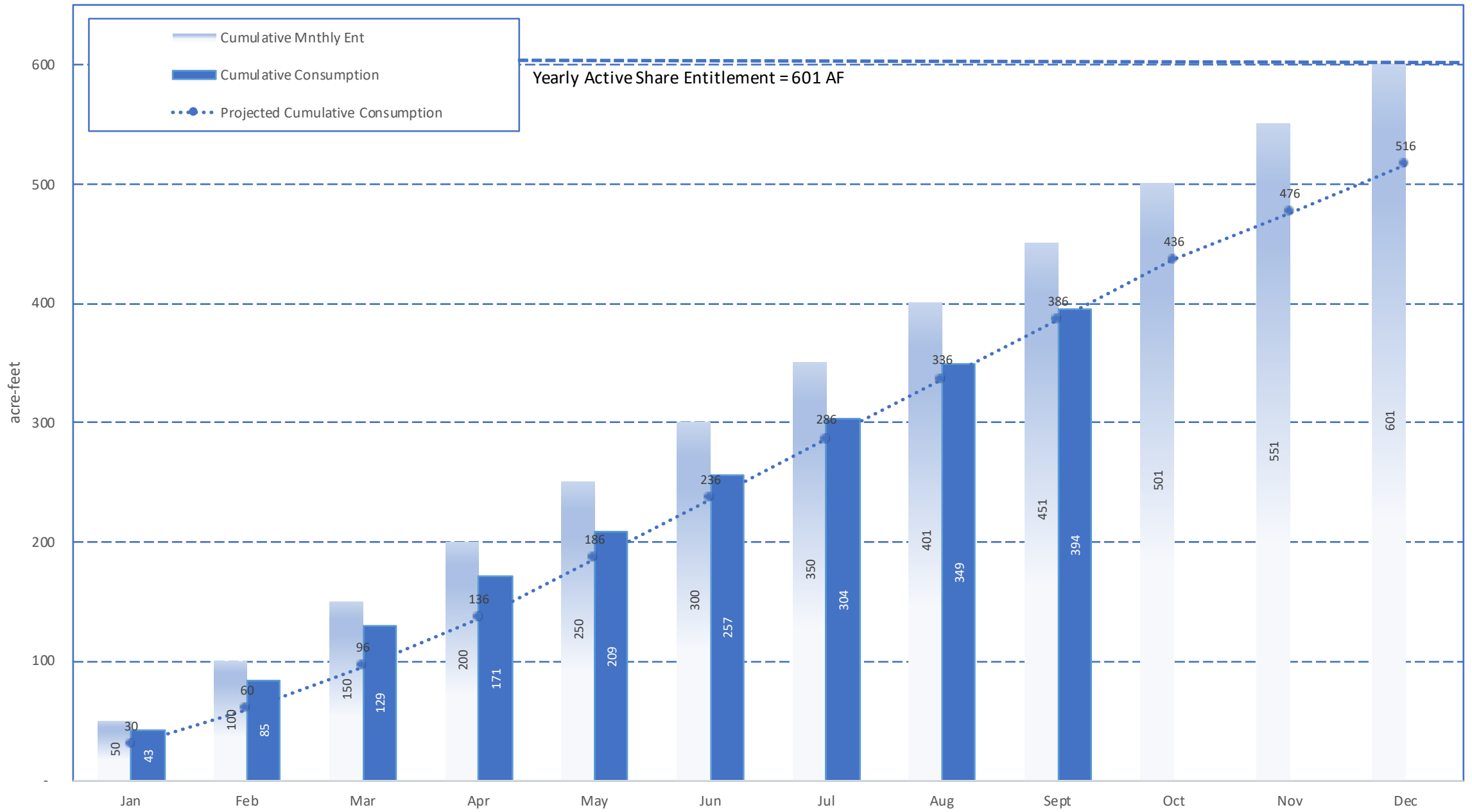
2020 Upland Consumption



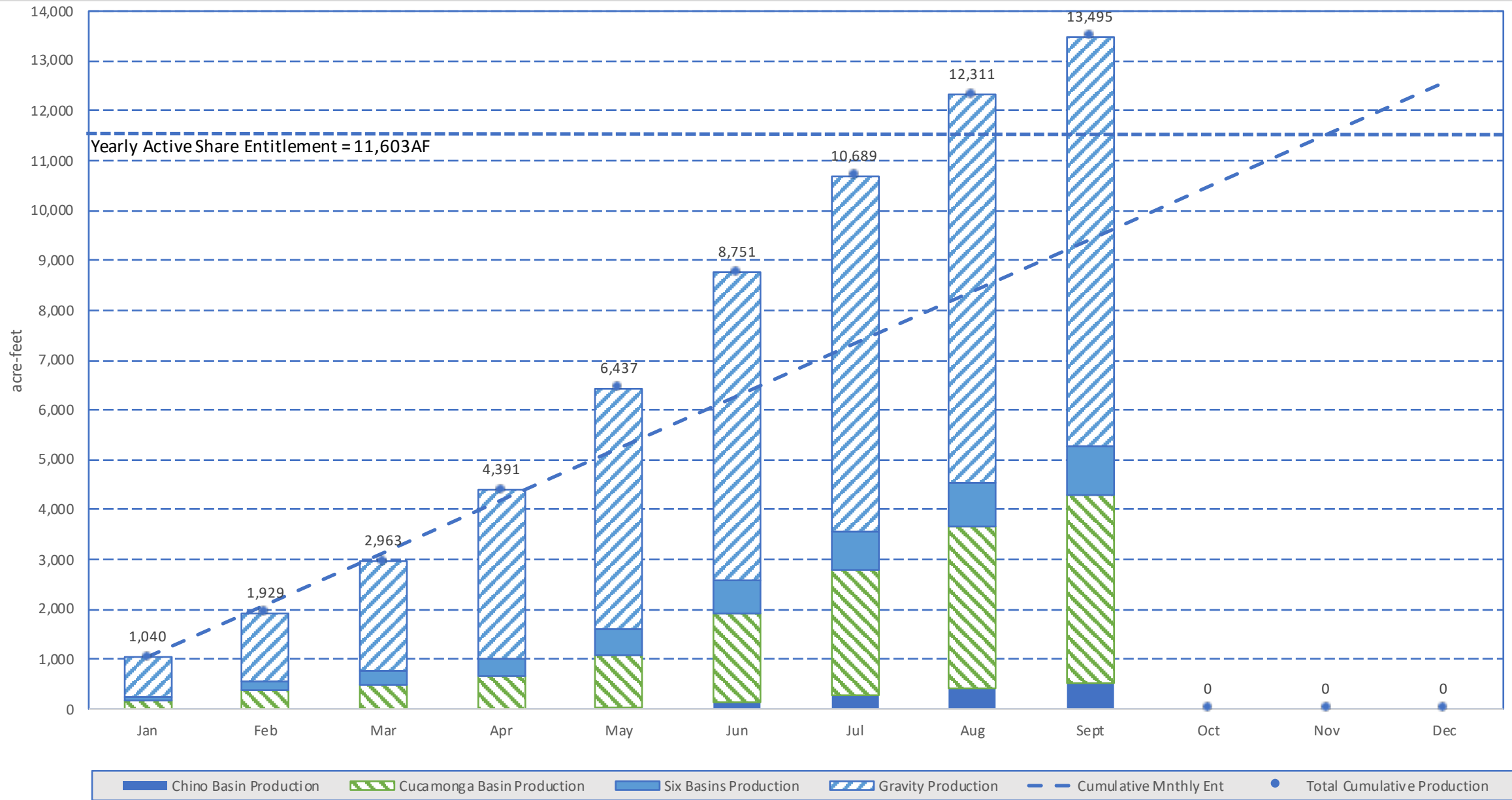
2020 Monte Vista Consumption



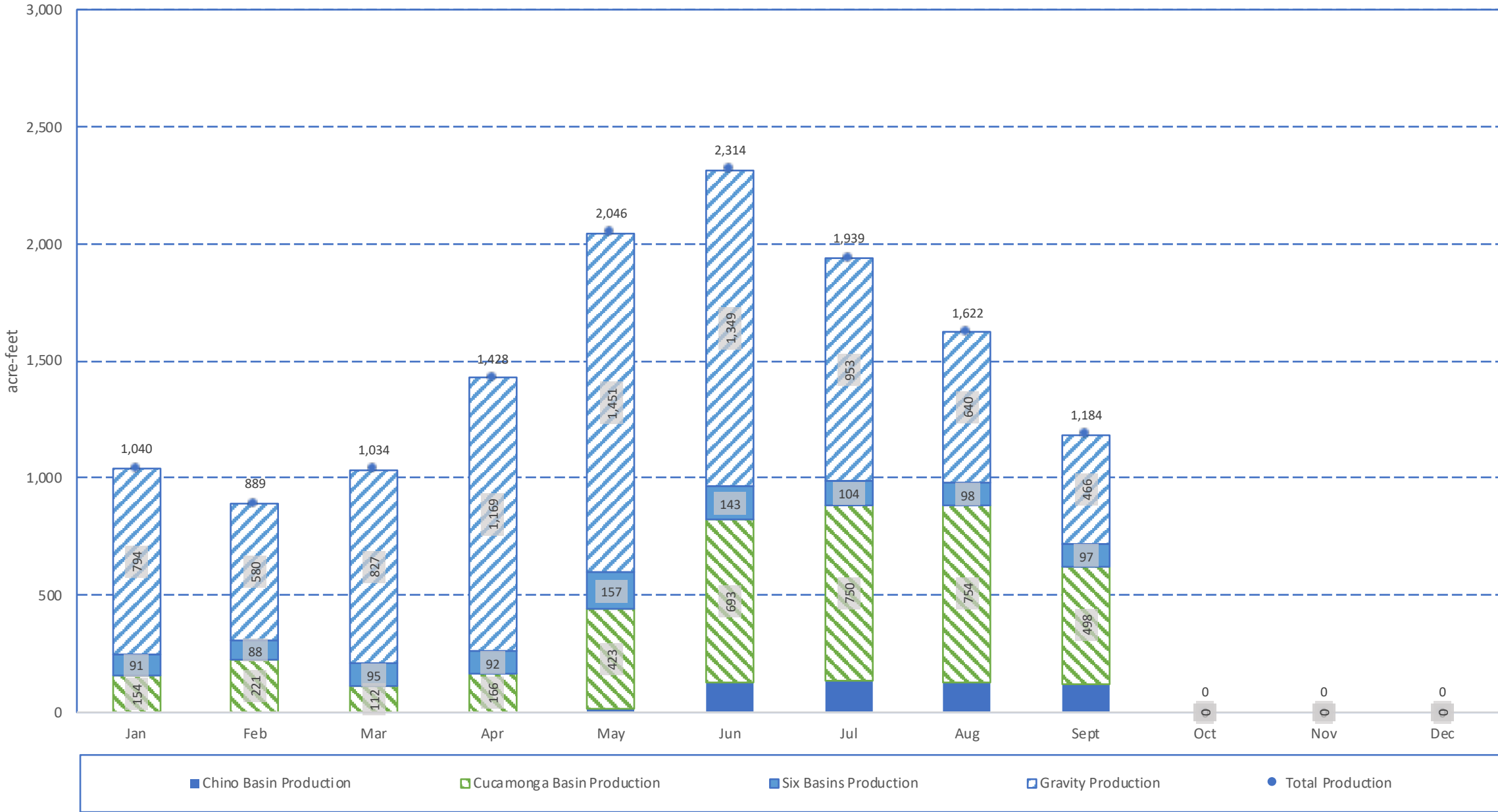
2020 Ontario Consumption



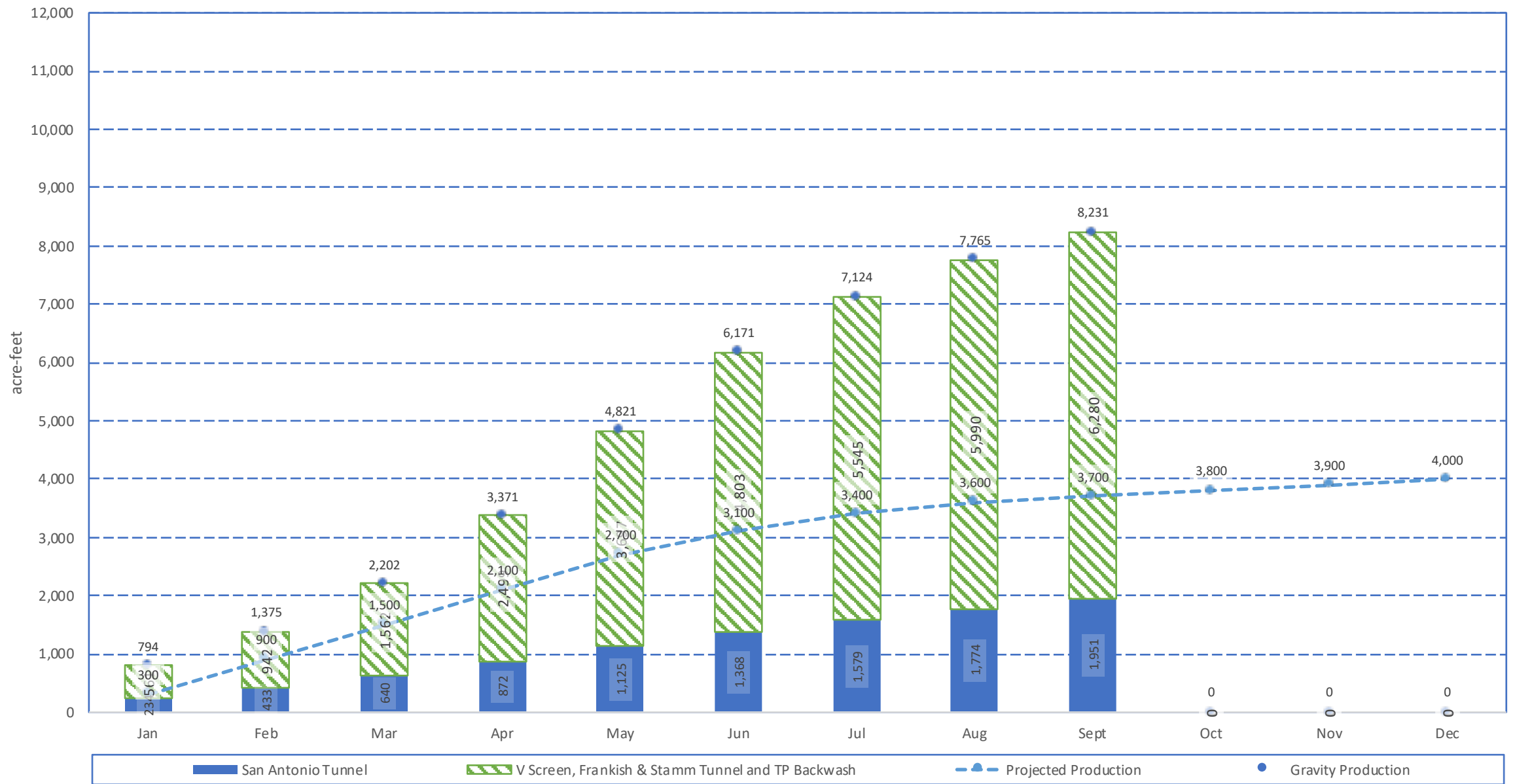
2020 Total Yearly Production



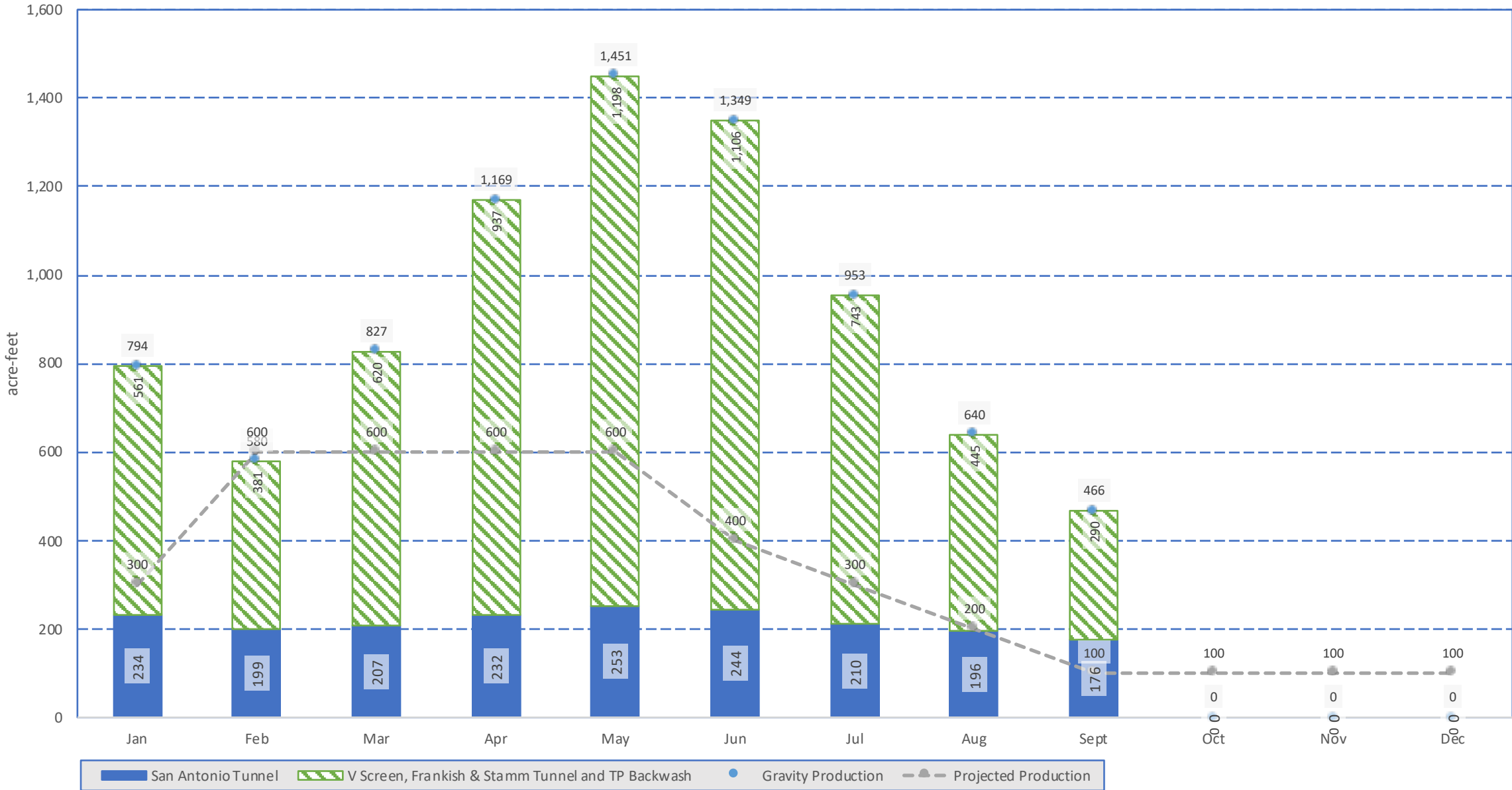
2020 Monthly Production



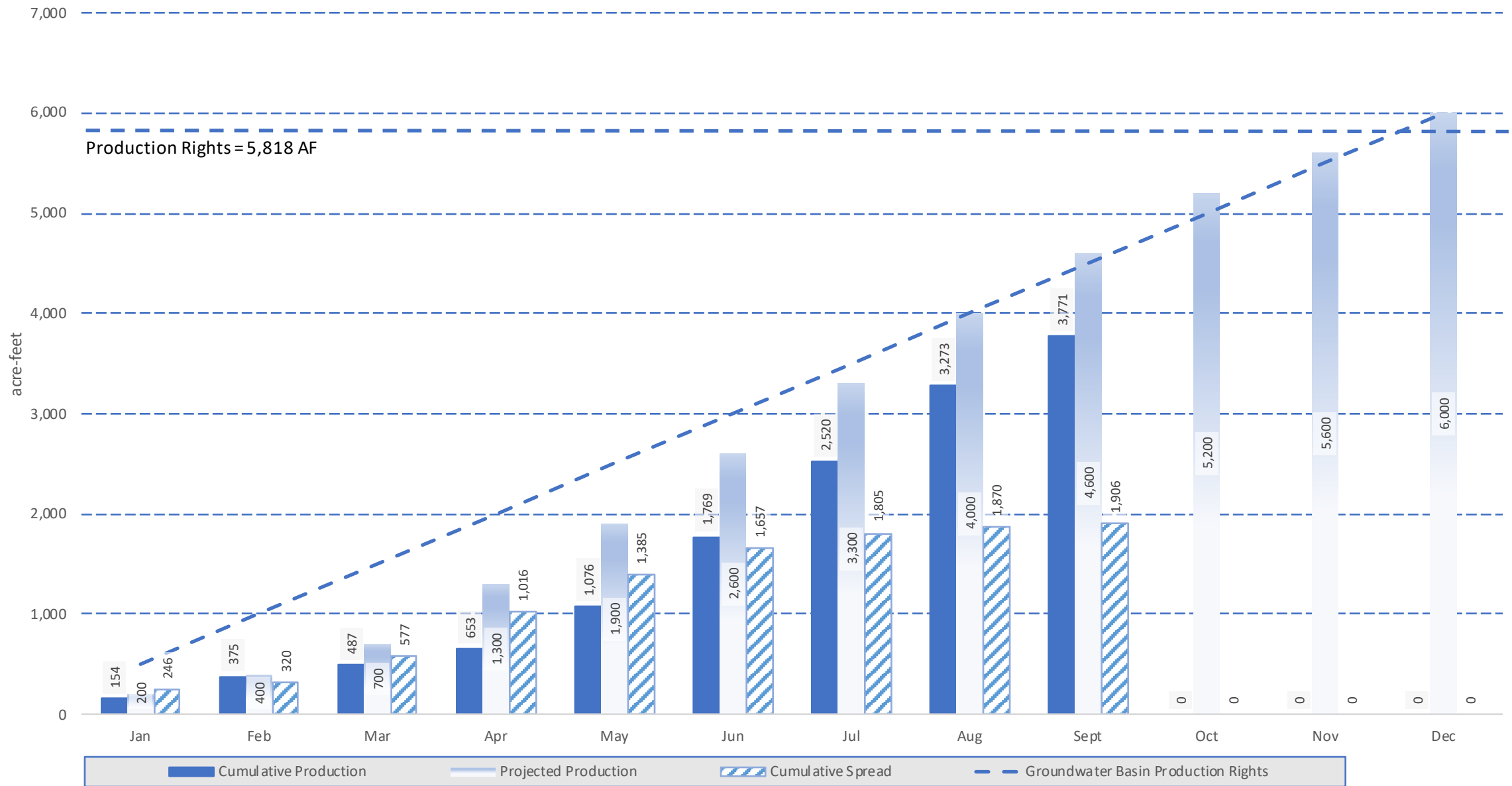
2020 Gravity Cumulative



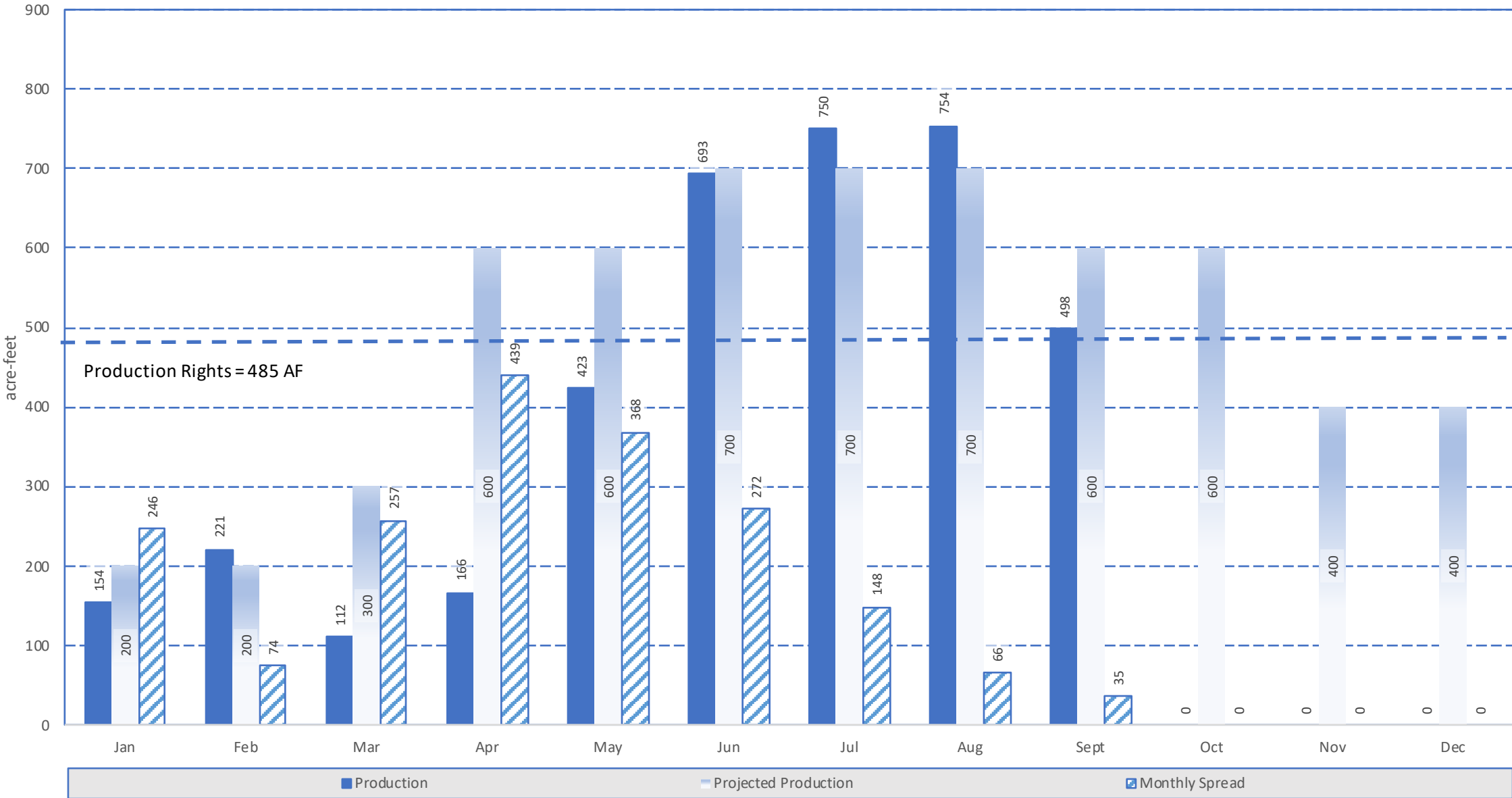
2020 Gravity Monthly



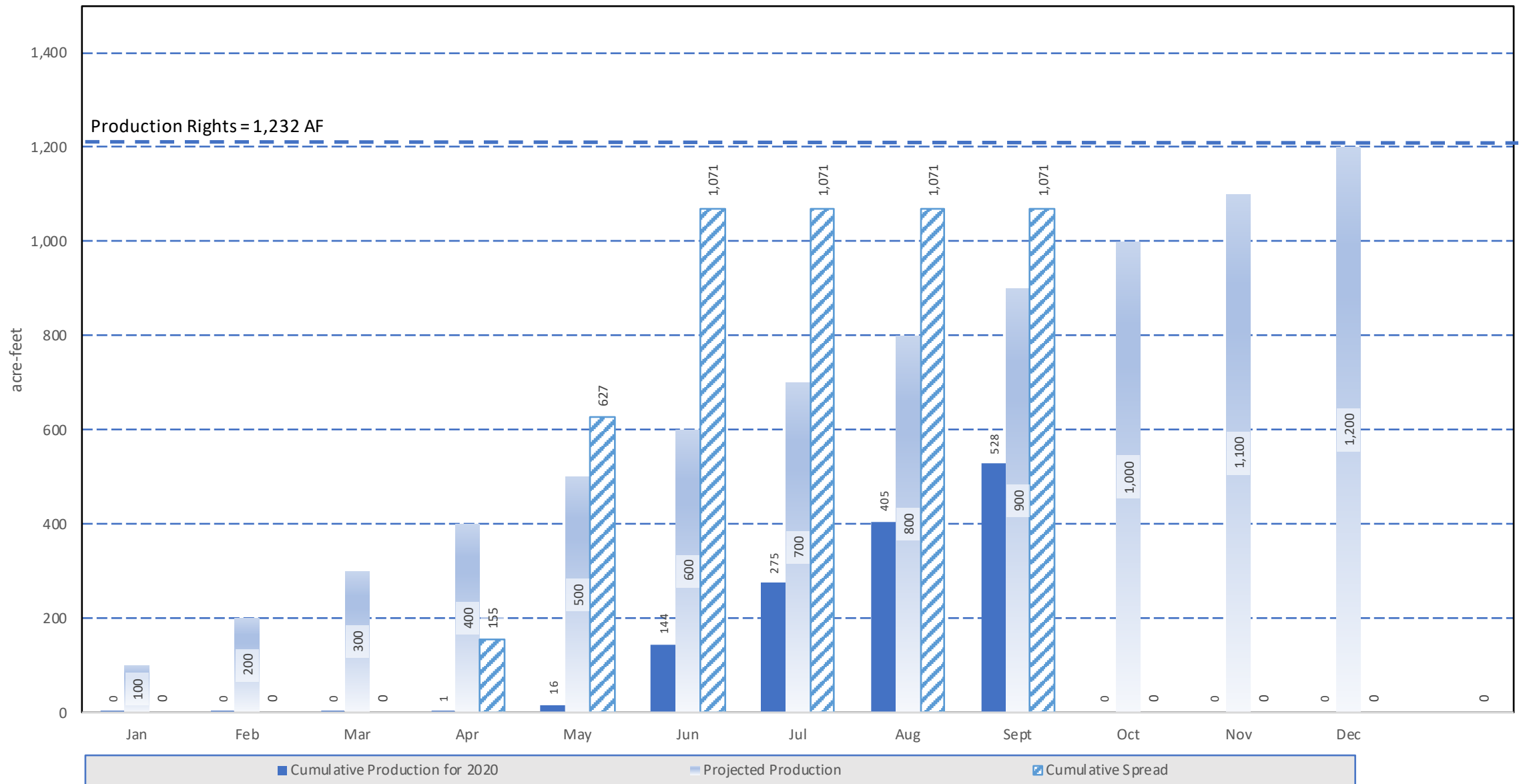
2020 Cucamonga Basin Cumulative



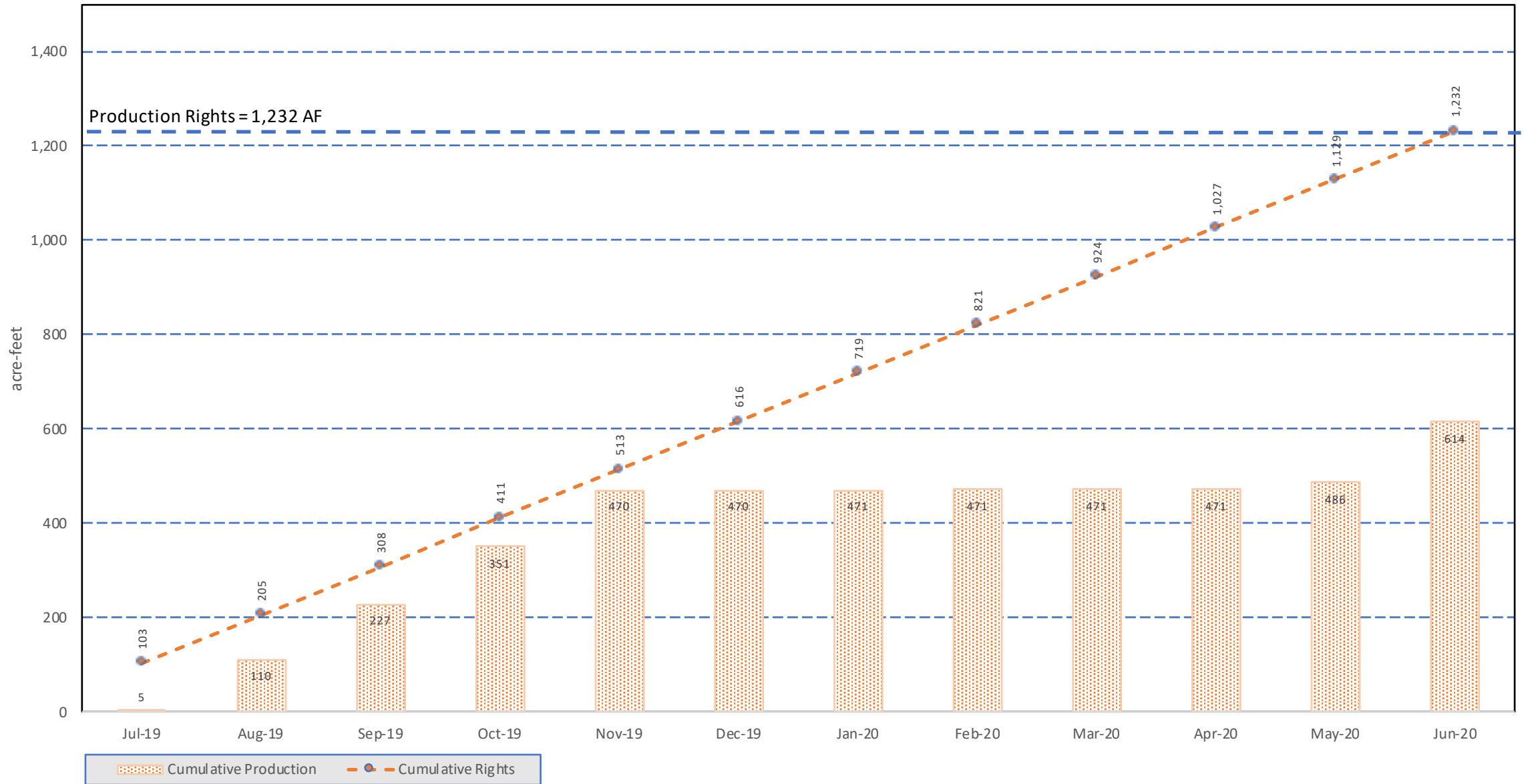
2020 Cucamonga Basin Monthly



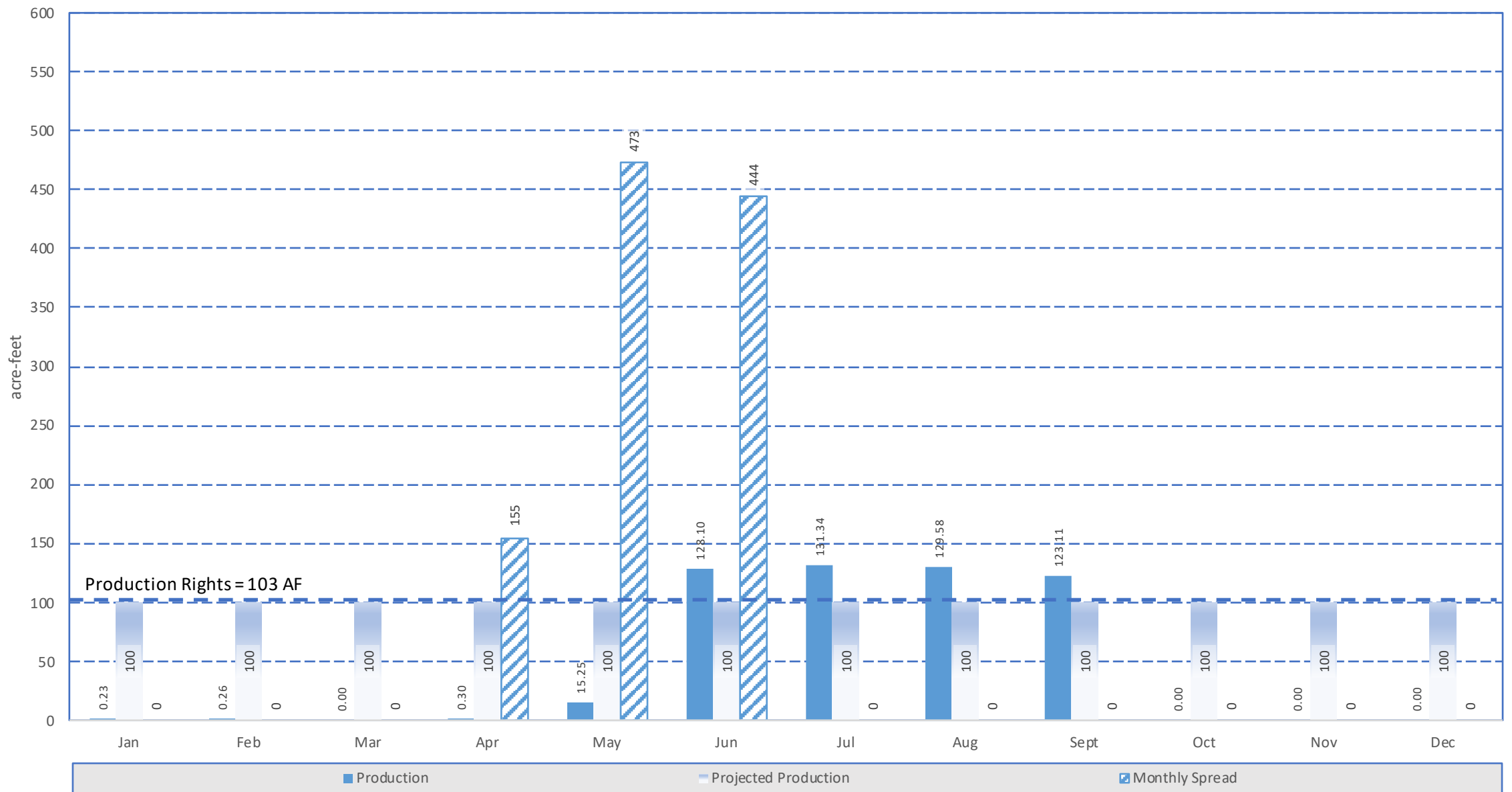
2020 Chino Basin Cumulative



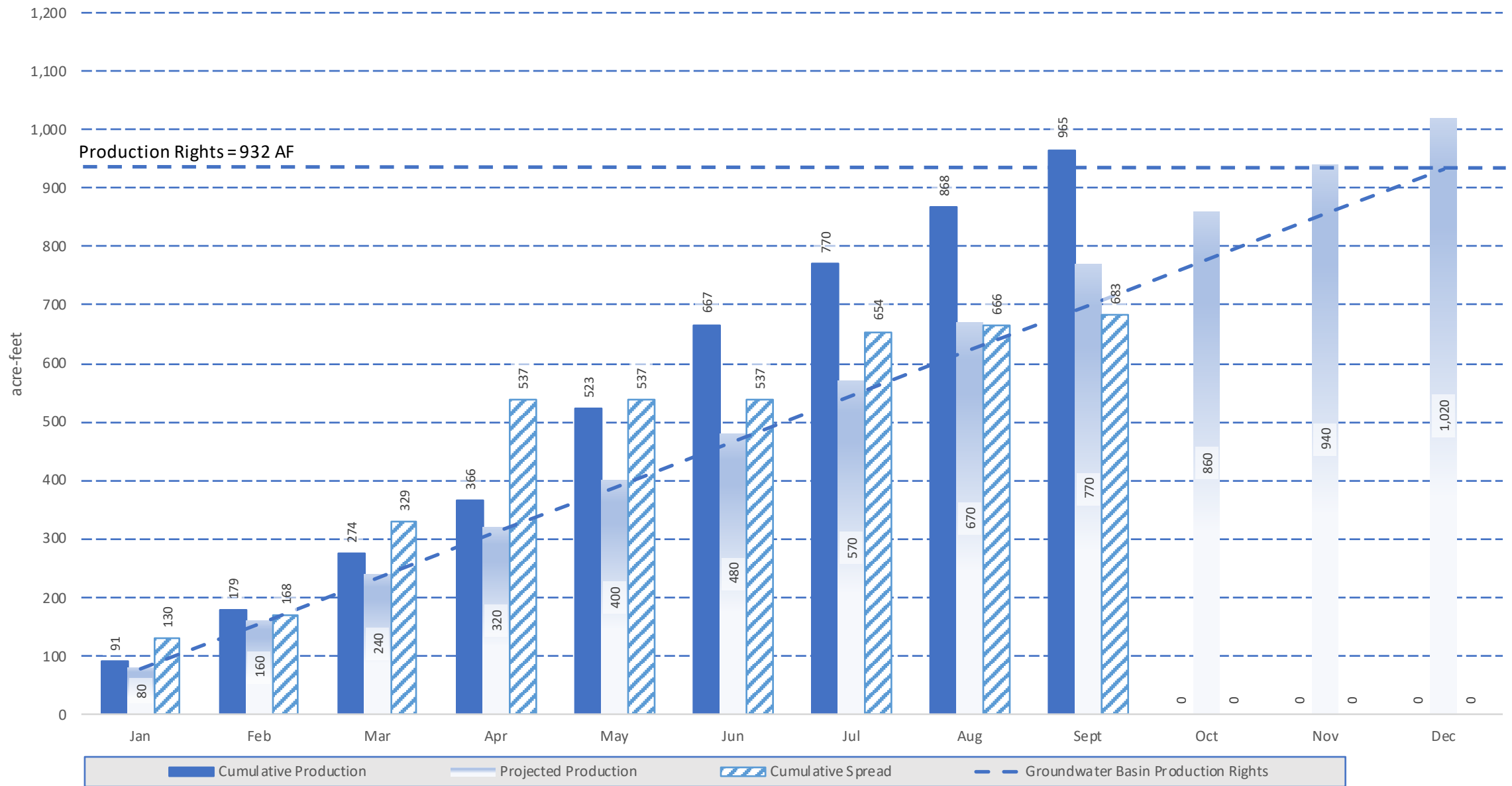
19-20 Chino Basin Cumulative



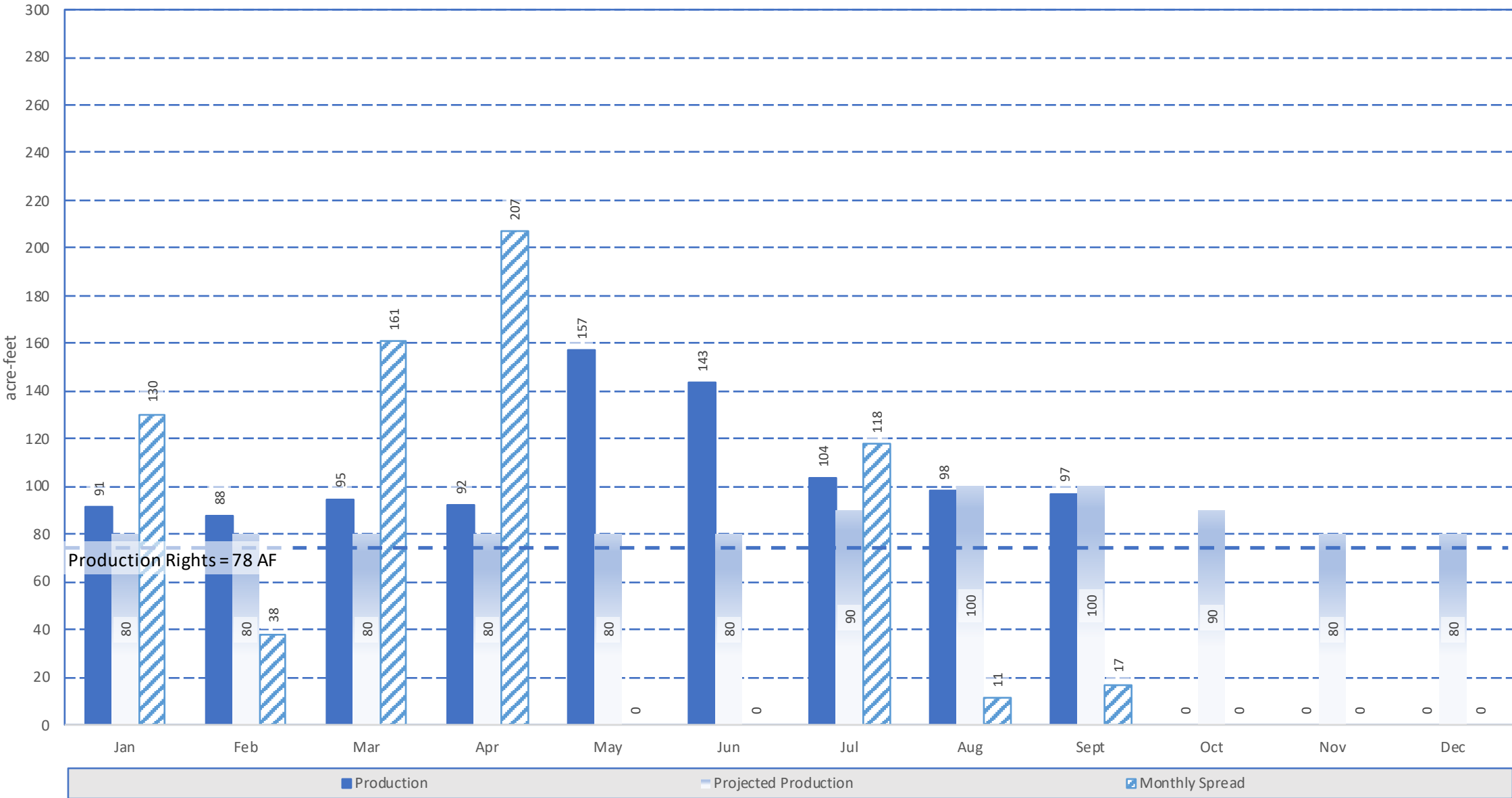
2020 Chino Basin Monthly



2020 Six Basins Cumulative



2020 Six Basins Monthly



A. Water Supply through September 2020

- Annual entitlement for CY2019 is 13,000 AF
 - Cumulative yearly production was 13,495 AF
 - Cumulative yearly consumption was 10,116 AF
 - Cumulative yearly spread was 3,660 AF
 - Cumulative unaccounted water was -281 AF

Six Basins Production for 2020

- Annual production right is 932 AF.
- Cumulative production was 965 AF. Production is sent to the WFA treatment facility to meet City of Ontario and MVWD entitlement.
- The Company has spread a total of 683 AF.

Cucamonga Basin Production for 2020

- Annual production right is 5,818 AF.
- Cumulative production was 3,771 AF.
- The Company has spread a total of 1,906 AF.

Chino Basin Production for 2020

- Annual production right is 1,232 AF.
- Cumulative production was 528 AF.
- The Company has spread a total of 1,071 AF.

Surface Water (San Antonio Creek) flow for 2020

Total flow was 6,017 AF.

Tunnel flow for 2020

San Antonio Tunnel flow was 1,951 AF.
Frankish and Stamm Tunnel flow was 247 AF.

B. Company Stock

2 ¼ share of water stock moved from dormant to active this transfer period.

C. Communication and Information Activities

Staff is communicating on our new "Facebook" page with 179 friends liking our old FB page and 68 customers have liked our new FB page. Communication is posted regularly on the new page and no new communication on the old Facebook page. Facebook is not able to merge the two Facebook pages; therefore we are in discussion of possibly deleting the old page.

D. Administration Matters

Meetings of interest:

- Wed, Sept 16 – GM virtually met with Engineering Manager of MVWD to discuss alternative/additional connections to meet yearly entitlement
- Thu, Sep 17 – GM attended CBWM Appropriative Pool Closed Session
- Thu, Sep 17 – GM attended CBWM Advisory Committee meeting
- Thu, Oct 8 – GM attended CBWM Appropriative Pool meeting and Closed session
- Tue, Oct 13 – GM attended CBWM Appropriative Pool Legal Council meeting
- Thu, Oct 14 – GM attended CBWM Appropriative Pool Closed Session
- Thu, Oct 14 – GM attended CBWM Advisory Committee

E. Groundwater Basin Matters

Chino Basin -

Spread Water from SAWCo - SAWCo has stopped spreading for the 2019/20 year. SAWCo has applied to spread 1,500 AF in 20/21 water year. Application has been fully executed.

Storage Management Plan / Optimum Basin Management Plan – Watermaster issued the final report on the 2020 Storage Management Plan on December 11th.

WM staff intend for the OBMP Implementation Plan to be attached to the Peace Agreement and will require a Peace Agreement amendment.

Discussion is currently focused on the CEQA requirements and a possibly reduced focus on a storage only plan.

Ag Pool Contest and Legal Expenses – In May 2017 the Agricultural Pool initiated adversarial proceedings contesting Appropriative Pool storage within the Chino Basin.

At the end of June 2020, the Agricultural Pool requested a last-minute considerable upward adjustment to their legal budget for the fiscal year ending June 30, 2020. The Agricultural Pool has also sizably increased its 2021 legal budget. These increases are directly related to the Agricultural Pool's actions against the Appropriative Pool. The Agricultural Pool expected that the Appropriative Pool would pay those costs per the Agricultural Pool's interpretation of the Peace Agreement.

The Appropriative Pool has objected to those costs being 'expenses' as defined by the Peace Agreement. While this issue advanced through the process, the Appropriative Pool was the only pool or committee to provide 'advice and assistance' to the CBWM Board, recommending denial of the budget increase.

At its August 25 meeting, at the request of CBWM General Manager and in opposition to the advice and assistance provided by the Appropriative Pool, the WM Board authorized invoicing of those expenses to the Appropriative Pool, while at the same time declaring that they don't take a position on the merits of those invoices. CBWM staff distributed invoices before close of business on that same day. Although payment was due in 30 days, the invoiced parties have 60 days to contest the invoices.

On Sept 14, after discussions with Appropriative Pool legal counsel, CBWM General Manager created a CBWM controlled escrow account to receive payments under established conditions (agreement attached).

On September 19, 2020 SAWCO joined eight other members of the Appropriative Pool in filing a court motion (attached) objecting to payment of the Agricultural Pool's legal bills associated with the Agricultural Pool's lawsuit against the Appropriative Pool. Since the filing, additional AP members have also joined the court motion. The Court hearing is scheduled for October 23.

Through its filing with the courts, the Appropriative Pool has clearly contested the invoices within its 60-day rights. The CBWM General Manager continued to pursue payments by the 30-day deadline, September 25.

As discussed at our September Board Meeting, staff did not intend on paying the invoice, either directly or into a CBWM controlled escrow account, until the issue was resolved by the Court.

At that time the risk was a 10% per annum penalty, which is about \$20 per month of the total \$2,316 special assessment.

On Oct 8th, 2020 the CBWM General Manager released a Staff Memo (attached) stating that 14 Appropriative Pool members made payments into the escrow account. Two Appropriative Pool members did not (although not mentioned in the CBWM Staff report, the two Appropriative Pool members were SAWCO and City of Chino). The CBWM General Manager goes on to state in his memo that he considers all 16 Appropriative Pool members (those 14 who paid into the escrow account and the two who didn't) delinquent in payment of the invoices.

The CBWM General Manager further states that he intends to initiate a show-cause proceeding against only two of the Appropriative Pool members he considers delinquent; SAWCO and City of Chino, upon CBWM Board authorization at its Oct 22 meeting. CBWM General Manager has decided not to request CBWM Board authorization to pursue for-cause proceedings against the 'delinquent' AP Members who have paid into the escrow account until after the court hearing on Oct 23rd.

On Oct 13 your General Manager listened-in on a tele-conference of the Appropriative Pool legal team. The positive nature of that discussion provided the needed assurances he was seeking before contributing to the escrow account. Given the strong position of the Appropriative Pool in this argument, on Oct 15 SAWCO wired the \$2,316.54 payment into the CBWM controlled escrow account. Although under protest, SAWCO considers the invoice paid.

Six Basins –

The last meeting was held on September 23rd. The 5-year agreement for professional services between Six Basins Watermaster and Wildermuth expires the end of this year. There wasn't any comment on changing engineer so the plan is to bring forth another 5 year professional services agreement to the October Six Basins meeting for discussion.

The MS4 Permittees have decided where the best locations for recharge basins were to be located. They have requested a letter of recommendation from the Six Basin parties. One location was not determined to be prime based on the engineer's work and the letter of recommendation would state as such. Holliday Rock is also proposing to dig out an area on PVPA land and Wildermuth is to come back with a proposed recommendation letter.

Following the regular Board meeting was a Strategic Plan Workshop. Wildermuth provided an overview of the Strategic Plan and allowed 2 parties to present their planning scenarios. The two parties were Three Valleys Municipal Water District and the City of Pomona.

Cucamonga Basin –

The working group met virtually on October 6th. We are waiting on Cucamonga Valley Water District (CVWD) to sign the Term of Reference document. They want to run by their legal counsel.

The group agreed to wait until January 2021 to go out to bid for a new engineer for the basin.

TKE has provided a draft of all the party's comments as it relates to modernizing the Judgment. The comments were categorized by legal, technical and general. Not all had a chance to review. We believe that the technical part would need to be done first and would wait until the new engineer is vetted.

The next meeting is scheduled for November 3rd.



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

PETER KAVOUNAS, P.E.
General Manager

STAFF REPORT

DATE: October 8, 2020 (AP and OAP)
October 9, 2020 (ONAP)

TO: AP/ONAP/OAP Members

SUBJECT: AP August 25, 2020 Invoices for \$165,694.75 (Agenda Item III.C.1.)

SUMMARY:

Issue: Status of the AP August 25, 2020 Invoices for \$165,694.75

Recommendation: None

Financial Impact: No impact at this time

Future Consideration

Appropriative Pool – October 8, 2020: Information only

Agricultural Pool – October 8, 2020: Information only

Non-Agricultural Pool – October 9, 2020: Information only

Advisory Committee – October 15, 2020: Information only

Watermaster Board – October 22, 2020: Provide direction to staff [Normal Course of Business]

ACTIONS:

Appropriative Pool – October 8, 2020:

Non-Agricultural Pool – October 9, 2020:

Agricultural Pool – October 8, 2020:

Advisory Committee – October 15, 2020:

Watermaster Board – October 22, 2020:

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,
and to develop and implement an Optimum Basin Management Program*

BACKGROUND

On August 25, 2020, the Watermaster Board directed staff to issue invoices to the Appropriative Pool members for the \$165,694.75 unreimbursed increase in the Overlying (Agricultural) Pool's Fiscal Year 2019-2020 legal budget, allocated on the basis of the "Ag Pool Reallocation." That day, Watermaster staff sent out invoices for this charge to the members of the Appropriative Pool, with such payments being due on September 25, 2020.

On September 14, 2020, at the request of the Appropriative Pool, Watermaster established an escrow account for the purpose of enabling members of the Appropriative Pool to allow them to deposit funds in an amount equal to their respective allocated invoiced share of cumulative reimbursement amount attributable to the Overlying (Agricultural) Pool's claim arising under §5.4 of the Peace Agreement – and to hold their funds for their benefit. Functioning as an escrow, Watermaster has no access to the funds and has no discretion to access or distribute the funds other than as instructed by the depositing party.

As Watermaster has no access to the funds held in escrow, the deposit is not payment – or an excuse from delinquency. There is no agreement among Watermaster and the Appropriative Pool Parties as to the effect of the placement of funds into the escrow account on the provisions of Paragraph 55(c) of the Restated Judgment regarding delinquency of payments, the accrual of interest, and Watermaster's ability to institute a show-cause proceeding to collect payments and interest. As a condition of the establishment of the escrow account, Watermaster made it clear that its staff and counsel made no representation of any kind regarding the legal implications, if any, regarding the placement of funds into the escrow account.

As of the date of this staff letter, fourteen (14) Appropriative Pool members have made payments into the escrow account in the amount of their invoices issued on September 25, 2020, and two (2) members have neither paid Watermaster nor made payments into the escrow account.

On September 18, 2020, nine (9) members of the Appropriative Pool have filed their Motion of Appropriative Pool Member Agencies Re: Agricultural Pool Legal and Other Expenses with the Watermaster Court ("Motion") seeking a determination as to their obligations to pay the underlying invoices. The Motion is presently on calendar for an October 23, 2020 hearing – the day after the Board's October 22, 2020 regular meeting.

Watermaster has issued notices of delinquency to the two (2) Appropriative Pool parties who have neither paid Watermaster nor made payments into the escrow account.

DISCUSSION

As to those parties that have paid into the escrow account, the account is a mechanism through which the members of the Appropriative Pool may separately hold their own money in an interest-bearing account. While held in escrow, Watermaster cannot apply that money to reimburse the Overlying (Agricultural) Pool's account for which it was invoiced. For this reason, **Watermaster staff views those parties that have paid into the escrow account as delinquent in their payments of the August 25, 2020 invoices.** However, depending upon the outcome of the Court's review of the pending Motion, the terms of the escrow instructions established by the Appropriative Pool may result in full-payment along with associated interest on the funds deposited into escrow, a determination that the invoices should not be paid thereby invalidating the surcharge, or another order. It seems unnecessary and impractical to cause a second payment of a like amount. Consequently, Watermaster will not pursue a show-cause proceeding and a delinquency interest pending the outcome of the trial Court's review of the pending nine (9) party motion.

As to the two Appropriative Pool parties who have neither paid Watermaster nor made payments into the escrow account, Watermaster staff will request direction from the Board at its October 22, 2020 meeting to institute a show-cause proceeding to collect payments, interest, and attorney's fees thereunder.

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NOSSAMAN LLP
FREDERIC A. FUDACZ (SBN 50546)
ffudacz@nossaman.com
GINA R. NICHOLLS (SBN 270174)
gnicholls@nossaman.com
777 S. Figueroa Street, 34th Floor
Los Angeles, CA 90017
Telephone: 213.612.7800
Facsimile: 213.612.7801

**EXEMPT FROM FILING FEE
PER GOV. CODE, § 6103**

Attorneys for CITY OF ONTARIO

[Additional Parties on Following Pages]

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER
DISTRICT,

Plaintiff,

vs.

CITY OF CHINO, ET AL.,

Defendants.

Case No: RCVRS 51010

*Assigned for All Purposes to:
Honorable Stanford E. Reichert*

**DECLARATION OF SCOTT BURTON
IN SUPPORT OF MOTION OF
APPROPRIATIVE POOL MEMBER
AGENCIES RE: AGRICULTURAL
POOL LEGAL AND OTHER EXPENSES**

[Concurrently Filed with Notice of Motion;
Memorandum of Points & Authorities; Decl.
of J. Scott-Coe; Request for Judicial Notice;
Proposed Order]

Date: October 23, 2020
Time: 1:30 p.m.
Department: S35

1 Thomas S. Bunn III (CSB #89502)
2 Lagerlof, LLP
3 301 N. Lake Ave., 10th Floor
4 Pasadena, CA 91101-5123
5 (626) 793-9400

6 Attorneys for CITY OF POMONA

7 Thomas H. McPeters, Esq. (SBN 034300)
8 THMcp@aol.com
9 700 E. Redlands Blvd., Suite U-297
10 Redlands, CA 92373
11 Telephone: (909) 253-7730
12 Facsimile: (909) 253-7731

13 Attorney for SAN ANTONIO WATER COMPANY and FONTANA UNION WATER
14 COMPANY

15 ARTHUR G. KIDMAN, CAL. BAR NO. 61719
16 ANDREW B. GAGEN, CAL. BAR NO. 212257
17 KIDMAN GAGEN LAW LLP
18 2030 Main Street, Suite 1300
19 Irvine, CA 92614
20 Telephone: (714) 755-3100
21 agagen@kidmanlaw.com

22 Attorneys for MONTE VISTA WATER DISTRICT and MONTE VISTA IRRIGATION
23 COMPANY

24 BEST BEST & KRIEGER LLP
25 GENE TANAKA, Bar No. 101423
26 Gene.Tanaka@bbklaw.com
27 STEVE ANDERSON, Bar No. 186700
28 Steve.Anderson@bbklaw.com
2001 North Main St., Ste. 390
Walnut Creek, CA 94596
Telephone: (925) 977-3301

Attorneys for CUCAMONGA VALLEY WATER DISTRICT

[Additional Parties on Following Page(s)]

1 ELLISON SCHNEIDER HARRIS & DONLAN LLP
2 ROBERT E. DONLAN (SNB 18618)
red@eslawfirm.com
3 SHAWNDA M. GRADY (SBN 289060)
sgrady@eslawfirm.com
4 2600 Capitol Avenue, Suite 400
5 Sacramento, CA 95816
6 Telephone: (916) 447-2166
7 Attorneys for JURUPA COMMUNITY SERVICES DISTRICT

8
9 MARK D. HENSLEY, State Bar No. 142653
CITY ATTORNEY, CITY OF CHINO HILLS
10 mhensley@hensleylawgroup.com
ELIZABETH M. CALCIANO, State Bar No. 161080
11 ecalciano@hensleylawgroup.com
HENSLEY LAW GROUP
12 2600 W. Olive Avenue, Suite 500
13 Burbank, CA 91505
14 Tel: (818) 333-5120; Fax: (818) 333-5121
15 Attorneys for CITY OF CHINO HILLS

1 **DECLARATION OF SCOTT BURTON**

2 I, Scott Burton, declare:

3 1. I am the Utilities General Manager for the City of Ontario (“Ontario”), a member
4 agency of the Appropriative Pool (“AP”) and a party in the above-captioned case. I have held this
5 position with Ontario for eight years. As the Utilities General Manager I hold overall
6 responsibility for Ontario’s water system and water resources, wastewater system and Integrated
7 Waste services. In connection with my management role for Ontario, I closely follow and
8 regularly participate in matters involving the Chino Basin Watermaster. I attend Watermaster
9 meetings, including meetings of the Watermaster Board of Directors (“Board”) and meetings of
10 the Appropriative Pool Committee. I am well-familiar with matters involving the Watermaster
11 and the AP. I have personal knowledge of the matters set forth herein, unless stated upon
12 information and belief, and if called as a witness, I could and would competently testify to the
13 facts stated herein. As to any matters stated upon information and belief I am informed and
14 believe they are true.

15 2. In my role as Ontario’s Utilities General Manager, I have become increasingly
16 concerned about the scope of Agricultural Pool (“Ag Pool”) expenses that the Ag Pool believes
17 are recoverable from the AP under the Peace Agreement. In particular, I am concerned about
18 expenses incurred by the Ag Pool in connection with adversarial proceedings such as the Storage
19 Contests filed by the Ag Pool in May 2017.

20 3. Based on information and belief in connection with my ongoing participation in
21 Watermaster matters, the Ag Pool Storage Contests are the first of their kind, representing the first
22 time the Contest procedure under the Watermaster Regulations has been utilized.

23 4. The Storage Contests were initiated by the Ag Pool to challenge applications for
24 Local Storage Agreements by certain members of the AP, including Ontario. Through the
25 Contests the Ag Pool opposed these applications for local storage by asserting, among other
26 things, that water in storage accounts exceeds the safe storage capacity of the Basin (which the Ag
27 Pool argued would cause a material physical injury to the Basin). The Storage Contests were
28

1 filed and have proceeded while the recent Safe Yield reset was pending. The Storage Contests,
2 including the Contest against Ontario, were consolidated for hearing and assigned to Mr. Kurt
3 Berchtold as the Hearing Officer.

4 5. It came to my attention through my involvement in the Appropriative Pool
5 Committee that the Ag Pool has incurred legal and expert expenses to prosecute the Storage
6 Contests. On information and belief, these expenses contributed to an overrun of the Ag Pool's
7 Watermaster-approved budget for Fiscal Year ("FY") 2019-2020. The overrun resulted in the Ag
8 Pool's recent request to Watermaster for a budget increase and transfer to cover unpaid legal
9 expenses of the Ag Pool for FY 2019-2020.

10 6. After learning of the overrun of the Ag Pool's Watermaster-approved budget for
11 FY 2019-2020, I met with representatives of other AP member agencies including Mr. Dave
12 Crosley of the City of Chino and Mr. Justin Scott-Coe of Monte Vista Water District.
13 Collectively we objected on behalf of our agencies to the Ag Pool's unbudgeted legal and expert
14 expenses and the overrun. Attached hereto as **Exhibit "A"** is a true and correct copy of the letter
15 outlining our concerns, dated May 12, 2020, and addressed to Mr. Peter Kavounas, PE, General
16 Manager of the Chino Basin Watermaster.

17 7. In response to the May 12 letter, I received a letter from Mr. Kavounas dated June
18 2, 2020, which explained that Watermaster treats Ag Pool legal invoices as attorney-client
19 privileged communications, and Watermaster does not release the detail of invoices or any
20 supporting documentation. Attached hereto as **Exhibit "B"** is a true and correct copy of Mr.
21 Kavounas' letter.

22 8. On June 24, 2020, I wrote to Mr. Kavounas on behalf of Ontario and other AP
23 member agencies to request appropriately redacted supporting documentation for the Ag Pool's
24 invoices. My letter also objected to Watermaster's payment of the Ag Pool's invoices until the
25 AP had an opportunity to review the information. Attached hereto as **Exhibit "C"** is a true and
26 correct copy my letter to Mr. Kavounas.

27 ///

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1 9. On June 30, 2020, as shown by the minutes of the Ag Pool’s special meeting
2 conducted on June 30, 2020, the Ag Pool took formal action demanding that the AP pay the Ag
3 Pool’s unbudgeted legal expenses for FY 2019-2020.

4 10. Next, Ontario and other AP member agencies directed their collective request for
5 appropriately redacted invoices to the Ag Pool. Attached hereto as **Exhibit “D”** is a true and
6 correct copy of a letter from Mr. Scott-Coe on behalf of Monte Vista Water District and other AP
7 member agencies including Ontario, dated July 17, 2020, and addressed to the Ag Pool
8 Committee.

9 11. Mr. Robert Feenstra, Chairman of the Ag Pool Committee, responded on the Ag
10 Pool’s behalf on July 20, 2020. His letter stated that the Ag Pool will not provide the redacted
11 invoices, and that if the AP does not pay its expenses, the Ag Pool will sue the AP Members.
12 Attached hereto as **Exhibit “E”** is a true and correct copy of Mr. Feenstra’s letter.

13 12. In response to multiple communications expressing concerns on behalf of Ontario
14 and other AP member agencies, in oral communications with me and other AP representatives,
15 Watermaster representatives including Mr. Kavounas and Mr. Scott Slater, Watermaster’s
16 General Counsel, further explained that Watermaster treats Ag Pool legal invoices as attorney-
17 client privileged communications and, as such, Watermaster neither reviews Ag Pool legal
18 invoices nor would it release the invoices.

19 13. On August 25, 2020, the Watermaster Board voted to invoice the AP for
20 approximately \$167,000 that the Ag Pool incurred in legal and expert fees in excess of its budget
21 for FY 2019-2020. The Board also voted to approve the Ag Pool’s request to transfer
22 approximately \$63,000 from its Special Projects budget to its Pool Legal Services budget, for a
23 total revised budget in the approximate amount of \$530,000. The Appropriative Pool Committee
24 voted to oppose these actions at its meeting conducted on August 13, 2020, in which I personally
25 participated.

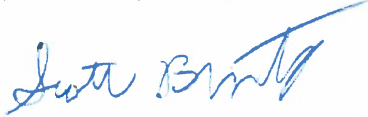
26 14. At a meeting of the Appropriative Pool Committee conducted on September 10,
27 2020, in which I participated, Watermaster notified the AP that the Ag Pool has revised its FY
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1 2020-2021 budget for legal expenses upward from the previously approved amount of \$300,000,
2 by an additional \$200,000 to a new annual budget of \$500,000. In response to my questions
3 asked during the meeting, Watermaster representatives acknowledged that the Ag Pool provided
4 no backup for the requested increase to its legal budget, and Watermaster did not request any.

5 15. Based on information and belief, I understand that during the years following the
6 resolution of the 2009 dispute between the Ag Pool and the AP regarding interpretation of Section
7 5.4(a) of the Peace Agreement, the AP has generally paid Ag Pool assessments and expenses
8 submitted for payment under Section 5.4(a) which were pre-approved through the annual
9 Watermaster budget process. Until recently, AP member agencies such as Ontario understood
10 that such assessments and expenses were related to Watermaster-initiated projects, programs, or
11 actions, and consistent with legitimate Ag Pool functions promulgated in the Judgment. The
12 Storage Contests and recent large budget overruns led me to question the scope and
13 appropriateness of the expenses for which the Ag Pool is demanding payment by the AP.

14 I declare under penalty of perjury under the laws of the State of California that the
15 foregoing is true and correct.

16 Executed this 17th day of September, 2020, at Ontario, California.

17 

18 _____
19 Scott Burton

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EXHIBIT A



May 12, 2020

Mr. Peter Kavounas
General Manager
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Dear Mr. Kavounas,

The three undersigned Appropriative Pool members have objected to the Agricultural Pool's request for a Judgment Amendment which would include portions of Peace Agreement Section 5.4 (a) as part of the Agricultural Pooling Plan. In preparation for the Court hearing on this Motion, we would like to better understand how Watermaster has handled payment of assessments and expenses of the Agricultural Pool under this provision of the Peace Agreement. Accordingly, we respectfully request the following information from Watermaster:

- 1) All documentation supporting Agricultural Pool invoices under Peace Agreement Section 5.4 (a) paid by Watermaster, through assessments on the Appropriative Pool members, for the fiscal year 2018-2019 and for the current fiscal year to date.
- 2) A Statement of all payments made to the Agricultural Pool, or at its request, pursuant to Peace Agreement Section 5.4 (a) for attorney and consultant fees, together with all supporting documentation provided by the Agricultural Pool.
- 3) A Statement of all payments made to the Agricultural Pool, or at its request, pursuant to Peace Agreement Section 5.4 (a) for expenses related to the Storage contest it has filed, if any, together with supporting documentation provided by the Agricultural Pool.
- 4) If payments have been made to the Agricultural Pool, or at its request, relating to the Storage contest, a Statement of the justification for such payments in light of Watermaster Rule 10.26 (a) which provides that each party to the proceeding "shall bear its own costs and expenses...."

We respectfully request this documentation no later than 15 days from the date of this letter. We very much appreciate your anticipated cooperation.

Sincerely,

(signatures on following pages)



Dave Crosley
Water and Environmental Manager
City of Chino

Scott Burton
Utilities General Manager
City of Ontario

Justin Scott-Coe
General Manager
Monte Vista Water District

Dave Crosley
Water and Environmental Manager
City of Chino



Scott Burton
Utilities General Manager
City of Ontario

Justin Scott-Coe
General Manager
Monte Vista Water District

Dave Crosley
Water and Environmental Manager
City of Chino

A handwritten signature in black ink, appearing to be 'DC', written in a cursive style.

Scott Burton
Utilities General Manager
City of Ontario

Justin Scott-Coe
General Manager
Monte Vista Water District

EXHIBIT B



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

PETER KAVOUNAS, P.E.
General Manager

June 2, 2020

RE: Response to RFI Submitted on May 19, 2020

Dear Messrs. Crosley, Burton, and Scott-Coe,

The following information is provided in response to your Request for Information dated May 19, 2020.

Attached are copies of all invoices paid at the request of the Overlying (Agricultural) Pool (OAP) for attorney fees during the described time period; during that period, there have been no payments made to a consultant at the request of the OAP. The information can also be found in the B5 reports provided monthly to the Committees and the Board.

Watermaster handles Legal Counsel expenses as Attorney-Client privileged communications and does not release the detail of the invoices or any supporting documentation. Accordingly, while we have provided the Ag Pool legal counsel's invoices submitted during the described time period, all time entry descriptions have been redacted.

Inquiry as to whether fees paid to an attorney at the request of the OAP included expenses related to the "Storage Contest" would invade the Attorney-Client privilege to determine the nature of the work performed. Therefore, a breakdown of the detail beyond the total amounts paid is not available for release based on its privileged nature.

In regard to section 10.26(a) of the Watermaster Rules and Regulations¹, Watermaster interprets the Rules and Regulations consistent with section 1.3 thereof, which provides:

These Rules and Regulations shall be construed consistent with the Judgment, the Peace Agreement, and the Peace II Agreement. In the event of a conflict between these Rules and Regulations and the Judgment, the Peace Agreement, or the Peace II Agreement, the Judgment, the Peace Agreement, and Peace II Agreement shall prevail. In the event of a conflict between the Peace Agreement, or the Peace II Agreement and the Judgment, the Judgment shall control.

¹ "Each party to the proceeding shall bear its own costs and expenses associated with the proceeding." (Watermaster Rules and Regulations, § 10.26(a).)

Peace Agreement ¶5.4(a) sets forth the requirement that the Appropriative Pool obligation to pay OAP and OAP Committee expenses. In relevant part, ¶5.4(a) provides:

During the term of this Agreement, all assessments and expenses of the Agricultural Pool, including those of the Agricultural Pool Committee shall be paid by the Appropriative Pool.

The initial term of the Peace Agreement expires, unless extended in June of 2030. As such, the costs and expenses of the OAP to the present contest proceedings described in Rules and Regulations section 10.26(a) are treated as expenses as described in paragraph 5.4(a) of the Peace Agreement.

Please do not hesitate to contact me if you have any questions or need further information.

Sincerely,



Peter Kavounas, P.E.

Attachment: Ag Pool Legal Services – July 1, 2018 to April 30, 2020 – Egoscue Invoices

EXHIBIT C

CITY OF



ONTARIO

ONTARIO MUNICIPAL UTILITIES COMPANY

PAUL S. LEON
MAYOR

DEBRA DORST-PORADA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
RUBEN VALENCIA
COUNCIL MEMBERS

June 24, 2020

SCOTT OCHOA
CITY MANAGER

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT BURTON
UTILITIES GENERAL MANAGER

Mr. Peter Kavounas
General Manager
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Dear Mr. Kavounas,

The City of Ontario requests that Watermaster immediately provide the back-up information supporting the legal and consultant invoices submitted by the Agricultural Pool relating to the Storage Contest. Moreover, we request that Watermaster not pay any Agricultural Pool invoices until we have had an opportunity to review this information. Ontario is joined in these requests by the Cities of Chino and Pomona, Jurupa Community Services District, and Monte Vista Water District. We find the reasons advanced by Watermaster for not providing this supporting information and arguing for payment of these invoices by the Appropriative Pool under Section 5.4(a) of the Peace Agreement, to be unsupported. We require that this information be made available immediately so that it can be utilized during the June 26, 2020 Court Hearing on the proposed amendments to the Agricultural Pooling Plan.

By letter dated May 26, 2020, Messrs. Burton, Crosley and Scott-Coe, representing the Cities of Ontario and Chino and the Monte Vista Water District, requested all documents supporting the Agricultural Pool invoices relating to the Storage Contests. The need for this information is apparent as Legal Expenses for a Storage Contest are clearly not reimbursable under Section 5.4 of the Peace Agreement.

Your June 2nd response letter impermissibly interprets the obligation of the Appropriative Pool to reimburse under Section 5.4 so broadly as to allow virtually any expense no matter how divorced that expense is from the appropriate role and authority of the Pool under the Judgment. Such an interpretation is not sustainable, and certainly not in the context of Agricultural Pool Expenditures for the Storage Contest.

Specifically, your response letter ignored (1) an applicable California Supreme Court decision, (2) controlling provisions of our Judgment, and (3) Watermaster's own Rules relating to Contests of Storage Applications. Your letter states that "Watermaster handles Legal Counsel expenses as Attorney-Client privileged communications and does not release the detail of the invoices or any supporting

documentation.” Not only does this position make it impossible for Appropriative Pool members to determine whether such expenses are appropriate and reimbursable under Section 5.4 of the Peace Agreement but is contrary to law.

1. California Supreme Court Authority

The California Supreme Court, in interpreting the Public Records Act in *Los Angeles County Board of Supervisors v. Superior Court* (2016) 2 Cal. 5th 282 held that not everything in an invoice for legal services is categorically privileged. Instead, the contents of an invoice are privileged only to the extent they communicate information for the purpose of legal consultation. The fact that parts of an attorney invoice may contain privileged information does not justify withholding the entire document where the invoice can be disclosed with appropriate redactions. *Los Angeles County Board of Supervisors v. Superior Court* 2 Cal 5th at 299-300. Contrary to these principles, Watermaster has made no attempt to disclose the invoices with appropriate redactions so that the Appropriative Pool members can determine what portions of the invoices relate to the Storage Contest versus other issues.

2. Controlling Provisions of the Judgment

Importantly, the Agricultural Pool is further constrained by our Judgment, which certainly dictates how Section 5.4 of the Peace Agreement should be interpreted. Section 38 (a) of the Judgment limits the role of the Pool Committee to “developing policy recommendations for administration of its particular pool...”. In that context, a Pool Committee under Section 38 (c) of the Judgment is “entitled to employ counsel and expert assistance in the event that...such Pool...seeks Court Review of any Watermaster action or inaction.” Nowhere else in the Judgment or the Pooling Plans is the Agricultural Pool entitled to employ counsel or expert assistance. Certainly, the Storage Contest improperly initiated by the Agricultural Pool before Kurt Berchtold cannot be construed as “Court review of any Watermaster action or inaction.”

3. Watermaster Rules and Regulations

Lastly, the Agricultural Pool is not a party to the Judgment and is not authorized to contest an application under Watermaster Rules and Regulations, Section 10.13. That section states that “a Contest to the Application may be filed by any party to the Judgment” and does not authorize participation by a Pool. Further, Section 10.26 of the Rules states that each such party “shall bear its own costs and expenses associated with the proceeding.” Finally, the Peace Agreement itself at Section 10.5 provides that each Party shall bear its own attorney’s fees and costs “in connection with the subject matter of this Agreement.”

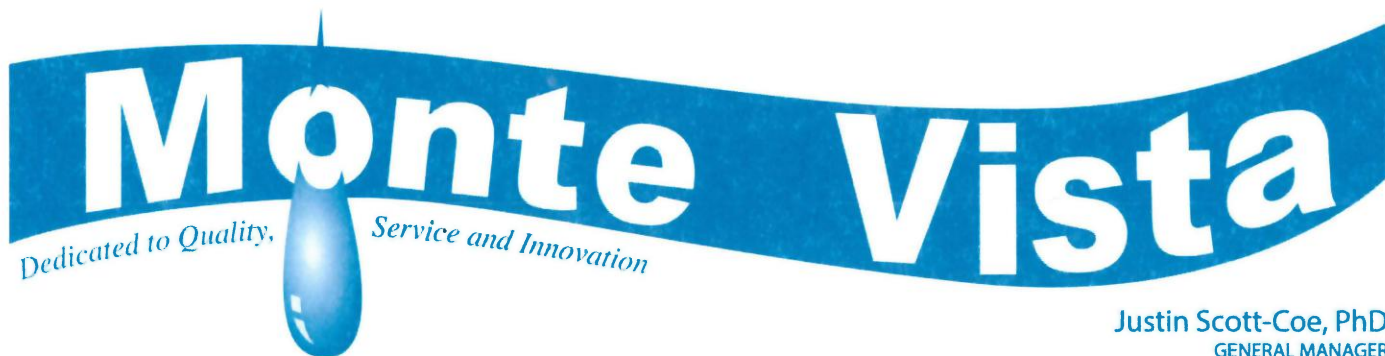
In sum, members of the Appropriative Pool have a pressing need for the documentation which will disclose if any of the expenses invoiced by the Agricultural Pool have been improperly incurred in connection with the Storage Contest, an unauthorized expenditure under our Judgment. We very much appreciate your anticipated cooperation.

Sincerely,



Scott Burton
Utilities General Manager

EXHIBIT D



July 17, 2020

Overlying Agricultural Pool Committee
c/o Peter Kavounas, General Manager
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

SENT VIA EMAIL ONLY: pkavounas@cbwm.org

Dear Chairperson Feenstra and Committee Members:

Monte Vista Water District requests the Overlying Agricultural Pool (“Ag Pool”) to provide documentation supporting Ag Pool legal and consultant invoices submitted to Watermaster regarding the Ag Pool Storage and Transfer Contest (“Contest”). Such documentation should include attorney bills, redacted as appropriate, and unredacted consultant bills. Monte Vista Water District is joined in this request by the following members of the Appropriate Pool: the Cities of Chino, Chino Hills, Ontario, Pomona, and Upland, Cucamonga Valley Water District, Fontana Water Company, Fontana Union Water Company, Jurupa Community Services District, Monte Vista Irrigation Company, San Antonio Water Company, and West End Consolidated Water Company (collectively, “AP Members”).

In addition, and since the Appropriate Pool has been denied any opportunity so far to review either unredacted or redacted versions of Ag Pool legal expenses, the AP Members request that the Ag Pool reimburse the AP for all Ag Pool legal and consultant invoices submitted to Watermaster regarding the Ag Pool Contest since such invoices are clearly outside the expenses contemplated by Section 5.4(a) of the Peace Agreement. In addition to Ag Pool expenses regarding its Contest, the AP Members object to, and request reimbursement of, all other Ag Pool expenses not contemplated by Section 5.4(a) which have been submitted to Watermaster and paid by the Appropriate Pool.

The expenses contemplated in Section 5.4(a) are limited to those generated by Watermaster (i.e. Watermaster’s performance) – not expenses generated by the Ag Pool such as legal and consultant fees to initiate litigation or a Contest. This limited scope of expenses is evidenced by:

- (1) The Peace Agreement in its entirety;
- (2) Introductory language to Section 5.4, which states that the “Parties expressly consent to *Watermaster’s performance* of the following actions, programs or procedures regarding assessments”;

W a t e r D i s t r i c t

10575 Central Avenue, Post Office Box 71 • Montclair, CA 91763 • (909) 624-0035 • FAX (909) 624-4725 • www.mvwd.org

Sandra S. Rose
PRESIDENT

G. Michael Milhiser
VICE PRESIDENT

Manny Martinez
DIRECTOR / BOARD AUDITOR

Philip L. Erwin
DIRECTOR

Tony Lopez
DIRECTOR

- (3) The title of Section 5, which is “*Watermaster Performance*”; and
- (4) Examples of assessments and expenses in Section 5.4(a), which include OBMP Assessments, General Administrative Expenses, and Special Project Expenses – assessments and expenses generated by Watermaster’s performance in its role as an arm of the court. Aside from Watermaster Special Project Expenses, Section 5.4(a) does not provide for payment of Ag Pool legal or consultant fees.

As stated in a letter to Watermaster dated June 24th, which is attached, Ag Pool expenses are further constrained by Section 38 of the Judgment, which limits the role of the Pool Committee to “developing policy recommendations...” and entitles a Pool Committee “to employ counsel and expert assistance” to seek “Court Review of any Watermaster action or inaction” (i.e. Watermaster performance or failure to perform). Certainly, the Contest improperly initiated by the Ag Pool cannot be construed as “Court review of any Watermaster action or inaction.” And Ag Pool costs to review Watermaster action or inaction under Paragraph 38 are not payable by the Appropriate Pool under the Peace Agreement.

In a separate and concurrent letter to Watermaster, which is attached, AP Members request Watermaster to deny the Ag Pool’s requested budget amendment and payment of unpaid invoices until the AP has an opportunity to review the documents in support of Ag Pool expenses before Watermaster takes action. Accordingly, AP Members request such documentation (and reimbursement) from the Ag Pool for all Ag Pool legal and consultant invoices regarding the Contest (and object to, and request reimbursement of, all other Ag Pool expenses not contemplated by Section 5.4(a)).

Thank you for your time and attention to this matter. We request a written response within ten (10) business days.

Sincerely,

Monte Vista Water District



Justin M. Scott-Coe
General Manager

Attachments: AP Members Letter to Watermaster dated June 24, 2020
AP Members Concurrent Letter to Watermaster

cc: Tracy Egoscue, Esq. (Tracy@Egoscuelaw.com)
Scott Slater, Esq. (SSlater@bhfs.com)

EXHIBIT E

Agricultural Pool

Chair: Bob Feenstra
Vice-Chair: Jeff Pierson



Chino Basin Watermaster

9641 San Bernardino Road, Rancho Cucamonga, Ca. 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

July 20, 2020

Via Email Only: pkavounas@cbwm.com

Monte Vista Water District and Joining Members of the Appropriative Pool
c/o Peter Kavounas, General Manager
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Dear Mr. Scott-Coe and "AP Members":

This letter serves as the Overlying (Agricultural) Pool's (Agricultural Pool) written response to your letter dated July 17, 2020 by "AP Members"— Monte Vista Water District, the Cities of Chino, Chino Hills, Ontario, Pomona, and Upland, Cucamonga Valley Water District, Fontana Water Company, Fontana Union Water Company, Jurupa Community Services District, Monte Visit Irrigation Company, San Antonio Water Company, and West End Consolidated Water Company.

Your correspondence requests that the Agricultural Pool reimburse the Appropriative Pool for all Agricultural Pool legal and consultant invoices submitted to the Chino Basin Watermaster regarding the Agricultural Pool Contest. The July 17, 2020 letter asserts that legal and consultant expenses of the Agricultural Pool related to the Contest are "clearly outside the expenses contemplated by Section 5.4(a) of the Peace Agreement" and that Agricultural Pool expenses are constrained by Section 38 of the Judgment, which limits the role of the Pool Committee to "developing policy recommendations..." and entitles a Pool Committee "to employ counsel and expert assistance" to seek "Court Review of any Watermaster action or inaction."

These assertions are wrong, disingenuous, and made in bad faith. The invoices requested by the AP Members are protected by attorney-client privilege and the Agricultural Pool declines to provide such invoices to avoid waiver of its attorney-client privilege.¹

Additionally, Section 5.4(a) of the Peace Agreement explicitly states that the Appropriative Pool consents to pay *all* assessments and expenses of the Agricultural Pool, specifically:

During the term of this Agreement, all assessments and expenses of the Agricultural Pool including those of the Agricultural Pool Committee shall be paid by the Appropriative Pool.

There is no ambiguity in determining the meaning of the phrase "*all assessments and expenses of the Agricultural Pool.*" All assessments and expenses mean *all assessments and expenses*. Therefore, the

¹ *Los Angeles County Board of Supervisors v. Superior Court* (2016) 2 Cal.5th 282.

Agricultural Pool further declines to reimburse the Appropriative Pool for any legal or consultant expenses.

Also, interpreting Section 38 of the Judgment to constrain Pool Committees to employing counsel or experts only in seeking court review of Watermaster action/inaction is improper, unreasonable and would deprive the Pool Committees of fully and effectively participating in the Chino Basin Watermaster process.

If the AP Members continue to refuse to act in accordance with the plain language of the terms of the contractual Peace Agreement requiring payment of *all assessments and expenses of the Agricultural Pool*, the Agricultural Pool will be forced to bring suit for breach of contract, damages, and any other relief the Court deems suitable.

Sincerely,

Robert Feenstra,
Chair

CC: Justin Scott-Coe
Scott Slater
Brad Herrema
Andrew Gagen

CHINO BASIN WATERMASTER

Case No. RCVRS 51010

Chino Basin Municipal Water District v. City of Chino, et al.

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On September 21, 2020 I served the following:

1. DECLARATION OF SCOTT BURTON IN SUPPORT OF MOTION OF APPROPRIATIVE POOL MEMBER AGENCIES RE: AGRICULTURAL POOL LEGAL AND OTHER EXPENSES

/ X / BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

See attached service list: Mailing List 1

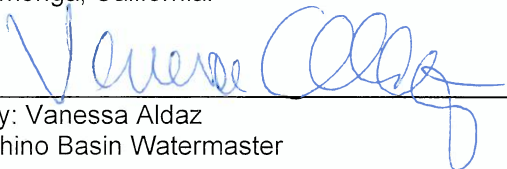
/ ___ / BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

/ ___ / BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

/ X / BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on September 21, 2020 in Rancho Cucamonga, California.


By: Vanessa Aldaz
Chino Basin Watermaster

BRIAN GEYE
CA SPEEDWAY CORPORATION
9300 CHERRY AVE
FONTANA, CA 92335

BOB KUHN
THREE VALLEYS MWD
669 HUNTERS TRAIL
GLEN DORA, CA 91740

ROBERT BOWCOCK
INTEGRATED RESOURCES MGMNT
405 N. INDIAN HILL BLVD
CLAREMONT, CA 91711

STEVE ELIE
IEUA
17017 ESTORIL STREET
CHINO HILLS, CA 91709

JEFF PIERSON
2 HEXAM
IRVINE, CA 92603

PAUL HOFER
CBWM BOARD MEMBER
11248 S TURNER AVE
ONTARIO, CA 91761

DON GALLEANO
WMWD
4220 WINEVILLE ROAD
MIRA LOMA, CA 91752

ALLEN HUBSCH
LOEB & LOEB LLP
10100 SANTA MONICA BLVD.
SUITE 2200
LOS ANGELES, CA 90067

BOB FEENSTRA
2720 SPRINGFIELD ST,
ORANGE, CA 92867

Members:

Adrianna.Ortiz@airports.sbcount	Adrianna.Ortiz@airports.sbcounty.gov
Agnes Cheng	agnes.cheng@cc.sbcounty.gov
Al Lopez	alopez@wmwd.com
Alan Frost	Alan.Frost@dpw.sbcounty.gov
Alberto Mendoza	Alberto.Mendoza@cmc.com
Alfonso Ruiz	alfonso.ruiz@cmc.com
Allen W. Hubsch	ahubsch@loeb.com
Alonso Jurado	ajurado@cbwm.org
Amanda Coker	acoker@cityofchino.org
Amer Jakher	AJakher@cityofchino.org
Amy Bonczewski	ABonczewski@ontarioca.gov
Andrea Olivas	aolivas@jcsd.us
Andrew Gagen	agagen@kidmanlaw.com
Andy Campbell	acampbell@ieua.org
Andy Malone	amalone@weiwater.com
Angelica Todd	angelica.todd@ge.com
Anna Nelson	atruongnelson@cbwm.org
April Robitaille	arobitaille@bhfs.com
Arnold Rodriguez	jarodriguez@sarwc.com
Art Bennett	citycouncil@chinohills.org
Arthur Kidman	akidman@kidmanlaw.com
Ashok Dhingra	ash@akdconsulting.com
Ben Lewis	benjamin.lewis@gswater.com
Ben Peralta	bperalta@tvmwd.com
Benjamin M. Weink	ben.weink@tetrattech.com
Betty Anderson	banderson@jcsd.us
Bob Bowcock	bbowcock@irmwater.com
Bob DiPrimio	rjdiprimio@sgwwater.com
Bob Feenstra	bobfeenstra@gmail.com
Bob Kuhn	bgkuhn@aol.com
Bob Kuhn	bkuhn@tvmwd.com
Bob Page	Bob.Page@rov.sbcounty.gov
Brad Herrema	bherrema@bhfs.com
Braden Yu	bradeny@cvwdwater.com
Brandon Howard	brahoward@niagarawater.com
Brenda Fowler	balee@fontanawater.com
Brent Yamasaki	byamasaki@mwdh2o.com
Brian Dickinson	bdickinson65@gmail.com
Brian Geye	bgeye@autoclubspeedway.com
Brian Lee	blee@sawaterco.com
Cameron Andreasen	memphisbelle38@outlook.com
Carmen Sierra	carmens@cvwdwater.com
Carol Boyd	Carol.Boyd@doj.ca.gov
Carolina Sanchez	csanchez@weiwater.com
Casey Costa	ccosta@chinodesalter.org
Cassandra Hooks	chooks@niagarawater.com
Catharine Irvine	cirvine@DowneyBrand.com
Chad Blais	cblais@ci.norco.ca.us
Charles Field	cdfield@att.net
Charles Linder	Charles.Linder@nrgenergy.com
Charles Moorrees	cmoorrees@sawaterco.com

Chino Hills City Council	citycouncil@chinohills.org
Chris Berch	cberch@jcsd.us
Chris Diggs	Chris_Diggs@ci.pomona.ca.us
Christiana Daisy	cdaisy@ieua.org
Christofer Coppinger	ccoppinger@geoscience-water.com
Christopher M. Sanders	cms@eslawfirm.com
Christopher Quach	cquach@ontarioca.gov
Christopher R. Guillen	cguillen@bhfs.com
Chuck Hays	chays@fontana.org
Cindy Cisneros	cindyc@cvwdwater.com
Cindy Li	Cindy.li@waterboards.ca.gov
Cinthia Heredia	Cinthia.Heredia@cmc.com
Clarence Mansell	cmansell@wvwd.org
Courtney Jones	cjjones@ontarioca.gov
Craig Miller	CMiller@wmwd.com
Craig Stewart	craig.stewart@woodplc.com
Cris Fealy	cifealy@fontanawater.com
Dan Arrighi	darrighi@sgvwater.com
Dan McKinney	dmckinney@douglascountylaw.com
Daniel Bobadilla	dbobadilla@chinohills.org
Dave Argo	daveargo46@icloud.com
Dave Crosley	DCrosley@cityofchino.org
David Aladjem	daladjem@downeybrand.com
David De Jesus	ddejesus@tvmwd.com
David Doublet	ddoublet@dpw.sbcounty.gov
David Huynh	dhuynh@cbwm.org
David LeValley	David.LeValley@linde.com
David Penrice	dpenrice@acmwater.com
Dennis Dooley	ddooley@angelica.com
Dennis Mejia	dmejia@ontarioca.gov
Dennis Williams	dwilliams@geoscience-water.com
Diana Frederick	diana.frederick@cdcr.ca.gov
Don Galleano	dongalleano@icloud.com
Ed Means	edmeans@roadrunner.com
Edgar Tellez Foster	etellezfoster@cbwm.org
Eduardo Espinoza	EduardoE@cvwdwater.com
Edward Kolodziej	edward.kolodziej@ge.com
Elizabeth M. Calciano	ecalciano@hensleylawgroup.com
Elizabeth Skrzat	ESkrzat@cbwcd.org
Eric Fordham	eric_fordham@geopentech.com
Eric Garner	eric.garner@bbklaw.com
Eric Grubb	ericg@cvwdwater.com
Eric Papathakis	Eric.Papathakis@cdcr.ca.gov
Eric Tarango	edtarango@fontanawater.com
Erika Clement	Erika.clement@sce.com
Eunice Ulloa	eulloa@cityofchino.org
Evette Ounanian	EvetteO@cvwdwater.com
Felix Hamilton	felixhamilton.chino@yahoo.com
Frank Brommenschenkel	frank.brommen@verizon.net
Frank Yoo	FrankY@cbwm.org
Fred Fudacz	ffudacz@nossaman.com
Fred Galante	fgalante@awattorneys.com
Gabby Garcia	ggarcia@mvwd.org

Garrett Rapp	grapp@weiwater.com
Gene Tanaka	Gene.Tanaka@bbklaw.com
Geoffrey Kamansky	gkamansky@niagarawater.com
Geoffrey Vanden Heuvel	geoffreyvh60@gmail.com
Gerald Yahr	yahrj@koll.com
Gina Nicholls	gnicholls@nossaman.com
Gino L. Filippi	Ginoffvine@aol.com
Greg Woodside	gwoodside@ocwd.com
Henry DeHaan	Hdehaan1950@gmail.com
Hope Smythe	hsmythe@waterboards.ca.gov
Irene Islas	irene.islas@bbklaw.com
James Curatalo	jamesc@cvwdwater.com
James Jenkins	cnomgr@airports.sbcounty.gov
James McKenzie	jmckenzie@dpw.sbcounty.gov
Jane Anderson	janderson@jcsd.us
Janelle Granger	jgranger@niagarawater.com
Janine Wilson	JWilson@cbwm.org
Jasmin A. Hall	jhall@ieua.org
Jason Marseilles	jmarseilles@ieua.org
Jason Pivovarov	JPivovarov@wmwd.com
Jean Cihigoyenetché	Jean@thejclawfirm.com
Jean Perry	JPerry@wmwd.com
Jeff Evers	jeverson@niagarawater.com
Jeffrey L. Pierson	jpieron@intexcorp.com
Jennifer Hy-Luk	jhyluk@ieua.org
Jessie Ruedas	Jessie@thejclawfirm.com
Jim Markman	jmarkman@rwglaw.com
Jim W. Bowman	jbowman@ontarioca.gov
Jimmy Gutierrez - Law Offices of	Jimmy Gutierrez
	jimmylaredo@gmail.com
Jimmy Medrano	Jaime.medrano2@cdcr.ca.gov
jimmy@city-attorney.com	jimmy@city-attorney.com
Joanne Chan	jchan@wvwd.org
Joao Feitoza	joao.feitoza@cmc.com
Joe Graziano	jgraz4077@aol.com
Joe Joswiak	JJoswiak@cbwm.org
Joel Ignacio	jignacio@ieua.org
John Abusham	john.abusham@nrg.com
John Bosler	johnb@cvwdwater.com
John Harper	jrharper@harperburns.com
John Huitsing	johnhuitsing@gmail.com
John Lopez	jlopez@sarwc.com
John Lopez and Nathan Cole	customerservice@sarwc.com
John Mendoza	jmendoza@tvmwd.com
John Partridge	jpartridge@angelica.com
John Schatz	jschatz13@cox.net
John Thornton	JThorntonPE@H2OExpert.net
Jose A Galindo	Jose.A.Galindo@linde.com
Josh Swift	jmswift@fontanawater.com
Joshua Aguilar	jaguilar@ieua.org
Julie Saba	jsaba@jcsd.us
Justin Brokaw	jbrokaw@marygoldmutualwater.com
Justin Nakano	JNakano@cbwm.org

Justin Scott-Coe Ph. D.	jscottcoe@mvwd.org
Karen Johnson	kejwater@aol.com
Kathleen Brundage	kathleen.brundage@californiasteel.com
Keith Kramer	kkramer@fontana.org
Keith Person	keith.person@waterboards.ca.gov
Kelly Berry	KBerry@sawpa.org
Ken Waring	kwaring@jcsd.us
Kevin O'Toole	kotoole@ocwd.com
Kevin Sage	Ksage@IRMwater.com
Kimberly E. Leefatt	kleefatt@bhfs.com
Kristina Robb	KRobb@cc.sbcounty.gov
Kurt Berchtold	kberchtold@gmail.com
Kyle Snay	kylesnay@gswater.com
Larry Cain	larry.cain@cdcr.ca.gov
Larry Rothman	lawrence.rothman@cmc.com
Laura Mantilla	lmantilla@ieua.org
Lauren Harold	lharold@linklogistics.com
Linda Jadeski	ljadeski@wvwd.org
Lisa Lemoine	LLemoine@wmwd.com
Liz Hurst	ehurst@ieua.org
Marco Tule	marco.tule@nrg.com
Maria Mendoza-Tellez	MMendoza@weewater.com
Maribel Sosa	msosa@ci.pomona.ca.us
Marilyn Levin	marilyn.levin@doj.ca.gov
Mark D. Hensley	mhensley@hensleylawgroup.com
Mark Wildermuth	mwildermuth@weewater.com
Mark Wiley	mwiley@chinohills.org
Martin Cihigoyenetché	marty@thejclawfirm.com
Martin Rauch	martin@rauchcc.com
Martin Zvirbulis	mezvirbulis@sgwater.com
Mathew C. Ballantyne	mballantyne@cityofchino.org
Matthew H. Litchfield	mlitchfield@tvmwd.com
May Atencio	matencio@fontana.org
Melissa L. Walker	mwalker@dpw.sbcounty.gov
mgarcia@ieua.org	mgarcia@ieua.org
Michael Adler	michael.adler@mcmcn.net
Michael Camacho	mcamacho@ieua.org
Michael Camacho	MCamacho@pacificaservices.com
Michael P. Thornton	mthornton@tkeengineering.com
Michelle Licea	mlicea@mvwd.org
Michelle Staples	mstaples@jacksontidus.law
Mike Blazevic	mblazevic@weewater.com
Mike Maestas	mikem@cvwdwater.com
Moore, Toby	TobyMoore@gswater.com
MWDProgram	MWDProgram@sdca.gov
Nadia Aguirre	naguirre@tvmwd.com
Nadia Loukeh	nloukeh@wvwd.org
Natalie Costaglio	natalie.costaglio@mcmcn.net
Nathan deBoom	n8deboom@gmail.com
Neetu Gupta	ngupta@ieua.org
Nick Jacobs	njacobs@somachlaw.com
Nicole Escalante	NEscalante@ontarioca.gov
Noah Golden-Krasner	Noah.goldenkrasner@doj.ca.gov

Pam Wilson	pwilson@bhfs.com
Paul Deutsch	Paul.deutsch@tetrattech.com
Paul Hofer	farmwatchtoo@aol.com
Paul Hofer	farmerhofer@aol.com
Paul S. Leon	pleon@ontarioca.gov
Penny Alexander-Kelley	Paalexander-kelley@cc.sbcounty.gov
Pete Hall	pete.hall@cdcr.ca.gov
Pete Hall	rpetehall@gmail.com
Pete Vicario	PVicario@cityofchino.org
Peter Hettinga	peterhettinga@yahoo.com
Peter Kavounas	PKavounas@cbwm.org
Peter Rogers	progers@chinohills.org
Praseetha Krishnan	praseethak@cvwdwater.com
Rachel Avila	R.Avila@MPGLAW.com
Rachel Ortiz	rortiz@nossaman.com
Ramsey Haddad	ramsey.haddad@californiasteel.com
Randy Visser	RVisser@sheppardmullin.com
Ray Wilkings	rwilking@autoclubspeedway.com
Rick Darnell	Richard.Darnell@nrgenergy.com
Rick Rees	richard.rees@woodplc.com
Rita Pro	rpro@cityofchino.org
Robert C. Hawkins	RHawkins@earthlink.net
Robert DeLoach	robertadeloach1@gmail.com
Robert E. Donlan	red@eslawfirm.com
Robert Neufeld	robneu1@yahoo.com
Robert Wagner	rwagner@wbecorp.com
Ron Craig	Rcraig21@icloud.com
Ron LaBrucherie, Jr.	ronLaBrucherie@gmail.com
Ronald C. Pietersma	rcpietersma@aol.com
Rosemary Hoerning	rhoerning@ci.upland.ca.us
Ryan Shaw	RShaw@wmwd.com
Sally H. Lee	shlee@ieua.org
Sam Nelson	snelson@ci.norco.ca.us
Sam Rubenstein	srubenstein@wpcarey.com
Sandra S. Rose	directorrose@mwmd.org
Sarah Foley	Sarah.Foley@bbklaw.com
Sarah Schneider	sarah.schneider@amec.com
Scott Burton	sburton@ontarioca.gov
Scott Slater	sslater@bhfs.com
Seth J. Zielke	sjzielke@fontanawater.com
Shawnda M. Grady	sgrady@eslawfirm.com
Shivaji Deshmukh	sdeshmukh@ieua.org
Skylar Stephens	SStephens@sdcwa.org
Sonya Barber	sbarber@ci.upland.ca.us
Sonya Zite	szite@wmwd.com
Steve Kennedy	skennedy@bmklawplc.com
Steve M. Anderson	steve.anderson@bbklaw.com
Steve Riboli	steve.riboli@sanantoniowinery.com
Steve Smith	ssmith@ieua.org
Steve W. Ledbetter, PE	sledbetter@tkeengineering.com
Steven Andrews Engineering	sandrews@sandrewsengineering.com
Steven J. Elie	s.elie@mpglaw.com
Steven J. Elie	selie@ieua.org

Steven Popelar	spopelar@jcsd.us
Susan Palmer	spalmer@kidmanlaw.com
Sylvie Lee	slee@ieua.org
Tamer Ahmed	tamer.ahmed@cdcr.ca.gov
Tammi Ford	tford@wmwd.com
Taya Victorino	tayav@cvwdwater.com
Teri Layton	tlayton@sawaterco.com
Terry Bettencourt	miles.bettencourt@cdcr.ca.gov
Terry Catlin	tlcatlin@wfajpa.org
Tim Barr	tbarr@wmwd.com
Tim Kellett	tkellett@tvmwd.com
Timothy Ryan	tjryan@sgvwater.com
Toby Moore	TobyMoore@gswater.com
Todd Minten	tminten@sbcglobal.net
Tom Barnes - ESA Water (tbarnes@esassoc.com)	tbarnes@esassoc.com
Tom Bunn	TomBunn@Lagerlof.com
Tom Cruikshank - Link Industrial Properties (tcruikshank@linklogistics.com)	tcruikshank@linklogistics.com
Tom Harder	tharder@thomashardercompany.com
Tom Haughey	Thaughey@cityofchino.org
Tom McPeters	THMcP@aol.com
Tom O'Neill	toneill@chinodesalter.org
Toni Medell	mmedel@mbakerintl.com
Tony Long	tlong@angelica.com
Tracy J. Egoscue	tracy@egoscuelaw.com
Trish Geren	tgeren@sheppardmullin.com
Van Jew	vjew@mvwd.org
Vanessa Aldaz	valdaz@cbwm.org
Vanessa Campos	VCampos@ontarioca.gov
Veva Weamer	vweamer@weewater.com
Victor Preciado	Victor_Preciado@ci.pomona.ca.us
Vivian Castro	vcastro@cityofchino.org
WestWater Research, LLC	research@waterexchange.com
William J Brunick	bbrunick@bmblawoffice.com
William Urena	wurena@angelica.com

Watermaster Escrow Account for Payment of Agricultural Pool Budget Increase Assessments

Watermaster has established an escrow account for the purpose of enabling members of the Appropriative Pool to deposit an amount equal to their respective allocated share of cumulative reimbursement amount attributable to the Agricultural Pool's claim arising under §5.4 of the Peace Agreement. The Agricultural Pool's claim for these funds is the subject of a dispute, which the Appropriative Pool is taking to the Court for resolution.

The escrow instruction is for Watermaster to hold any payments specifically made for holding in the escrow account pending the outcome of the above-referenced court proceeding in an interest-bearing account, as may be prudent, customary and convenient to Watermaster, to be released only as follows:

(1) Watermaster shall transfer the funds to reimburse the Agricultural Pool's account only upon the occurrence of the following:

(a) The member of the Appropriative Pool expressly, consents in writing, to the transfer of funds for the purpose of reimbursing the Agricultural Pool, or

(b) After the service of the notice of a final Order of the Court that directs the Appropriative Pool to pay the amounts sought by the Agricultural Pool and after the time to file a Notice of Appeal of such Order has expired (if a Notice of Appeal is filed, the funds shall remain in escrow pending resolution of the Appeal and final resolution of the dispute);

(2) The Funds shall be returned to the respective Appropriative Pool members upon:

(a) After the service of the notice of a final Order of the Court that determines that the Appropriative Pool is not responsible to pay the amounts sought by the Agricultural Pool and after the time to file a Notice of Appeal of such Order has expired (if a Notice of Appeal is filed, the funds shall remain in escrow pending resolution of the Appeal and final resolution of the dispute); or

(3) If not otherwise directed in writing by the depositing members of the Appropriative Pool, the escrow account will be closed and any remaining balances will be returned to the respective Appropriative Pool member if not released within 24 (twenty-four) months of its creation.

Watermaster staff and counsel make no representation of any kind regarding the legal implications, if any, regarding the placement of funds into escrow.

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NOSSAMAN LLP
FREDERIC A. FUDACZ (SBN 50546)
ffudacz@nossaman.com
GINA R. NICHOLLS (SBN 270174)
gnicholls@nossaman.com
777 S. Figueroa Street, 34th Floor
Los Angeles, CA 90017
Telephone: 213.612.7800
Facsimile: 213.612.7801

**EXEMPT FROM FILING FEE
PER GOV. CODE, § 6103**

Attorneys for CITY OF ONTARIO

[Additional Parties on Following Pages]

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER
DISTRICT,

Plaintiff,

vs.

CITY OF CHINO, ET AL.,

Defendants.

Case No: RCVRS 51010

*Assigned for All Purposes to:
Honorable Stanford E. Reichert*

**NOTICE OF MOTION AND MOTION
OF APPROPRIATIVE POOL MEMBER
AGENCIES RE: AGRICULTURAL
POOL LEGAL AND OTHER EXPENSES**

[Concurrently Filed with Memorandum of
Points & Authorities; Decl. of Scott Burton;
Decl. of Justin Scott-Coe; Request for Judicial
Notice; Proposed Order]

Date: October 23, 2020
Time: 1:30 p.m.
Department: S35

1 Thomas S. Bunn III (CSB #89502)
2 Lagerlof, LLP
3 301 N. Lake Ave., 10th Floor
4 Pasadena, CA 91101-5123
5 (626) 793-9400

6 Attorneys for CITY OF POMONA

7 Thomas H. McPeters, Esq. (SBN 034300)
8 THMcp@aol.com
9 700 E. Redlands Blvd., Suite U-297
10 Redlands, CA 92373
11 Telephone: (909) 253-7730
12 Facsimile: (909) 253-7731

13 Attorney for SAN ANTONIO WATER COMPANY and FONTANA UNION WATER
14 COMPANY

15 ARTHUR G. KIDMAN, CAL. BAR NO. 61719
16 ANDREW B. GAGEN, CAL. BAR NO. 212257
17 KIDMAN GAGEN LAW LLP
18 2030 Main Street, Suite 1300
19 Irvine, CA 92614
20 Telephone: (714) 755-3100
21 agagen@kidmanlaw.com

22 Attorneys for MONTE VISTA WATER DISTRICT and MONTE VISTA IRRIGATION
23 COMPANY

24 BEST BEST & KRIEGER LLP
25 GENE TANAKA, Bar No. 101423
26 Gene.Tanaka@bbklaw.com
27 STEVE ANDERSON, Bar No. 186700
28 Steve.Anderson@bbklaw.com
2001 North Main St., Ste. 390
Walnut Creek, CA 94596
Telephone: (925) 977-3301

Attorneys for CUCAMONGA VALLEY WATER DISTRICT

[Additional Parties on Following Page(s)]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ELLISON SCHNEIDER HARRIS & DONLAN LLP
ROBERT E. DONLAN (SNB 18618)
red@eslawfirm.com
SHAWNDA M. GRADY (SBN 289060)
sgrady@eslawfirm.com
2600 Capitol Avenue, Suite 400
Sacramento, CA 95816
Telephone: (916) 447-2166

Attorneys for JURUPA COMMUNITY SERVICES DISTRICT

MARK D. HENSLEY, State Bar No. 142653
CITY ATTORNEY, CITY OF CHINO HILLS
mhensley@hensleylawgroup.com
ELIZABETH M. CALCIANO, State Bar No. 161080
ecalciano@hensleylawgroup.com
HENSLEY LAW GROUP
2600 W. Olive Avenue, Suite 500
Burbank, CA 91505
Tel: (818) 333-5120; Fax: (818) 333-5121

Attorneys for CITY OF CHINO HILLS

1
2
3
4
5
6
7
8
9
10
11
12
13
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NOTICE OF MOTION

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on October 23, 2020 at 1:30 p.m. in Department S35 of the above-entitled court, the following members of the Appropriative Pool (“AP”): City of Ontario; City of Pomona; San Antonio Water Company; Fontana Union Water Company; Monte Vista Water District; Monte Vista Irrigation District; Cucamonga Valley Water District; Jurupa Community Services District; and City of Chino Hills (collectively, “AP Members”),¹ will and hereby do move this Court for an order interpreting the obligation of the AP to pay for the legal and other expenses of the Agricultural (Overlying) Pool (“Ag Pool”).

Specifically, the AP Members seek a judicial determination appropriately limiting the expenses that the AP can be required to pay on behalf of the Ag Pool under the Peace Agreement. The AP Members respectfully request that this Court enter an order declaring that, to be payable under Section 5.4(a) of the Peace Agreement, Ag Pool expenses must be (1) for actions, programs, or projects initiated by Watermaster; (2) within a budget pre-approved by Watermaster following review through the Pool process including approval and submission by the Advisory Committee to the Watermaster; (3) consistent with the Peace Agreement and legitimate Ag Pool functions pursuant to Section 38 of the Restated Judgment; and (4) reasonable.

The AP Members seek a further determination, consistent with the above, that the AP and its members are not obligated to pay any Ag Pool legal and expert expenses related to Storage Contests initiated by the Ag Pool. The AP is entitled to a refund of any such expenses already paid.

This Motion is based upon Section 31 of the Judgment; the continuing jurisdiction of the Court under Section 15 of the Judgment; and documents approved by the Court under the Judgment including the Chino Basin Watermaster Rules and Regulations and the Peace


¹ Each of the AP Members is a party to the Restated Judgment (“Judgment”) in the above-captioned case.

1 Agreement. Also this Motion is based upon attached Memorandum of Points and Authorities;
2 the Declarations of Mr. Burton and Mr. Scott-Coe and the Request for Judicial Notice submitted
3 herewith; the records and files in this adjudication; and upon other such evidence as may be
4 presented to the Court.

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Dated: September 17, 2020

NOSSAMAN LLP
FREDERIC A. FUDACZ
GINA R. NICHOLLS

By: 

Frederic A. Fudacz
Attorneys for CITY OF ONTARIO

Dated: September 17, 2020

Lagerlof, LLP

By: 

Thomas S. Bunn III
Attorneys for CITY OF POMONA

Dated: September 17, 2020

Thomas H. McPeters, Esq.

By: 

Thomas H. McPeters
Attorney for SAN ANTONIO WATER COMPANY
and FONTANA UNION WATER COMPANY

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

1
2
3
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16
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20
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28

Dated: September 17, 2020

KIDMAN GAGEN LAW LLP

By: *Arthur G. Kidman*

Arthur G. Kidman
Andrew B. Gagen
Attorneys for MONTE VISTA WATER DISTRICT
and MONTE VISTA IRRIGATION COMPANY

Dated: September 17, 2020

BEST BEST & KRIEGER LLP

By: *Gene Tanaka by GAD*

GENE TANAKA
STEVE ANDERSON
Attorneys for CUCAMONGA VALLEY
WATER DISTRICT

Dated: September 17, 2020

ELLISON SCHNEIDER HARRIS & DONLAN
LLP

By: *Shawnda M. Grady by GAD*

SHAWNDA M. GRADY
Attorneys for JURUPA COMMUNITY SERVICES
DISTRICT

Dated: September 17, 2020

HENSLEY LAW GROUP

By: _____

Elizabeth M. Calciano
Attorneys for CITY OF CHINO HILLS

1
2
3
4
5
6
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8
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11
12
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26
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28

Dated: September 17, 2020

KIDMAN GAGEN LAW LLP

By: _____

Arthur G. Kidman
Andrew B. Gagen
Attorneys for MONTE VISTA WATER DISTRICT
and MONTE VISTA IRRIGATION COMPANY

Dated: September 17, 2020

BEST BEST & KRIEGER LLP

By: _____

GENE TANAKA
STEVE ANDERSON
Attorneys for CUCAMONGA VALLEY
WATER DISTRICT

Dated: September 17, 2020

ELLISON SCHNEIDER HARRIS & DONLAN
LLP

By: _____

SHAWNDA M. GRADY
Attorneys for JURUPA COMMUNITY SERVICES
DISTRICT

Dated: September 17, 2020

HENSLEY LAW GROUP

By:  _____

Elizabeth M. Calciano
Attorneys for CITY OF CHINO HILLS

CHINO BASIN WATERMASTER

Case No. RCVRS 51010

Chino Basin Municipal Water District v. City of Chino, et al.

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On September 21, 2020 I served the following:

1. NOTICE OF MOTION AND MOTION OF APPROPRIATIVE POOL MEMBER AGENCIES RE: AGRICULTURAL POOL LEGAL AND OTHER EXPENSES

/X/ BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

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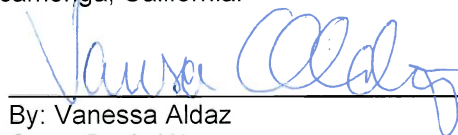
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I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on September 21, 2020 in Rancho Cucamonga, California.



By: Vanessa Aldaz
Chino Basin Watermaster

BRIAN GEYE
CA SPEEDWAY CORPORATION
9300 CHERRY AVE
FONTANA, CA 92335

BOB KUHN
THREE VALLEYS MWD
669 HUNTERS TRAIL
GLENORA, CA 91740

ROBERT BOWCOCK
INTEGRATED RESOURCES MGMNT
405 N. INDIAN HILL BLVD
CLAREMONT, CA 91711

STEVE ELIE
IEUA
17017 ESTORIL STREET
CHINO HILLS, CA 91709

JEFF PIERSON
2 HEXAM
IRVINE, CA 92603

PAUL HOFER
CBWM BOARD MEMBER
11248 S TURNER AVE
ONTARIO, CA 91761

DON GALLEANO
WMWD
4220 WINEVILLE ROAD
MIRA LOMA, CA 91752

ALLEN HUBSCH
LOEB & LOEB LLP
10100 SANTA MONICA BLVD.
SUITE 2200
LOS ANGELES, CA 90067

BOB FEENSTRA
2720 SPRINGFIELD ST,
ORANGE, CA 92867

Members:

Adrianna.Ortiz@airports.sbcount	Adrianna.Ortiz@airports.sbcounty.gov
Agnes Cheng	agnes.cheng@cc.sbcounty.gov
Al Lopez	alopez@wmwd.com
Alan Frost	Alan.Frost@dpw.sbcounty.gov
Alberto Mendoza	Alberto.Mendoza@cmc.com
Alfonso Ruiz	alfonso.ruiz@cmc.com
Allen W. Hubsch	ahubsch@loeb.com
Alonso Jurado	ajurado@cbwm.org
Amanda Coker	acoker@cityofchino.org
Amer Jakher	AJakher@cityofchino.org
Amy Bonczewski	ABonczewski@ontarioca.gov
Andrea Olivas	aolivas@jcsd.us
Andrew Gagen	agagen@kidmanlaw.com
Andy Campbell	acampbell@ieua.org
Andy Malone	amalone@weiwater.com
Angelica Todd	angelica.todd@ge.com
Anna Nelson	atruongnelson@cbwm.org
April Robitaille	arobitaille@bhfs.com
Arnold Rodriguez	jarodriguez@sarwc.com
Art Bennett	citycouncil@chinohills.org
Arthur Kidman	akidman@kidmanlaw.com
Ashok Dhingra	ash@akdconsulting.com
Ben Lewis	benjamin.lewis@gswater.com
Ben Peralta	bperalta@tvmwd.com
Benjamin M. Weink	ben.weink@tetrattech.com
Betty Anderson	banderson@jcsd.us
Bob Bowcock	bbowcock@irmwater.com
Bob DiPrimio	rjdiprimio@sgvwater.com
Bob Feenstra	bobfeenstra@gmail.com
Bob Kuhn	bgkuhn@aol.com
Bob Kuhn	bkuhn@tvmwd.com
Bob Page	Bob.Page@rov.sbcounty.gov
Brad Herrema	bherrema@bhfs.com
Braden Yu	bradeny@cvwdwater.com
Brandon Howard	brahoward@niagarawater.com
Brenda Fowler	balee@fontanawater.com
Brent Yamasaki	byamasaki@mwdh2o.com
Brian Dickinson	bdickinson65@gmail.com
Brian Geye	bgeye@autoclubspeedway.com
Brian Lee	blee@sawaterco.com
Cameron Andreasen	memphisbelle38@outlook.com
Carmen Sierra	carmens@cvwdwater.com
Carol Boyd	Carol.Boyd@doj.ca.gov
Carolina Sanchez	csanchez@weiwater.com
Casey Costa	ccosta@chinodesalter.org
Cassandra Hooks	chooks@niagarawater.com
Catharine Irvine	cirvine@DowneyBrand.com
Chad Blais	cblais@ci.norco.ca.us
Charles Field	cdfield@att.net
Charles Linder	Charles.Linder@nrgenergy.com
Charles Moorrees	cmoorrees@sawaterco.com

Chino Hills City Council	citycouncil@chinohills.org
Chris Berch	cberch@jcsd.us
Chris Diggs	Chris_Diggs@ci.pomona.ca.us
Christiana Daisy	cdaisy@ieua.org
Christofer Coppinger	ccoppinger@geoscience-water.com
Christopher M. Sanders	cms@eslawfirm.com
Christopher Quach	cquach@ontarioca.gov
Christopher R. Guillen	cguillen@bhfs.com
Chuck Hays	chays@fontana.org
Cindy Cisneros	cindyc@cvwdwater.com
Cindy Li	Cindy.li@waterboards.ca.gov
Cinthia Heredia	Cinthia.Heredia@cmc.com
Clarence Mansell	cmansell@wwwd.org
Courtney Jones	cjjones@ontarioca.gov
Craig Miller	CMiller@wmwd.com
Craig Stewart	craig.stewart@woodplc.com
Cris Fealy	cifealy@fontanawater.com
Dan Arrighi	darrighi@sgvwater.com
Dan McKinney	dmckinney@douglascountylaw.com
Daniel Bobadilla	dbobadilla@chinohills.org
Dave Argo	daveargo46@icloud.com
Dave Crosley	DCrosley@cityofchino.org
David Aladjem	daladjem@downeybrand.com
David De Jesus	ddejesus@tvmwd.com
David Doublet	ddoublet@dpw.sbcounty.gov
David Huynh	dhuynh@cbwm.org
David LeValley	David.LeValley@linde.com
David Penrice	dpenrice@acmwater.com
Dennis Dooley	ddooley@angelica.com
Dennis Mejia	dmejia@ontarioca.gov
Dennis Williams	dwilliams@geoscience-water.com
Diana Frederick	diana.frederick@cdcr.ca.gov
Don Galleano	dongalleano@icloud.com
Ed Means	edmeans@roadrunner.com
Edgar Tellez Foster	etellezfoster@cbwm.org
Eduardo Espinoza	EduardoE@cvwdwater.com
Edward Kolodziej	edward.kolodziej@ge.com
Elizabeth M. Calciano	ecalciano@hensleylawgroup.com
Elizabeth Skrzat	ESkrzat@cbwcd.org
Eric Fordham	eric_fordham@geopentech.com
Eric Garner	eric.garner@bbklaw.com
Eric Grubb	ericg@cvwdwater.com
Eric Papathakis	Eric.Papathakis@cdcr.ca.gov
Eric Tarango	edtarango@fontanawater.com
Erika Clement	Erika.clement@sce.com
Eunice Ulloa	eulloa@cityofchino.org
Evette Ounanian	EvetteO@cvwdwater.com
Felix Hamilton	felixhamilton.chino@yahoo.com
Frank Brommenschenkel	frank.brommen@verizon.net
Frank Yoo	FrankY@cbwm.org
Fred Fudacz	ffudacz@nossaman.com
Fred Galante	fgalante@awattorneys.com
Gabby Garcia	ggarcia@mvwd.org

Garrett Rapp	grapp@weewater.com
Gene Tanaka	Gene.Tanaka@bbklaw.com
Geoffrey Kamansky	gkamansky@niagarawater.com
Geoffrey Vanden Heuvel	geoffreyvh60@gmail.com
Gerald Yahr	yahrj@koll.com
Gina Nicholls	gnicholls@nossaman.com
Gino L. Filippi	Ginoffvine@aol.com
Greg Woodside	gwoodside@ocwd.com
Henry DeHaan	Hdehaan1950@gmail.com
Hope Smythe	hsmythe@waterboards.ca.gov
Irene Islas	irene.islas@bbklaw.com
James Curatalo	jamesc@cvdwater.com
James Jenkins	cnomgr@airports.sbcounty.gov
James McKenzie	jmckenzie@dpw.sbcounty.gov
Jane Anderson	janderson@jcsd.us
Janelle Granger	jgranger@niagarawater.com
Janine Wilson	JWilson@cbwm.org
Jasmin A. Hall	jhall@ieua.org
Jason Marseilles	jmarseilles@ieua.org
Jason Pivovaroff	JPivovaroff@wmwd.com
Jean Cihigoyenetché	Jean@thejclawfirm.com
Jean Perry	JPerry@wmwd.com
Jeff Evers	jeverson@niagarawater.com
Jeffrey L. Pierson	jpierson@intexcorp.com
Jennifer Hy-Luk	jhyluk@ieua.org
Jessie Ruedas	Jessie@thejclawfirm.com
Jim Markman	jmarkman@rwglaw.com
Jim W. Bowman	jbowman@ontarioca.gov
Jimmy Gutierrez - Law Offices of Jimmy Gutierrez	jimmylaredo@gmail.com
Jimmy Medrano	Jaime.medrano2@cdcr.ca.gov
jimmy@city-attorney.com	jimmy@city-attorney.com
Joanne Chan	jchan@wwd.org
Joao Feitoza	joao.feitoza@cmc.com
Joe Graziano	jgraz4077@aol.com
Joe Joswiak	JJoswiak@cbwm.org
Joel Ignacio	jignacio@ieua.org
John Abusham	john.abusham@nrg.com
John Bosler	johnb@cvdwater.com
John Harper	jrharper@harperburns.com
John Huitsing	johnhuitsing@gmail.com
John Lopez	jlopez@sarwc.com
John Lopez and Nathan Cole	customerservice@sarwc.com
John Mendoza	jmendoza@tvmwd.com
John Partridge	jpartridge@angelica.com
John Schatz	jschatz13@cox.net
John Thornton	JThorntonPE@H2OExpert.net
Jose A Galindo	Jose.A.Galindo@linde.com
Josh Swift	jmswift@fontanawater.com
Joshua Aguilar	jaguilar@ieua.org
Julie Saba	jsaba@jcsd.us
Justin Brokaw	jbrokaw@marygoldmutualwater.com
Justin Nakano	JNakano@cbwm.org

Justin Scott-Coe Ph. D.	jscottcoe@mvwd.org
Karen Johnson	kejwater@aol.com
Kathleen Brundage	kathleen.brundage@californiasteel.com
Keith Kramer	kkramer@fontana.org
Keith Person	keith.person@waterboards.ca.gov
Kelly Berry	KBerry@sawpa.org
Ken Waring	kwaring@jcsd.us
Kevin O'Toole	kotoole@ocwd.com
Kevin Sage	Ksage@IRMwater.com
Kimberly E. Leefatt	kleefatt@bhfs.com
Kristina Robb	KRobb@cc.sbcounty.gov
Kurt Berchtold	kberchtold@gmail.com
Kyle Snay	kylesnay@gswater.com
Larry Cain	larry.cain@cdcr.ca.gov
Larry Rothman	lawrence.rothman@cmc.com
Laura Mantilla	lmantilla@ieua.org
Lauren Harold	lharold@linklogistics.com
Linda Jadeski	ljadeski@wvwd.org
Lisa Lemoine	LLemoine@wmwd.com
Liz Hurst	ehurst@ieua.org
Marco Tule	marco.tule@nrg.com
Maria Mendoza-Tellez	MMendoza@weewater.com
Maribel Sosa	msosa@ci.pomona.ca.us
Marilyn Levin	marilyn.levin@doj.ca.gov
Mark D. Hensley	mhensley@hensleylawgroup.com
Mark Wildermuth	mwildermuth@weewater.com
Mark Wiley	mwiley@chinohills.org
Martin Cihigoyenetché	marty@thejclawfirm.com
Martin Rauch	martin@rauchcc.com
Martin Zvirbulis	mezvirbulis@sgvwater.com
Mathew C. Ballantyne	mballantyne@cityofchino.org
Matthew H. Litchfield	mlitchfield@tvmwd.com
May Atencio	matencio@fontana.org
Melissa L. Walker	mwalker@dpw.sbcounty.gov
mgarcia@ieua.org	mgarcia@ieua.org
Michael Adler	michael.adler@mcmcnet.net
Michael Camacho	mcamacho@ieua.org
Michael Camacho	MCamacho@pacificaservices.com
Michael P. Thornton	mthornton@tkeengineering.com
Michelle Licea	mlicea@mvwd.org
Michelle Staples	mstaples@jacksontidus.law
Mike Blazevic	mblazevic@weewater.com
Mike Maestas	mikem@cvwdwater.com
Moore, Toby	TobyMoore@gswater.com
MWDProgram	MWDProgram@sdcwa.org
Nadia Aguirre	naguirre@tvmwd.com
Nadia Loukeh	nloukeh@wvwd.org
Natalie Costaglio	natalie.costaglio@mcmcnet.net
Nathan deBoom	n8deboom@gmail.com
Neetu Gupta	ngupta@ieua.org
Nick Jacobs	njacobs@somachlaw.com
Nicole Escalante	NEscalante@ontarioca.gov
Noah Golden-Krasner	Noah.goldenkrasner@doj.ca.gov

Pam Wilson	pwilson@bhfs.com
Paul Deutsch	Paul.deutsch@tetrattech.com
Paul Hofer	farmwatchtoo@aol.com
Paul Hofer	farmerhofer@aol.com
Paul S. Leon	pleon@ontarioca.gov
Penny Alexander-Kelley	Paalexander-kelley@cc.sbcounty.gov
Pete Hall	pete.hall@cdcr.ca.gov
Pete Hall	rpetehall@gmail.com
Pete Vicario	PVicario@cityofchino.org
Peter Hettinga	peterhettinga@yahoo.com
Peter Kavounas	PKavounas@cbwm.org
Peter Rogers	progers@chinohills.org
Praseetha Krishnan	praseethak@cvwdwater.com
Rachel Avila	R.Avila@MPGLAW.com
Rachel Ortiz	rortiz@nossaman.com
Ramsey Haddad	ramsey.haddad@californiasteel.com
Randy Visser	RVisser@sheppardmullin.com
Ray Wilkings	rwilkings@autoclubspeedway.com
Rick Darnell	Richard.Darnell@nrgenergy.com
Rick Rees	richard.rees@woodplc.com
Rita Pro	rpro@cityofchino.org
Robert C. Hawkins	RHawkins@earthlink.net
Robert DeLoach	robertadeloach1@gmail.com
Robert E. Donlan	red@eslawfirm.com
Robert Neufeld	robneu1@yahoo.com
Robert Wagner	rwagner@wbecorp.com
Ron Craig	Rcraig21@icloud.com
Ron LaBrucherie, Jr.	ronLaBrucherie@gmail.com
Ronald C. Pietersma	rcpietersma@aol.com
Rosemary Hoerning	rhoerning@ci.upland.ca.us
Ryan Shaw	RShaw@wmwd.com
Sally H. Lee	shlee@ieua.org
Sam Nelson	snelson@ci.norco.ca.us
Sam Rubenstein	sruenstein@wpcarey.com
Sandra S. Rose	directorrose@mvwd.org
Sarah Foley	Sarah.Foley@bbklaw.com
Sarah Schneider	sarah.schneider@amec.com
Scott Burton	sburton@ontarioca.gov
Scott Slater	sslater@bhfs.com
Seth J. Zielke	sjzielke@fontanawater.com
Shawnda M. Grady	sgrady@eslawfirm.com
Shivaji Deshmukh	sdeshmukh@ieua.org
Skylar Stephens	SStephens@sdcwa.org
Sonya Barber	sbarber@ci.upland.ca.us
Sonya Zite	szite@wmwd.com
Steve Kennedy	skennedy@bmklawplc.com
Steve M. Anderson	steve.anderson@bbklaw.com
Steve Riboli	steve.riboli@sanantoniowinery.com
Steve Smith	ssmith@ieua.org
Steve W. Ledbetter, PE	sledbetter@tkeengineering.com
Steven Andrews Engineering	sandrews@sandrewsengineering.com
Steven J. Elie	s.elie@mpglaw.com
Steven J. Elie	selie@ieua.org

Steven Popelar	spopelar@jcsd.us
Susan Palmer	spalmer@kidmanlaw.com
Sylvie Lee	slee@ieua.org
Tamer Ahmed	tamer.ahmed@cdcr.ca.gov
Tammi Ford	tford@wmwd.com
Taya Victorino	tayav@cvwdwater.com
Teri Layton	tlayton@sawaterco.com
Terry Bettencourt	miles.bettencourt@cdcr.ca.gov
Terry Catlin	tlcatlin@wfajpa.org
Tim Barr	tbarr@wmwd.com
Tim Kellett	tkellett@tvmwd.com
Timothy Ryan	tjryan@sgvwater.com
Toby Moore	TobyMoore@gswater.com
Todd Minten	tminten@sbcglobal.net
Tom Barnes - ESA Water (tbarnes@esassoc.com)	tbarnes@esassoc.com
Tom Bunn	TomBunn@Lagerlof.com
Tom Cruikshank - Link Industrial Properties (tcruikshank@linklogistics.com)	tcruikshank@linklogistics.com
Tom Harder	tharder@thomashardercompany.com
Tom Haughey	Thaughey@cityofchino.org
Tom McPeters	THMcP@aol.com
Tom O'Neill	toneill@chinodesalter.org
Toni Medell	mmedel@mbakerintl.com
Tony Long	tlong@angelica.com
Tracy J. Egoscue	tracy@egoscuelaw.com
Trish Geren	tgeren@sheppardmullin.com
Van Jew	vjew@mvwd.org
Vanessa Aldaz	valdaz@cbwm.org
Vanessa Campos	VCampos@ontarioca.gov
Veva Weamer	vweamer@weewater.com
Victor Preciado	Victor_Preciado@ci.pomona.ca.us
Vivian Castro	vcastro@cityofchino.org
WestWater Research, LLC	research@waterexchange.com
William J Brunick	bbrunick@bmblawoffice.com
William Urena	wurena@angelica.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NOSSAMAN LLP
FREDERIC A. FUDACZ (SBN 50546)
ffudacz@nossaman.com
GINA R. NICHOLLS (SBN 270174)
gnicholls@nossaman.com
777 S. Figueroa Street, 34th Floor
Los Angeles, CA 90017
Telephone: 213.612.7800
Facsimile: 213.612.7801

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Attorneys for CITY OF ONTARIO

[Additional Parties on Following Pages]

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER
DISTRICT,

Plaintiff,

vs.

CITY OF CHINO, ET AL.,

Defendants.

Case No: RCVRS 51010

*Assigned for All Purposes to:
Honorable Stanford E. Reichert*

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
MOTION OF APPROPRIATIVE POOL
MEMBER AGENCIES RE:
AGRICULTURAL POOL LEGAL AND
OTHER EXPENSES**

[Concurrently Filed with Notice of Motion;
Decl. of Scott Burton; Decl. of J. Scott-Coe;
Request for Judicial Notice; Proposed Order]

Date: October 23, 2020
Time: 1:30 p.m.
Department: S35

1 Thomas S. Bunn III (CSB #89502)
2 Lagerlof, LLP
3 301 N. Lake Ave., 10th Floor
4 Pasadena, CA 91101-5123
5 (626) 793-9400

6 Attorneys for CITY OF POMONA

7 Thomas H. McPeters, Esq. (SBN 034300)
8 THMcp@aol.com
9 700 E. Redlands Blvd., Suite U-297
10 Redlands, CA 92373
11 Telephone: (909) 253-7730
12 Facsimile: (909) 253-7731

13 Attorney for SAN ANTONIO WATER COMPANY and FONTANA UNION WATER
14 COMPANY

15 ARTHUR G. KIDMAN, CAL. BAR NO. 61719
16 ANDREW B. GAGEN, CAL. BAR NO. 212257
17 KIDMAN GAGEN LAW LLP
18 2030 Main Street, Suite 1300
19 Irvine, CA 92614
20 Telephone: (714) 755-3100
21 agagen@kidmanlaw.com

22 Attorneys for MONTE VISTA WATER DISTRICT and MONTE VISTA IRRIGATION
23 COMPANY

24 BEST BEST & KRIEGER LLP
25 GENE TANAKA, Bar No. 101423
26 Gene.Tanaka@bbklaw.com
27 STEVE ANDERSON, Bar No. 186700
28 Steve.Anderson@bbklaw.com
2001 North Main St., Ste. 390
Walnut Creek, CA 94596
Telephone: (925) 977-3301

Attorneys for CUCAMONGA VALLEY WATER DISTRICT

[Additional Parties on Following Page(s)]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ELLISON SCHNEIDER HARRIS & DONLAN LLP
ROBERT E. DONLAN (SNB 18618)
red@eslawfirm.com
SHAWNDA M. GRADY (SBN 289060)
sgrady@eslawfirm.com
2600 Capitol Avenue, Suite 400
Sacramento, CA 95816
Telephone: (916) 447-2166

Attorneys for JURUPA COMMUNITY SERVICES DISTRICT

MARK D. HENSLEY, State Bar No. 142653
CITY ATTORNEY, CITY OF CHINO HILLS
mhensley@hensleylawgroup.com
ELIZABETH M. CALCIANO, State Bar No. 161080
ecalciano@hensleylawgroup.com
HENSLEY LAW GROUP
2600 W. Olive Avenue, Suite 500
Burbank, CA 91505
Tel: (818) 333-5120; Fax: (818) 333-5121

Attorneys for CITY OF CHINO HILLS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
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21
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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 **I. INTRODUCTION AND SUMMARY OF ARGUMENT**

3 A dispute exists between the Overlying (Agricultural) Pool (“Ag Pool”) and the
4 Appropriative Pool (“AP”) regarding the proper interpretation of the Peace Agreement. Section
5 5.4(a) delineates the scope of the AP’s obligation to pay Ag Pool expenses during the term of the
6 Peace Agreement. It provides for the payment of “all assessments and expenses” for matters
7 initiated by Watermaster within a pre-approved budget, to the extent expenses are reasonable and
8 consistent with legitimate Ag Pool functions under the Judgment.

9 The Ag Pool disagrees. It demands payment of expenses that the Ag Pool independently
10 incurred apart from Watermaster-initiated actions, programs, or projects. In other words, the Ag
11 Pool claims to hold a blank check from the AP for any expenses it may choose to incur. The Ag
12 Pool’s unreasonably broad interpretation of the Peace Agreement, if adopted by the Court, would
13 require the AP to pay any and all Ag Pool expenses, including unlimited attorney and expert
14 expenses for Ag Pool-initiated disputes or undisclosed purposes.

15 AP Members repeatedly have objected to payment of Ag Pool expenses not contemplated
16 by Section 5.4(a).¹ The dispute now presents itself in a new, concrete controversy caused by the
17 Ag Pool’s efforts to compel the AP to pay expert and legal expenses for the “Storage Contests.”
18 The Storage Contests were initiated by the Ag Pool to challenge the local water storage
19 applications of certain AP members. Currently the Ag Pool is demanding, and Watermaster has
20 allowed, the Ag Pool to use a “blank check” under Section 5.4(a) to improperly fund the Storage
21 Contests. Going forward the Ag Pool will use this blank check to fund new disputes against the
22 AP unless restrained by this Court.

23 In addition, the AP – which is comprised predominantly of public water utilities – has
24 been denied the opportunity to review the expenses, which ultimately will be borne by public
25 ratepayers and taxpayers. Specifically, AP Members have asked both Watermaster and the Ag
26 Pool for (and been denied) redacted invoices of Ag Pool legal and expert expenses.

27 _____
28 ¹ For example, a prior dispute in 2009 was resolved by a Special Joint Pool Committee including
representatives of the Agricultural and Appropriative Pools. See Section II.B below.

1 The AP Members seek (1) a Court determination that places appropriate limits on the
2 expenses that the AP can pay under the Peace Agreement, and (2) a determination that the AP is
3 not obligated to pay expenses independently incurred by the Ag Pool in bringing the Storage
4 Contests against certain AP Members. Following is a summary of the many reasons why the
5 Court may grant the requests of the AP Members:

- 6 • Section 5.4(a) only provides for payment of certain Watermaster-initiated expenses
7 consistent with the Peace Agreement;
- 8 • Expenses for the Ag Pool-initiated Storage Contests are not recoverable under §5.4(a)
9 or any section of the Peace Agreement that addresses legal fee-shifting;
- 10 • Recovery by the Ag Pool of its expenses for the Storage Contests is expressly
11 prohibited by the Watermaster Regulations, and the Ag Pool's attempt to recover these
12 expenses from the AP through §5.4(a) violates the Regulations and the Peace
13 Agreement;
- 14 • Resolution of a prior dispute between the Pools in 2009 established that, to be payable
15 under §5.4(a), Ag Pool expenses must be initiated by Watermaster within a pre-
16 approved budget, and must be consistent with the legitimate Pool function; and
- 17 • The Ag Pool has refused to provide any documentation (even redacted) from which
18 the reasonableness and necessity of its claimed legal and expert expenses could be
19 evaluated; instead, the Pool demands a "blank check" in violation of public policy.

20 The Court's approval of the Peace Agreement enables the Court to make the requested
21 determinations as an exercise of its continuing jurisdiction under the Judgment, Section 15. The
22 Court also is empowered under Section 31 to review Watermaster actions and decisions such as
23 Watermaster's issuance of an invoice to the AP based on expenses demanded by the Ag Pool.

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1 **II. FACTUAL BACKGROUND**

2 The Peace Agreement, dated June 29, 2000, was entered into among the three Pool
3 Committees and various parties to the Judgment including the AP Members, and subsequently
4 amended (as amended, the “Peace Agreement”). The Peace Agreement was approved by this
5 Court. It addresses implementation of the Optimum Basin Management Plan (“OBMP”) for the
6 Basin and allows Watermaster to administer transfers, recharge, and storage/recovery of water in
7 the Chino Basin. Section 5.4(a) delineates the scope of the AP’s obligation to pay certain Ag
8 Pool assessments and expenses during the term of the Peace Agreement.

9 **A. 2009 Dispute Regarding the Interpretation of Peace Agreement, § 5.4(a).**

10 Questions regarding the proper interpretation of Section 5.4(a) of the Peace Agreement
11 previously arose in 2009. At that time, the AP and Ag Pool disputed which Pool should fund a
12 Watermaster-initiated expense. The expense at issue was an invoice for the Pathogen Total
13 Maximum Daily Loads Task Force Study (“TMDL Study”) for the Middle Santa Ana River
14 Watershed. That dispute was limited to whether the TMDL Study constituted a Special Project
15 Expense subject to payment by the AP under Section 5.4(a) of the Peace Agreement.

16 At that time representatives of the Ag Pool took the position that “‘all’ means ‘all’” in
17 connection with the Section 5.4(a) phrase “all assessments and expenses of the Agricultural Pool
18 Committee shall be paid by the Appropriative Pool.” More specifically, according to the Ag
19 Pool, the AP was obligated under Section 5.4(a) to pay the Ag Pool’s expenses and attorneys’
20 fees incurred in relation to the TMDL Study. In support of its position, the Ag Pool relied on
21 Section 4.1(b) of Article IV of the Watermaster Regulations, which provides: “Special Project
22 Expenses shall consist of special engineering, economic or other studies, litigation expense, meter
23 testing or major operating expenses. . . .”

24 The three Pool Chairpersons, including the current Ag Pool Chairman, formed a Special
25 Joint Pool Committee to resolve the dispute. The Joint Committee ultimately recommended that
26 Watermaster approve the budget transfer request to pay for the TMDL Study and the AP was
27 assessed for the Study.

1 However, the Joint Committee did not adopt the Ag Pool’s broad reading of Section
2 5.4(a). To the contrary, it interpreted Section 5.4(a) narrowly. Specifically, the Joint Committee
3 agreed that any Special Projects chargeable to the AP under Section 5.4(a) must be undertaken by
4 Watermaster, and cannot be undertaken by the Ag Pool on its own initiative. The Joint
5 Committee resolved, in relevant part as follows:

6 **[T]he Agricultural Pool agrees to participate in the regular**
7 **Watermaster Budget Process and present an annual budget in the same form**
8 **and fashion as the other Pools.** This will include: legal fees, consultant fees,
meeting fees and projects. All of the budgets will be reviewed through the Pool
process, approved and submitted by the Advisory Committee to the Watermaster.

9 **Only Watermaster is authorized to undertake Special Project expense**
10 **under Judgment Section 54 and Section 27. Such expense can only be allocated to**
11 **a specific Pool if the Pool agrees or the court so orders, but this is not an**
12 **authorization for the Pool to undertake such expense on its own initiative.**
13 (See e.g. Judgment section 54 and Peace Agreement Section 5.4(a).) Under Section
14 38 (a) Pool Committees are limited to ‘developing policy recommendations for
administration of its particular Pool.’ Special Project expense necessarily must be
part of the Physical Solution which is under the control of the Court and its Court
appointed Watermaster. While the Pool Committees are there to provide advice
and assistance to Watermaster they may not supplant Watermaster’s Physical
Solution authority under Section 41.

15 (Declaration of J. Scott-Coe, filed concurrently herewith [“Scott-Coe Decl.”], at ¶¶2-3, Exh. A;
16 Exh. 1 to Request for Judicial Notice, filed concurrently herewith [“RJN”] [emphasis added].)

17 Following resolution of the dispute in 2009, the AP has paid the Ag Pool assessments and
18 expenses submitted for payment under Section 5.4(a). (Declaration of S. Burton, filed
19 concurrently herewith [“Burton Decl.”], at ¶15.) However, until recently the AP understood such
20 assessments and expenses were both related to Watermaster-initiated projects, programs, or
21 actions, and consistent with legitimate Ag Pool functions promulgated in the Judgment. (*Ibid.*)

22 **B. Current Dispute Regarding Interpretation of § 5.4(a) as Applied to Ag Pool**
23 **Expenses Generated by its Storage Contests.**

24 The dispute regarding the scope of Ag Pool expenses that the Ag Pool believes are
25 recoverable under Section 5.4(a) of the Peace Agreement was recently renewed by Ag Pool-
26 initiated Storage Contests. In May 2017, the Ag Pool filed Storage Contests pursuant to
27 Paragraph 10.13 of the Watermaster Regulations. (Burton Decl., at ¶2.) The Ag Pool Storage
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1 Contests are the first of their kind, representing the first time the Contest procedure has been
2 utilized. (Burton Decl., at ¶3.)

3 The Storage Contests challenge applications for Local Storage Agreements submitted by
4 certain members of the AP. (Burton Decl., at ¶4.) Initially, the Ag Pool opposed approval of the
5 applications asserting that the Safe Yield reset was pending and water in storage accounts exceeds
6 the safe storage capacity of the Basin, which the Ag Pool argued would cause a material physical
7 injury to the Basin. (*Ibid.*) The Storage Contests were consolidated for hearing and assigned to
8 Mr. Kurt Berchtold as the Hearing Officer. (*Ibid.*)

9 The Ag Pool has incurred significant legal and expert expenses to prosecute the Storage
10 Contests against certain AP Members, contributing to an overrun of the Ag Pool's Watermaster-
11 approved budget for the present Fiscal Year 2019-2020. (Burton Decl., at ¶5.) The overrun
12 resulted in the Ag Pool's recent request to Watermaster for a budget increase and transfer to cover
13 unpaid legal and other expenses of the Ag Pool. (*Ibid.*)

14 Despite resolution of the Pools' 2009 dispute, the Ag Pool has continued to assert an
15 unreasonably broad interpretation of Section 5.4(a) in connection with the present dispute.
16 Specifically, the Ag Pool asserts that the AP must pay all legal and expert expenses incurred by
17 the Ag Pool, for any purpose whatsoever. (Exh. 2 to RJN.) The Ag Pool also takes the position
18 that redacted details of the expenses need not be revealed to the payor (i.e., the AP) because of
19 attorney-client privilege. (*Ibid.*; Burton Decl., at ¶11, Exh. E.)

20 On June 30, 2020, the Ag Pool took action demanding that the AP pay the Ag Pool's
21 unbudgeted legal and expert expenses in the amount of approximately \$167,000. (Burton Decl.,
22 at ¶¶9,13; Exhs. 2 to RJN; see also Exh. 4 to RJN.) According to the Ag Pool: "[p]ursuant to the
23 terms of the Peace Agreement (Paragraph 5.4(a)), all assessments and expenses of the Ag Pool
24 shall be paid by the Appropriative Pool." (Exh. 2 to RJN.) The Ag Pool further demands that
25 Watermaster amend the Ag Pool budget "as appropriate and necessary to cover all pending
26 invoices." (*Ibid.*)

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1 Objecting to the unbudgeted legal and expert expenses and the overrun, and without any
2 detail regarding the basis of such fees and expenses, AP Members asked Watermaster to provide
3 the appropriately redacted supporting documentation and objected to Watermaster’s payment of
4 the Ag Pool’s invoices until the AP had an opportunity to review the information. (Burton Decl.,
5 at ¶8, Exh. C.) Watermaster responded that it treats Ag Pool legal invoices as attorney-client
6 privileged communications and, as such, Watermaster neither reviews Ag Pool legal invoices nor
7 would it release the invoices (redacted or otherwise) to the payor of said invoices (i.e., the AP).
8 (Burton Decl., at ¶¶6-8, 12, Exhs. A,B,C.)

9 The AP Members then directed their request for appropriately redacted invoices to the Ag
10 Pool. (Burton Decl., at ¶10, Exh. D.) The Chairman of the Ag Pool Committee responded on the
11 Pool’s behalf. His letter stated that the Ag Pool will not provide the redacted invoices, and that if
12 the AP does not pay its expenses, the Ag Pool will sue the AP Members. (Burton Decl., at ¶11,
13 Exh. E; see also Exh. 4 to RJN [Ag Pool “notice of default” to AP].) On September 10, 2020, the
14 Watermaster acknowledged during an AP meeting that the Ag Pool provided no backup for its
15 claimed expenses and Watermaster did not ask for any. (Burton Decl., at ¶14; see also Exh. 3 to
16 RJN.) Thus, the AP has been denied any opportunity to review the basis of the expenses being
17 passed on to determine whether the expenses are appropriate as contemplated under
18 Section 5.4(a).

19 On August 25, the Watermaster Board voted to issue invoices to the AP for the
20 \$165,694.75 that the Ag Pool incurred in legal and expert fees in excess of its budget.² (Burton
21 Decl., at ¶13.) The Ag Pool’s response to the AP and the resulting Watermaster-issued invoice
22 necessitated the AP Members’ instant Motion.

23 **III. LEGAL ARGUMENT**

24 In interpreting the meaning of a contract, “the overriding goal ... is to give effect to the
25 parties’ mutual intentions as of the time of contracting.” (*Shaw v. Regents of Univ. of California*

26 ² Also, the Ag Pool recently requested to increase its Fiscal Year 2020-2021 budget for legal
27 expenses upward from the previously approved amount of \$300,000, by an additional
28 \$200,000 to a new annual budget of \$500,000. (Burton Decl., ¶14.) This reflects the Ag
Pool’s intent to continue with the same conduct resulting in excessive charges to the AP.

1 (1997) 58 Cal.App.4th 44, 53.) In doing so, the contract must be read as a whole, “taken together,
2 so as to give effect to every part, if reasonably practicable, each clause helping to interpret the
3 other.” (Civ. Code, § 1641.) The words of the contract must “be understood in their ordinary and
4 popular sense . . . unless a special meaning is given to them by usage, in which case the latter
5 must be followed.” (Civ. Code § 1644; see also Code Civ. Proc, § 1861.) When resolving a
6 dispute ““over the meaning of contract language, the first question to be decided is whether the
7 language is “reasonably susceptible” to the interpretation urged by the party. If it is not, the case
8 is over.”” (*People ex rel. Lockyer v. R.J. Reynolds Tobacco Co.* (2003) 107 Cal.App.4th 516,
9 524.) Here, the language of the Peace Agreement, when read as a whole, makes clear that Section
10 5.4(a) does not provide the Ag Pool an unlimited blank check from the AP.

11 **A. The Peace Agreement Establishes that Only Expenses for Watermaster-**
12 **Initiated Actions Are Payable “Expenses” Contemplated Under § 5.4(a).**

13 The Peace Agreement establishes that “all assessments and expenses” refers to expenses
14 for Watermaster-initiated actions – not expenses for Ag Pool-initiated actions such as the Storage
15 Contests. The Ag Pool’s unreasonably broad (i.e. blank check) interpretation of Section 5.4(a)
16 cannot be reconciled with either the plain language or the purpose and context of the Peace
17 Agreement. Section 5.4(a) states in relevant part:

18 During the term of this Agreement, all assessments and expenses of the
19 Agricultural Pool Committee shall be paid by the Appropriate Pool. This
20 includes but is not limited to OBMP Assessments, assessments pursuant to
21 Paragraphs 20, 21, 22, 30, 42, 51, 53, 54 both General Administrative Expenses
 and Special Project Expenses, 55, and Exhibit F (Overlying Agricultural Pool
 Plan) of the Judgment

22 The Recitals establish the overall purpose of the Peace Agreement and therefore context
23 for understanding Section 5.4(a). The last Recital states that “the Parties intend that this
24 Agreement shall enable the adoption and implementation of an OBMP.” Notably, the purposes of
25 the Peace Agreement do not include matters such as the Ag Pool’s initiation of Storage Contests
26 to address the Safe Yield reset (see Burton Decl., ¶4), nor to address adoption/implementation of
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1 any other requirement under the Judgment or Peace II in which Ag Pool legal or other expenses
2 may be generated.

3 To provide further context, Sections 5.1, 5.2 and 5.3 of the Peace Agreement allow
4 Watermaster to administer transfers, recharge and storage/recovery of water in the Basin. The
5 title of Section 5 is “Watermaster Performance.” Combined, these Sections and the title of
6 Section 5 provide more context for Section 5.4, which is: payment of expenses for Watermaster
7 actions, projects, and programs agreed upon by the parties under the Peace Agreement.

8 Consistent with this context, the introductory language to Section 5.4 clearly states that the
9 “Parties expressly consent to *Watermaster’s performance of [certain] actions, programs or*
10 *procedures* regarding assessments.” (Emphasis added.) In addition, Section 5.4, titled
11 “Assessments, Credits, and Reimbursements,” must be read within the foregoing context as
12 referring to assessments and expenses arising from Watermaster’s performance – not as creating a
13 blank check to pay for Ag Pool-initiated actions such as the Storage Contests or other disputes.

14 Examples of payable “assessments and expenses” enumerated in Section 5.4(a) include
15 OBMP Assessments, General Administrative Expenses, and Special Project Expenses. These
16 specific examples are illustrative to establish the meaning and limited scope of “assessments and
17 expenses.” Notably, Section 5.4(a) does not mention legal and expert expenses.³

18 Collectively, the Recitals along with Sections 5.1, 5.2 and 5.3 of the Peace Agreement and
19 both the introductory language and the language of Section 5.4 itself, establish that “all
20 assessments and expenses” refers to expenses for Watermaster-initiated actions – not expenses for
21 independent Ag Pool-initiated actions.⁴

22 The Ag Pool’s unreasonably broad (i.e., blank check) interpretation of Section 5.4(a),
23 cannot be reconciled with either the plain language or the purpose and context of the Peace

24 ³ Although the definition of “Special Project Expense” under ¶54(b) of the Judgment and ¶4.1(b)
25 of the Regulations includes “litigation expense,” it does not address legal fee-shifting and the
issue of Special Projects was addressed by the Pools in 2009.

26 ⁴ Storage Contests cannot give rise to payable “expenses” under §5.4(a) for the additional reason
27 that the concept of Storage Contests did not exist and could not have been contemplated at the
time §5.4(a) was authored. The Peace Agreement was signed in July 2000. Regulations were
28 a later creation, having been developed by Watermaster with input from the Pools and the
Advisory Committee as per ¶18 of the Judgment, and adopted by Watermaster in June 2001.

1 Agreement. Based on the foregoing alone, this Court may issue the judicial determinations
2 requested in this Motion.

3 **B. Storage Contest Expenses Are Not Recoverable Under Any Section of the**
4 **Peace Agreement that Addresses Legal Expenses.**

5 Under the Peace Agreement, legal fee-shifting is governed by Sections 10.5 and 9.2(d).
6 These sections are more specific than Section 5.4(a) as to the Ag Pool's legal expenses arising
7 from Storage Contests filed by the Ag Pool against certain AP Members.

8 Section 10.5 of the Peace Agreement requires that “[e]ach Party is to bear its own costs,
9 expenses, and attorneys’ fees arising out of or in connection with the subject matter of this
10 Agreement and the negotiation, drafting, and execution of this Agreement.” (Emphasis added.)
11 “Parties” include any party to the agreement (Peace Agreement, §1.1(gg)), i.e., the Ag Pool is a
12 “Party” that must bear its own legal expenses incurred for matters arising out of or connected with
13 the Peace Agreement.

14 Section 9.2(d) of the Peace Agreement supplies another specific legal fee-shifting rule
15 applicable to adversarial proceedings between Parties:

16 In any adversarial proceedings between the Parties other than the [alternative]
17 dispute resolution procedure set forth below and under the Judgment, **the**
18 **prevailing Party shall be entitled to recover their costs, including reasonable**
19 **attorneys’ fees.** If there is no clear prevailing Party, the Court shall determine the
20 prevailing Party and provide for the award of costs and reasonable attorneys’ fees.
21 In considering the reasonableness . . . the Court shall consider the quality,
22 efficiency, and value of the legal services [Emphasis added.]

23 Under this Section 9.2(d), as a Party to the Peace Agreement, the Ag Pool must bear its own legal
24 fees and costs in any adversarial proceedings with other Parties such as the AP or the AP
25 Members. The only exception would occur if the Ag Pool were declared “prevailing party” for
26 purposes of a judicially determined fee award. No such fee award has occurred, nor can it be
27 awarded in Ag Pool-initiated Storage Contests proceeding not in any court, but rather before Mr.
28 Berchtold as the Hearing Officer.⁵

27 ⁵ A predicate to any such fee award, were it available, would be judicial review to determine
28 reasonableness. (Peace Agreement, § 9.2(d); see also, e.g., *EnPalm, LLC v. Teitler* (2008) 162
Cal.App.4th 770; *Kanner v. Globe Bottling Co.* (1969) 273 Cal.App.2d 559.) Here, the Ag

1 It is a well-settled principle of contract interpretation that a specific provision controls
2 over a general provision relating to the same subject. (*Kanno v. Marwit Capital Partners II, L.P.*
3 (2017) 18 Cal.App.5th 987, 1017; see also *Miller v. Superior Court* (1999) 21 Cal.4th 883, 895
4 [proposition is “well settled”].) Applying this principle, Ag Pool legal expenses are governed by
5 Sections 10.5 and 9.2(d) of the Peace Agreement, and these sections require the Ag Pool to bear
6 its own legal expenses. Such expenses cannot be shifted to the AP via Watermaster assessments
7 under Section 5.4(a).

8 For this additional reason, this Court may issue the judicial determinations requested in
9 this Motion.

10 **C. The Peace Agreement and Watermaster Regulations Prohibit Recovery of the**
11 **Ag Pool’s Legal Expenses for Storage Contests.**

12 Expenses incurred by the Ag Pool for its Storage Contests are not recoverable for another
13 additional reason: “Storage Contests” are a creation of the Watermaster Regulations, which were
14 adopted after the Peace Agreement (see footnote 4 above) and are consistent with it. (Regulations
15 [“Regs”], ¶1.3.) The Regulations expressly prohibit the Ag Pool from shifting its legal expenses
16 for the Storage Contests to the AP, and the Ag Pool’s attempt to do so violates the Regulations
17 and the Peace Agreement.⁶

18 Pool and Watermaster have categorically refused to provide any information, even redacted
19 legal invoices, upon which findings of necessity and reasonableness could be based.

20 ⁶ The Ag Pool’s demand for payment of its independently incurred legal expenses breaches the
21 implied covenant of good faith and fair dealing under the Peace Agreement. Every contract
22 incorporates an implied covenant of good faith and fair dealing by each party not to do
23 anything which will deprive the other parties of the benefits of the contract. (*Sutherland v.*
Barclays American/Mortgage Corp. (1997) 53 Cal.App.4th 299, 314.) A party breaches the
implied covenant by interfering with or failing to cooperate with the performance of the
contract. (1 Witkin, Summary of Cal. Law (8th ed. 2005) Contracts, §798, p.892; see also
Sutherland, supra, 53 Cal.App.4th at p. 314.)

24 Here, the implied covenant in the Peace Agreement requires the Ag Pool to refrain from doing
25 anything that would undermine the Peace Agreement’s stated purpose. (See *April Enterprises,*
Inc. v. KTTV (1983) 147 Cal.App.3d 805, 816.) An express purpose of the Peace Agreement
26 set forth at the second to last Recital is “to preserve and maintain Watermaster’s role under the
Judgment without compromising the Parties’ collective and individual ‘benefits of the bargain’
27 under this [Peace] Agreement.” But the Ag Pool has induced Watermaster to impose the Ag
Pool’s independently incurred legal expenses. This action by the Ag Pool undermines and
28 compromises Watermaster’s role under the Judgment, including its administration of Court-
approved Regulations requiring each Storage Contest party to bear its own expenses. (Regs,

1 The Watermaster Regulations allow for a “Contest” to be filed by parties. (Regs, ¶1.1(z).)
2 Contest procedures under the Regulations apply to challenges made to any application submitted
3 to Watermaster requesting to participate in a local storage and recovery program, such as the
4 Storage Contests. (See Regs, ¶10.3, ¶10.13.) Paragraph 10.26(a) of the Regulations requires that
5 “[e]ach party to the [Contest] proceeding **shall bear its own costs and expenses associated with**
6 **the proceeding.**” (Emphasis added.) Thus, the Ag Pool must bear its own expenses, including
7 legal fees and expert costs, in connection with the Storage Contests.

8 The Ag Pool’s legal expenses for Storage Contests that the Ag Pool initiated against
9 certain members of the AP under the Regulations cannot be “shifted” to the AP Members through
10 an unreasonably overbroad interpretation of Section 5.4(a) of the Peace Agreement. The Ag
11 Pool’s demand for payment of the expenses is contrary to the Regulations and violates the Peace
12 Agreement.

13 **D. Resolution of the 2009 Dispute Confirmed that, to Be Payable Under §5.4(a),**
14 **Ag Pool Expenses Must Be Initiated by Watermaster Within a Pre-Approved**
15 **Budget, and Must Be Consistent with Legitimate Ag Pool Function.**

16 The resolution of the 2009 dispute between the Ag Pool and the AP established
17 parameters for applying Section 5.4(a) of the Peace Agreement. As discussed in Section II.B
18 above, the 2009 dispute involved a disagreement between the Ag Pool and AP about the meaning
19 of Section 5.4(a) with respect to payment of expenses related to the TMDL Study. Chairpersons
20 of the three Pools formed a Special Joint Pool Committee to resolve the dispute. Although the
21 Joint Committee ultimately recommended that Watermaster approve a budget transfer request to
22 pay for the expense at issue, it also clarified the scope of assessments and expenses contemplated
23 by Section 5.4(a) and documented the mutual understanding in a joint resolution.

24 In its resolution, the Joint Committee described the Ag Pool’s agreement to obtain
25 Advisory Committee review and Watermaster prior approval for its annual proposed budget.
26 Specifically, the Ag Pool agreed to:

27 _____
28 ¶10.26(a.) Also it contravenes Sections 10.5 and 9.2(d) of the Peace Agreement, which
require the Ag Pool to bear its own legal expenses. (See §III.B above.)

1 participate in the regular Watermaster Budget Process and present an annual
2 budget in the same form and fashion as the other Pools. . . . **All of the budgets will**
3 **be reviewed through the Pool process, approved and submitted by the**
4 **Advisory Committee to the Watermaster.**

4 (Scott-Coe Decl., at ¶¶2-3, Exh. A; Exh. 1 to RJN [emphasis added].) As confirmed in this
5 resolution, prior approval is a prerequisite for payment of Ag Pool expenses under Section 5.4(a)
6 of the Peace Agreement.

7 In support of the principle that expenses payable by the AP under Section 5.4(a) must be
8 initiated by Watermaster and not unilaterally incurred by the Ag Pool, the Joint Committee
9 resolved and agreed that “[o]nly Watermaster is authorized to undertake Special Project
10 expense under Judgment Section 54 and Section 27.” (Exh. 1 to RJN, emphasis added.) The
11 Joint Committee cited Section 5.4(a) of the Peace Agreement and Sections 27 and 54 of the
12 Judgment, which clarify what constitute general Watermaster administrative expenses and special
13 project expenses payable under Section 5.4(a).⁷ The Joint Committee emphasized that “**this is**
14 **not an authorization for the Pool to undertake such expense on its own initiative.**” (Exh. 1 to
15 RJN, emphasis added.)

16 In further support of the principle that the Ag Pool may not unilaterally incur a Special
17 Project Expense, the Joint Committee reasoned:

18 Under Section 38(a) Pool Committees are limited to “developing policy
19 recommendations for administration of its particular Pool.” Special Project
20 expense necessarily must be part of the Physical Solution which is under the
21 control of the Court and its Court appointed Watermaster. While the Pool
22 Committees are there to provide advice and assistance to Watermaster they may
23 not supplant Watermaster’s Physical Solution authority under Section 41.

22 (Exh. 1 to RJN, emphasis added.) The Joint Committee pointed out that Section 38(a) empowers
23 each Pool to “develop[] policy recommendations for administration of its particular Pool.”
24 Nowhere else in the Judgment or the Pooling Plans is the Ag Pool entitled to be compensated for
25 employing legal counsel or experts for other purposes.

26
27 ⁷ §27 of the Peace Agreement discusses studies that Watermaster may undertake; §54 clarifies
28 which administrative expenses qualify as General Watermaster Administrative Expenses
versus Special Project Expenses.

1 In summary, the Joint Committee did not adopt the Ag Pool’s position that “all” expenses
2 includes any independent undertaking of the Ag Pool. Instead, the Joint Committee endorsed
3 principles, based on the Judgment, limiting what expenses qualify for payment by the AP under
4 Section 5.4(a) of the Peace Agreement. The agreed-upon principles are fairly summarized as
5 follows: to be payable under Section 5.4(a), Ag Pool expenses must be (1) for actions, programs,
6 or projects initiated by Watermaster; (2) within a budget pre-approved by Watermaster following
7 review through the Pool process including approval and submission by the Advisory Committee
8 to the Watermaster; and (3) consistent with legitimate Ag Pool functions pursuant to Section 38 of
9 the Judgment.⁸

10 The Ag Pool’s recent requests for reimbursement of expenses related to its Storage
11 Contests deviate from this standard. The Storage Contest expenses are not related to
12 Watermaster-initiated actions, programs or projects. Nor are the expenses consistent with
13 legitimate Ag Pool functions under the Judgment.⁹ Instead, these expenses stem from the Ag
14 Pool independently inserting itself into operations of another pool, seeking to supplant the role of
15 Watermaster in implementing the Physical Solution. As such, the Ag Pool should be responsible
16 to pay its own, independently-incurred expenses. These expenses cannot be imposed on the AP.

17 **E. The “Blank Check” Sought by the Ag Pool Violates Public Policy.**

18 The Peace Agreement cannot be read to allow virtually any expense – no matter how
19 divorced from the appropriate role and authority of the Ag Pool under the Judgment, and without
20 providing documentation (redacted or otherwise) – on public ratepayers.

21 As discussed in Section III.B above, legal fee shifting for adversarial proceedings such as
22 the Storage Contests is discussed in Section 9.2(d) of the Peace Agreement, which imposes
23 appropriate strict limits. First, a court must determine the “prevailing party” in the proceeding.
24 Then a court must assess whether the fees sought were reasonable and necessary. (Peace

25 ⁸ As noted in Section II.A above, although the AP has paid certain Ag Pool assessments and
26 expenses submitted for payment under §5.4(a), payment was based on the understanding that
27 such assessments were related to and expenses stemmed from Watermaster-initiated actions
28 and were consistent with legitimate Ag Pool functions promulgated in the Judgment.

⁹ Without opportunity to review the invoices, AP is not able to confirm if the fees incurred are
reasonable, but in light of the excessive unbudgeted expenses, contend that they are not.

1 Agreement, § 9.2(d).) In this way the Peace Agreement comports with California law, which
2 requires courts to ascertain the fees due under any contractual fee-shifting provision based on
3 reasonableness. (Civ. Code, §1717; *PLCM Group v. Drexler* (2000) 22 Cal.4th 1084, 1091 [one-
4 sided and oppressive fee-shifting provisions are not enforced].)

5 Courts are particularly unwilling to enforce “blank checks” because to do so would be a
6 clear violation of public policy. (See, e.g., *Ecco-Phoenix Electric Corp. v. Howard J. White, Inc.*
7 (1969) 1 Cal.3d 266, 272 [unilateral fee-shifting provision that requires one party to pay the
8 other’s fees whenever any lawsuit is necessary would encourage frivolous litigation and is
9 unenforceable as contrary to public policy].) Public policy concerns are heightened where the
10 blank check would be funded by public agencies.

11 The AP Members are public water utilities, and accordingly costs imposed on them
12 ultimately are borne by the public through, e.g., water rates and taxes. The AP Members have
13 obligations under California law such as Proposition 218 to justify their costs as necessary and
14 reasonable. Such principles of public fiscal transparency caution against passing through
15 potentially unlimited, unseen costs to the public. The Ag Pool is comprised predominantly of
16 private (not public) individuals and enterprises, notwithstanding the State’s participation (see
17 Exhibit C to the Judgment, listing the Stipulating Overlying Agricultural Producers). It would be
18 unreasonable and contrary to public policy for the AP to provide private members of the Ag Pool
19 an unlimited, unreviewable fund to do as they please.

20 At a minimum, the AP Members should be provided with supporting and redacted
21 invoices regarding expenses they are requested to pass-through to the public. Contrary to
22 assertions of Watermaster and the Ag Pool, according to the California Supreme Court such
23 information is not categorically privileged and exempt from disclosure. (*Los Angeles County*
24 *Board of Supervisors v. Superior Court* (2016) 2 Cal.5th 282.)¹⁰

25
26 ¹⁰ *Los Angeles County Board of Supervisors v. Superior Court, supra*, holds that legal invoices of
27 public entities are public records subject to disclosure. The contents are privileged only to the
28 extent they communicate information for the purpose of legal consultation. The fact that parts
of an attorney invoice may contain privileged information does not justify withholding the
entire document where the invoice can be disclosed with appropriate redactions.

1 The interpretation of Section 5.4(a) advanced by the Ag Pool would allow virtually any
2 expense, for any purpose, without limitation or documentation. This interpretation defies equity,
3 violates public policy, and cannot be reconciled with the plain language and context of the
4 Judgment and Peace Agreement.

5 **IV. CONCLUSION**

6 For all of the foregoing reasons, the AP Members respectfully request that this Court
7 enter an order declaring that, to be payable under Section 5.4(a) of the Peace Agreement, Ag
8 Pool expenses must be (1) for actions, programs, or projects initiated by Watermaster; (2) within
9 a budget pre-approved by Watermaster following review through the Pool process including
10 approval and submission by the Advisory Committee to the Watermaster; (3) consistent with the
11 Peace Agreement and legitimate Ag Pool functions pursuant to Section 38 of the Restated
12 Judgment; and (4) reasonable. Consistent with that determination, the AP Members respectfully
13 request that the Court declare that they are not obligated to pay any Ag Pool legal and expert
14 expenses related to Storage Contests initiated by the Ag Pool, and the AP is entitled to a refund
15 of any such expenses already paid.

16

17


18 Dated: September 17, 2020

NOSSAMAN LLP
FREDERIC A. FUDACZ
GINA R. NICHOLLS

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21

By: 

22

Frederic A. Fudacz
Attorneys for CITY OF ONTARIO

23

24

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[SIGNATURES CONTINUE ON FOLLOWING PAGES]

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22
23
24
25
26
27
28

Dated: September 17, 2020

Lagerlof, LLP

By: Thomas S. Bunn III

Thomas S. Bunn III
Attorneys for CITY OF POMONA

Dated: September 17, 2020

Thomas H. McPeters, Esq.

By: Thomas H. McPeters

Thomas H. McPeters
Attorney for SAN ANTONIO WATER
COMPANY and FONTANA UNION WATER
COMPANY

Dated: September 17, 2020

KIDMAN GAGEN LAW LLP

By: Arthur G. Kidman

Arthur G. Kidman
Andrew B. Gagen
Attorneys for MONTE VISTA WATER DISTRICT
and MONTE VISTA IRRIGATION COMPANY

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: September 17, 2020

BEST BEST & KRIEGER LLP

By: Gene Tanaka / by GRW

GENE TANAKA
STEVE ANDERSON
Attorneys for CUCAMONGA VALLEY
WATER DISTRICT

Dated: September 17, 2020

ELLISON SCHNEIDER HARRIS & DONLAN
LLP

By: Shawnda Grady / by GRW

SHAWNDA M. GRADY
Attorneys for JURUPA COMMUNITY SERVICES
DISTRICT

Dated: September 17, 2020

HENSLEY LAW GROUP

By: Elizabeth M. Calciano

Elizabeth M. Calciano
Attorneys for CITY OF CHINO HILLS

CHINO BASIN WATERMASTER

Case No. RCVRS 51010

Chino Basin Municipal Water District v. City of Chino, et al.

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On September 18, 2020 I served the following:

1. MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION OF APPROPRIATIVE POOL MEMBER AGENCIES RE: AGRICULTURAL POOL LEGAL AND OTHER EXPENSES

BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

See attached service list: Mailing List 1

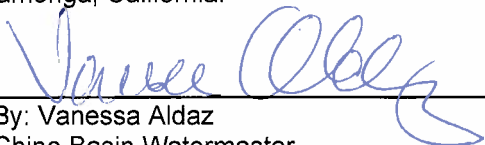
BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on September 18, 2020 in Rancho Cucamonga, California.


By: Vanessa Aldaz
Chino Basin Watermaster

BRIAN GEYE
CA SPEEDWAY CORPORATION
9300 CHERRY AVE
FONTANA, CA 92335

BOB KUHN
THREE VALLEYS MWD
669 HUNTERS TRAIL
GLENDDORA, CA 91740

ROBERT BOWCOCK
INTEGRATED RESOURCES MGMNT
405 N. INDIAN HILL BLVD
CLAREMONT, CA 91711

STEVE ELIE
IEUA
17017 ESTORIL STREET
CHINO HILLS, CA 91709

JEFF PIERSON
2 HEXAM
IRVINE, CA 92603

PAUL HOFER
CBWM BOARD MEMBER
11248 S TURNER AVE
ONTARIO, CA 91761

DON GALLEANO
WMWD
4220 WINEVILLE ROAD
MIRA LOMA, CA 91752

ALLEN HUBSCH
LOEB & LOEB LLP
10100 SANTA MONICA BLVD.
SUITE 2200
LOS ANGELES, CA 90067

BOB FEENSTRA
2720 SPRINGFIELD ST,
ORANGE, CA 92867

Members:

Adrianna.Ortiz@airports.sbcount	Adrianna.Ortiz@airports.sbcounty.gov
Agnes Cheng	agnes.cheng@cc.sbcounty.gov
Al Lopez	alopez@wmwd.com
Alan Frost	Alan.Frost@dpw.sbcounty.gov
Alberto Mendoza	Alberto.Mendoza@cmc.com
Alfonso Ruiz	alfonso.ruiz@cmc.com
Allen W. Hubsch	ahubsch@loeb.com
Alonso Jurado	ajurado@cbwm.org
Amanda Coker	acoker@cityofchino.org
Amer Jakher	AJakher@cityofchino.org
Amy Bonczewski	ABonczewski@ontarioca.gov
Andrea Olivas	aolivas@jcsd.us
Andrew Gagen	agagen@kidmanlaw.com
Andy Campbell	acampbell@ieua.org
Andy Malone	amalone@weewater.com
Angelica Todd	angelica.todd@ge.com
Anna Nelson	atruongnelson@cbwm.org
April Robitaille	arobitaille@bhfs.com
Arnold Rodriguez	jarodriguez@sarwc.com
Art Bennett	citycouncil@chinohills.org
Arthur Kidman	akidman@kidmanlaw.com
Ashok Dhingra	ash@akdconsulting.com
Ben Lewis	benjamin.lewis@gswater.com
Ben Peralta	bperalta@tvmwd.com
Benjamin M. Weink	ben.weink@tetrattech.com
Betty Anderson	banderson@jcsd.us
Bob Bowcock	bbowcock@irmwater.com
Bob DiPrimio	rjdiprimio@sgvwater.com
Bob Feenstra	bobfeenstra@gmail.com
Bob Kuhn	bgkuhn@aol.com
Bob Kuhn	bkuhn@tvmwd.com
Bob Page	Bob.Page@rov.sbcounty.gov
Brad Herrema	bherrema@bhfs.com
Braden Yu	bradeny@cvwdwater.com
Brandon Howard	brahoward@niagarawater.com
Brenda Fowler	balee@fontanawater.com
Brent Yamasaki	byamasaki@mwdh2o.com
Brian Dickinson	bdickinson65@gmail.com
Brian Geye	bgeye@autoclubspeedway.com
Brian Lee	blee@sawaterco.com
Cameron Andreasen	memphisbelle38@outlook.com
Carmen Sierra	carmens@cvwdwater.com
Carol Boyd	Carol.Boyd@doj.ca.gov
Carolina Sanchez	csanchez@weewater.com
Casey Costa	ccosta@chinodesalter.org
Cassandra Hooks	chooks@niagarawater.com
Catharine Irvine	cirvine@DowneyBrand.com
Chad Blais	cblais@ci.norco.ca.us
Charles Field	cdfield@att.net
Charles Linder	Charles.Linder@nrgenergy.com
Charles Moorrees	cmoorrees@sawaterco.com

Chino Hills City Council	citycouncil@chinohills.org
Chris Berch	cberch@jcsd.us
Chris Diggs	Chris_Diggs@ci.pomona.ca.us
Christiana Daisy	cdaisy@ieua.org
Christofer Coppinger	ccoppinger@geoscience-water.com
Christopher M. Sanders	cms@eslawfirm.com
Christopher Quach	cquach@ontarioca.gov
Christopher R. Guillen	cguillen@bhfs.com
Chuck Hays	chays@fontana.org
Cindy Cisneros	cindyc@cvwdwater.com
Cindy Li	Cindy.li@waterboards.ca.gov
Cinthia Heredia	Cinthia.Heredia@cmc.com
Clarence Mansell	cmansell@wwd.org
Courtney Jones	cjjones@ontarioca.gov
Craig Miller	CMiller@wmwd.com
Craig Stewart	craig.stewart@woodplc.com
Cris Fealy	cifealy@fontanawater.com
Dan Arrighi	darrighi@sgvwater.com
Dan McKinney	dmckinney@douglascountylaw.com
Daniel Bobadilla	dbobadilla@chinohills.org
Dave Argo	daveargo46@icloud.com
Dave Crosley	DCrosley@cityofchino.org
David Aladjem	daladjem@downeybrand.com
David De Jesus	ddejesus@tvmwd.com
David Doublet	ddoublet@dpw.sbcounty.gov
David Huynh	dhuynh@cbwm.org
David LeValley	David.LeValley@linde.com
David Penrice	dpenrice@acmwater.com
Dennis Dooley	ddooley@angelica.com
Dennis Mejia	dmejia@ontarioca.gov
Dennis Williams	dwilliams@geoscience-water.com
Diana Frederick	diana.frederick@cdcr.ca.gov
Don Galleano	dongalleano@icloud.com
Ed Means	edmeans@roadrunner.com
Edgar Tellez Foster	etellezfoster@cbwm.org
Eduardo Espinoza	EduardoE@cvwdwater.com
Edward Kolodziej	edward.kolodziej@ge.com
Elizabeth M. Calciano	ecalciano@hensleylawgroup.com
Elizabeth Skrzat	ESkrzat@cbwcd.org
Eric Fordham	eric_fordham@geopentech.com
Eric Garner	eric.garner@bbklaw.com
Eric Grubb	ericg@cvwdwater.com
Eric Papathakis	Eric.Papathakis@cdcr.ca.gov
Eric Tarango	edtarango@fontanawater.com
Erika Clement	Erika.clement@sce.com
Eunice Ulloa	eulloa@cityofchino.org
Evette Ounanian	EvetteO@cvwdwater.com
Felix Hamilton	felixhamilton.chino@yahoo.com
Frank Brommenschenkel	frank.brommen@verizon.net
Frank Yoo	FrankY@cbwm.org
Fred Fudacz	ffudacz@nossaman.com
Fred Galante	fgalante@awattorneys.com
Gabby Garcia	ggarcia@mvwd.org

Garrett Rapp	grapp@weiwater.com
Gene Tanaka	Gene.Tanaka@bbklaw.com
Geoffrey Kamansky	gkamansky@niagarawater.com
Geoffrey Vanden Heuvel	geoffreyvh60@gmail.com
Gerald Yahr	yahrj@koll.com
Gina Nicholls	gnicholls@nossaman.com
Gino L. Filippi	Ginoffvine@aol.com
Greg Woodside	gwoodside@ocwd.com
Henry DeHaan	Hdehaan1950@gmail.com
Hope Smythe	hsmythe@waterboards.ca.gov
Irene Islas	irene.islas@bbklaw.com
James Curatalo	jamesc@cvwdwater.com
James Jenkins	cnomgr@airports.sbcounty.gov
James McKenzie	jmckenzie@dpw.sbcounty.gov
Jane Anderson	janderson@jcsd.us
Janelle Granger	jgranger@niagarawater.com
Janine Wilson	JWilson@cbwm.org
Jasmin A. Hall	jhall@ieua.org
Jason Marseilles	jmarseilles@ieua.org
Jason Pivovarovff	JPivovarovff@wmwd.com
Jean Cihigoyenetché	Jean@thejclawfirm.com
Jean Perry	JPerry@wmwd.com
Jeff Evers	jevers@niagarawater.com
Jeffrey L. Pierson	jpierson@intexcorp.com
Jennifer Hy-Luk	jhyluk@ieua.org
Jessie Ruedas	Jessie@thejclawfirm.com
Jim Markman	jmarkman@rwglaw.com
Jim W. Bowman	jbowman@ontarioca.gov
Jimmy Gutierrez - Law Offices of Jimmy Gutierrez	jimmylaredo@gmail.com
Jimmy Medrano	Jaime.medrano2@cdcr.ca.gov
jimmy@city-attorney.com	jimmy@city-attorney.com
Joanne Chan	jchan@wwwd.org
Joao Feitoza	joao.feitoza@cmc.com
Joe Graziano	jgraz4077@aol.com
Joe Joswiak	JJoswiak@cbwm.org
Joel Ignacio	jignacio@ieua.org
John Abusham	john.abusham@nrg.com
John Bosler	johnb@cvwdwater.com
John Harper	jrharper@harperburns.com
John Huitsing	johnhuitsing@gmail.com
John Lopez	jlopez@sarwc.com
John Lopez and Nathan Cole	customerservice@sarwc.com
John Mendoza	jmendoza@tvmwd.com
John Partridge	jpartridge@angelica.com
John Schatz	jschatz13@cox.net
John Thornton	JThorntonPE@H2OExpert.net
Jose A Galindo	Jose.A.Galindo@linde.com
Josh Swift	jmswift@fontanawater.com
Joshua Aguilar	jaguilar@ieua.org
Julie Saba	jsaba@jcsd.us
Justin Brokaw	jbrokaw@marygoldmutualwater.com
Justin Nakano	JNakano@cbwm.org

Justin Scott-Coe Ph. D.	jscottcoe@mvwd.org
Karen Johnson	kejwater@aol.com
Kathleen Brundage	kathleen.brundage@californiasteel.com
Keith Kramer	kkramer@fontana.org
Keith Person	keith.person@waterboards.ca.gov
Kelly Berry	KBerry@sawpa.org
Ken Waring	kwaring@jcsd.us
Kevin O'Toole	kotoole@ocwd.com
Kevin Sage	Ksage@IRMwater.com
Kimberly E. Leefatt	kleefatt@bhfs.com
Kristina Robb	KRobb@cc.sbcounty.gov
Kurt Berchtold	kberchtold@gmail.com
Kyle Snay	kylesnay@gswater.com
Larry Cain	larry.cain@cdcr.ca.gov
Larry Rothman	lawrence.rothman@cmc.com
Laura Mantilla	lmantilla@ieua.org
Lauren Harold	lharold@linklogistics.com
Linda Jadeski	ljadeski@wvwd.org
Lisa Lemoine	LLemoine@wmwd.com
Liz Hurst	ehurst@ieua.org
Marco Tule	marco.tule@nrg.com
Maria Mendoza-Tellez	MMendoza@weewater.com
Maribel Sosa	msosa@ci.pomona.ca.us
Marilyn Levin	marilyn.levin@doj.ca.gov
Mark D. Hensley	mhensley@hensleylawgroup.com
Mark Wildermuth	mwildermuth@weewater.com
Mark Wiley	mwiley@chinohills.org
Martin Cihigoyenetché	marty@thejclawfirm.com
Martin Rauch	martin@rauchcc.com
Martin Zvirbulis	mezvirbulis@sgvwater.com
Mathew C. Ballantyne	mballantyne@cityofchino.org
Matthew H. Litchfield	mlitchfield@tvmwd.com
May Atencio	matencio@fontana.org
Melissa L. Walker	mwalker@dpw.sbcounty.gov
mgarcia@ieua.org	mgarcia@ieua.org
Michael Adler	michael.adler@mcmcn.net
Michael Camacho	mcamacho@ieua.org
Michael Camacho	MCamacho@pacificaservices.com
Michael P. Thornton	mthornton@tkeengineering.com
Michelle Licea	mlicea@mvwd.org
Michelle Staples	mstaples@jacksontidus.law
Mike Blazevic	mblazevic@weewater.com
Mike Maestas	mikem@cvwdwater.com
Moore, Toby	TobyMoore@gswater.com
MWDProgram	MWDProgram@sdca.org
Nadia Aguirre	naguirre@tvmwd.com
Nadia Loukeh	nloukeh@wvwd.org
Natalie Costaglio	natalie.costaglio@mcmcn.net
Nathan deBoom	n8deboom@gmail.com
Neetu Gupta	ngupta@ieua.org
Nick Jacobs	njacobs@somachlaw.com
Nicole Escalante	NEscalante@ontarioca.gov
Noah Golden-Krasner	Noah.goldenkrasner@doj.ca.gov

Pam Wilson	pwilson@bhfs.com
Paul Deutsch	Paul.deutsch@tetrattech.com
Paul Hofer	farmwatchtoo@aol.com
Paul Hofer	farmerhofer@aol.com
Paul S. Leon	pleon@ontarioca.gov
Penny Alexander-Kelley	Paalexander-kelley@cc.sbcounty.gov
Pete Hall	pete.hall@cdcr.ca.gov
Pete Hall	rpetehall@gmail.com
Pete Vicario	PVicario@cityofchino.org
Peter Hettinga	peterhettinga@yahoo.com
Peter Kavounas	PKavounas@cbwm.org
Peter Rogers	progers@chinohills.org
Praseetha Krishnan	praseethak@cvwdwater.com
Rachel Avila	R.Avila@MPGLAW.com
Rachel Ortiz	rortiz@nossaman.com
Ramsey Haddad	ramsey.haddad@californiasteel.com
Randy Visser	RVisser@sheppardmullin.com
Ray Wilkings	rwilkings@autoclubspeedway.com
Rick Darnell	Richard.Darnell@nrgenergy.com
Rick Rees	richard.rees@woodplc.com
Rita Pro	rpro@cityofchino.org
Robert C. Hawkins	RHawkins@earthlink.net
Robert DeLoach	robertadeloach1@gmail.com
Robert E. Donlan	red@eslawfirm.com
Robert Neufeld	robneu1@yahoo.com
Robert Wagner	rwagner@wbecorp.com
Ron Craig	Rcraig21@icloud.com
Ron LaBrucherie, Jr.	ronLaBrucherie@gmail.com
Ronald C. Pietersma	rcpietersma@aol.com
Rosemary Hoerning	rhoerning@ci.upland.ca.us
Ryan Shaw	RShaw@wmwd.com
Sally H. Lee	shlee@ieua.org
Sam Nelson	snelson@ci.norco.ca.us
Sam Rubenstein	srubenstein@wpcarey.com
Sandra S. Rose	directorrose@mvwd.org
Sarah Foley	Sarah.Foley@bbklaw.com
Sarah Schneider	sarah.schneider@amec.com
Scott Burton	sburton@ontarioca.gov
Scott Slater	sslater@bhfs.com
Seth J. Zielke	sjzielke@fontanawater.com
Shawnda M. Grady	sgrady@eslawfirm.com
Shivaji Deshmukh	sdeshmukh@ieua.org
Skylar Stephens	SStephens@sdcwa.org
Sonya Barber	sbarber@ci.upland.ca.us
Sonya Zite	szite@wmwd.com
Steve Kennedy	skennedy@bmklawplc.com
Steve M. Anderson	steve.anderson@bbklaw.com
Steve Riboli	steve.riboli@sanantoniowinery.com
Steve Smith	ssmith@ieua.org
Steve W. Ledbetter, PE	sledbetter@tkeengineering.com
Steven Andrews Engineering	sandrews@sandrewsengineering.com
Steven J. Elie	s.elie@mpglaw.com
Steven J. Elie	selie@ieua.org

Steven Popelar	spopelar@jcsd.us
Susan Palmer	spalmer@kidmanlaw.com
Sylvie Lee	slee@ieua.org
Tamer Ahmed	tamer.ahmed@cdcr.ca.gov
Tammi Ford	tford@wmwd.com
Taya Victorino	tayav@cvwdwater.com
Teri Layton	tlayton@sawaterco.com
Terry Bettencourt	miles.bettencourt@cdcr.ca.gov
Terry Catlin	tlcatlin@wfajpa.org
Tim Barr	tbarr@wmwd.com
Tim Kellett	tkellett@tvmwd.com
Timothy Ryan	tjryan@sgvwater.com
Toby Moore	TobyMoore@gswater.com
Todd Minten	tminten@sbcglobal.net
Tom Barnes - ESA Water (tbarnes@esassoc.com)	tbarnes@esassoc.com
Tom Bunn	TomBunn@Lagerlof.com
Tom Cruikshank - Link Industrial Properties (tcruikshank@linklogistics.com)	tcruikshank@linklogistics.com
Tom Harder	tharder@thomashardercompany.com
Tom Haughey	Thaughey@cityofchino.org
Tom McPeters	THMcP@aol.com
Tom O'Neill	toneill@chinodesalter.org
Toni Medell	mmedel@mbakerintl.com
Tony Long	tlong@angelica.com
Tracy J. Egoscue	tracy@egoscuelaw.com
Trish Geren	tgeren@sheppardmullin.com
Van Jew	vjew@mvwd.org
Vanessa Aldaz	valdaz@cbwm.org
Vanessa Campos	VCampos@ontarioca.gov
Veva Weamer	vweamer@weewater.com
Victor Preciado	Victor_Preciado@ci.pomona.ca.us
Vivian Castro	vcastro@cityofchino.org
WestWater Research, LLC	research@waterexchange.com
William J Brunick	bbrunick@bmbllawoffice.com
William Urena	wurena@angelica.com

Agenda Item No. 4I

Item Title: Projects and Operations Update

Purpose:

To update the Board and Shareholders on Company capital projects.

Updates:

1507 – Office Relocation

Presentation to City of Upland originally scheduled for late September has been deferred until early 2021 at City Manager's request.

1602 – Holly Drive Reservoir, Phase 2

Contract has been fully executed. Preconstruction meeting being scheduled.

Original Budget	\$477,000
Original Contracts	\$783,260
Authorized Change Orders	NA
Current Contracts.....	\$783,260

1901 – Automated Meter Reading (AMR) (assumes award @ Sept 2020 Board Meeting)

Contracts being reviewed and final meter numbers being determined.

Original Budget	\$770,000
Original Contracts	\$TBD
Authorized Change Orders	NA
Current Contracts.....	\$770,000

1902 – Cucamonga Crosswalls Mitigation

First of five years of mitigation occurred in April.
Check-up mitigation occurred in the first week in August 2020.
Work for 2020 has been completed.

1904 – Geographical Information System (GIS)

Tablet GIS system has been distributed to all field personnel. Project is complete.

Original Budget	\$50,000
Original Contracts	\$29,929
Authorized Change Orders	NA
FINAL Contracts	\$29,929

1905 – 2020 Master Plan

Computer Water Model being constructed by consultant. Hydrant flow testing scheduled for the week of November 9th. Data gathering is an ongoing process. Company has purchased three data loggers and a pitot tube flow diffuser.

2001 Reservoir 9 Pipeline

~~Contract kick-off meeting held. Surveying completed. Design at 90% completion. Anticipate award of contract @ October Board Meeting.~~

Plans completed, signed and out on the street. Scheduled bid opening for Nov 10th.

Agenda Date: October 20, 2020

2002 Frankish Tunnel Improvements

Contract kick-off meeting held. Surveying completed. Design at 90% completion. ~~Anticipate award of contract @ October Board Meeting.~~ Staff are waiting to review final bid set

2003 Glendale, Cliff, Primrose and Linda Pipelines

Contract kick-off meeting held. Surveying completed. Design at 90% completion. ~~Anticipate award of contract @ October Board Meeting.~~ Staff are waiting to review final bid set

2007 Well 19

Staff is working on a Request for Proposals to construct a new Well 19. RFP should be released later this year for consideration by the Board.

GROUNDWATER LEVELS
(feet below ground surface)

	2012				2013				2014				2015				2016				2017				2018				2019				2020							
CUCAMONGA BASIN	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr
	-211	-192	-202	-195	-191	-199	-210.5	-213	-202	-230	-255	-238	-239	-239	-249	-259	-251	-251	-261	-280	-301	-296	-312	-298	-305	-313	-321	-324	-300	-299	-306	-308	-279	-271	-297					
CHINO BASIN	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr
	-309	-307	-341	-328	-368	-353	-341.3	-385	-357	-391	-409	-418	-423	-424	-427	-427	-430	-452	-462	-466	-451	-441	-441	-442	-450	-451	-468	-473	-458	-428	-396	-402	-396	-389	-326					
SIX BASINS	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr
Six Basins																																								
Well 26 & 27A & 25A	-282	-322	-358	-347	-380	-385	-448	-421	-477	-425	-439	-454	-450	-428	-459	-439	-467	-472	-528	-482	-447	-463	-547	-451	-525	-432	-506	-437	-337	-414	-439	-338	-380	-320	-420					
Well 28	-265	-268	-271	-273	-277	-278	-279.4	-280	-281	-280	-280		-277	-281	-282	-283	-283	-283	-284	-286	-283	-270	-270	-272	-267	-277	-281	-283	-228	-243	-257	-267	-271	-272	-145					

* six basin levels come from well 25A only, the other wells (26&27A) were not shut down during the third quarter 2017.

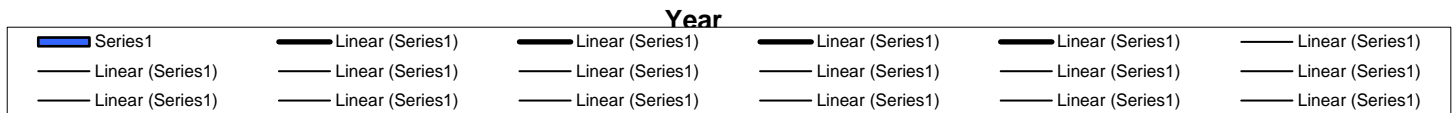
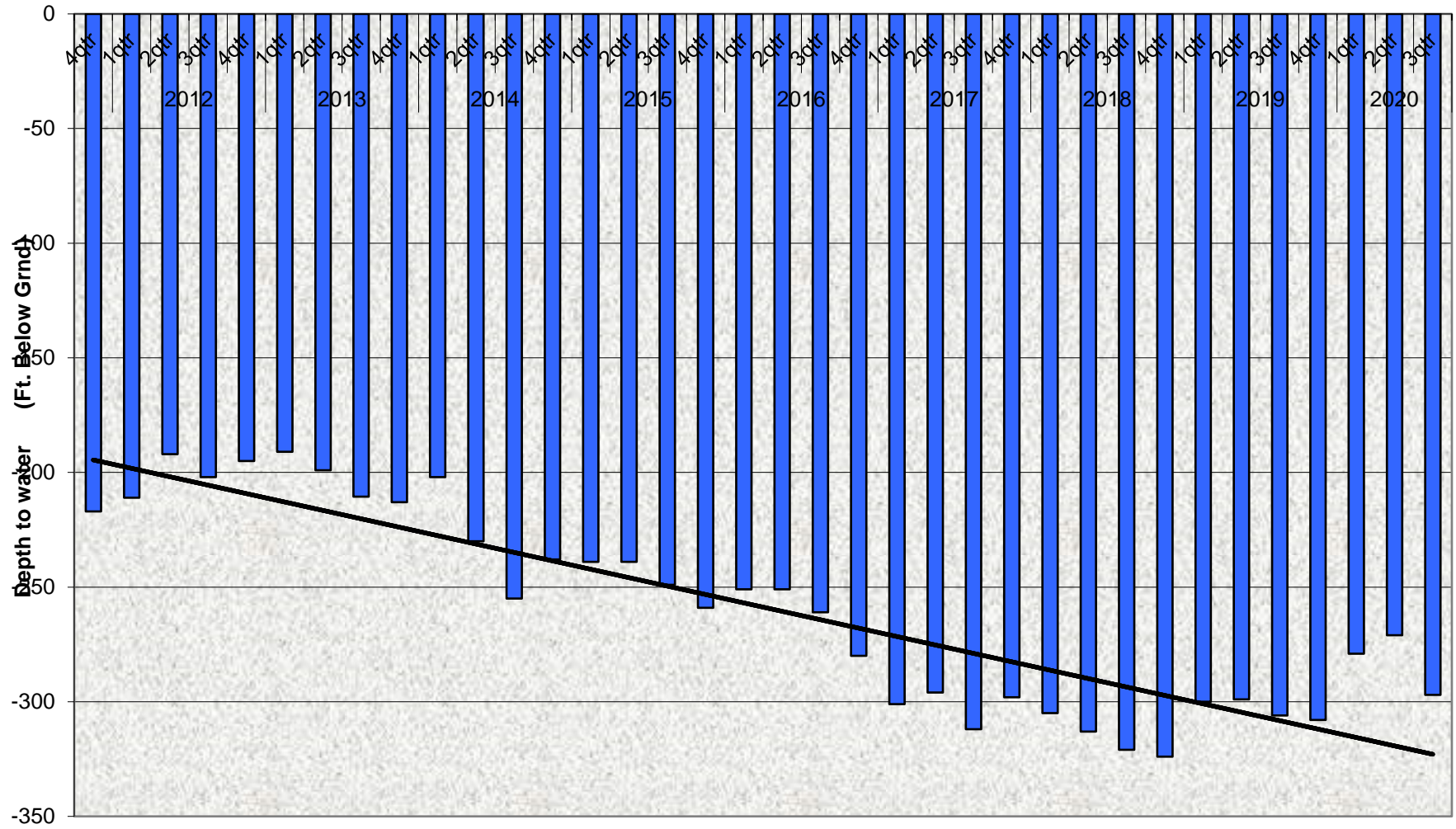
Static water levels for Cucamonga Basin wells 2, 3, 22, 24, 31, 32

Static water levels for Chino Basin wells 15, 16

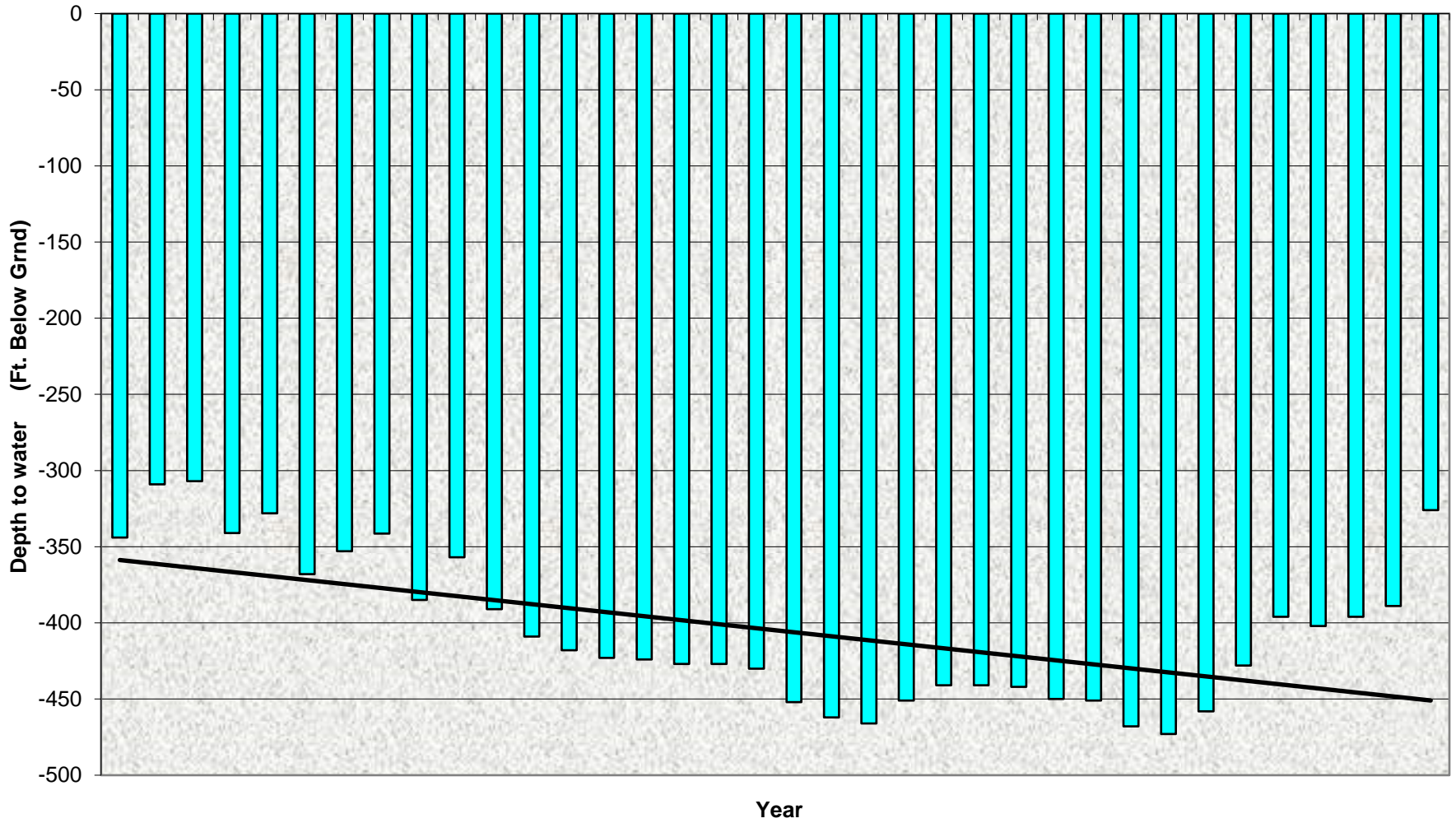
Static water levels for 6 Basin wells 25a, 26 and 27a

Note* 10/11/2019 pumping levels for wells 26 and 27A 416'

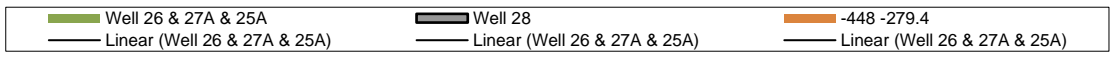
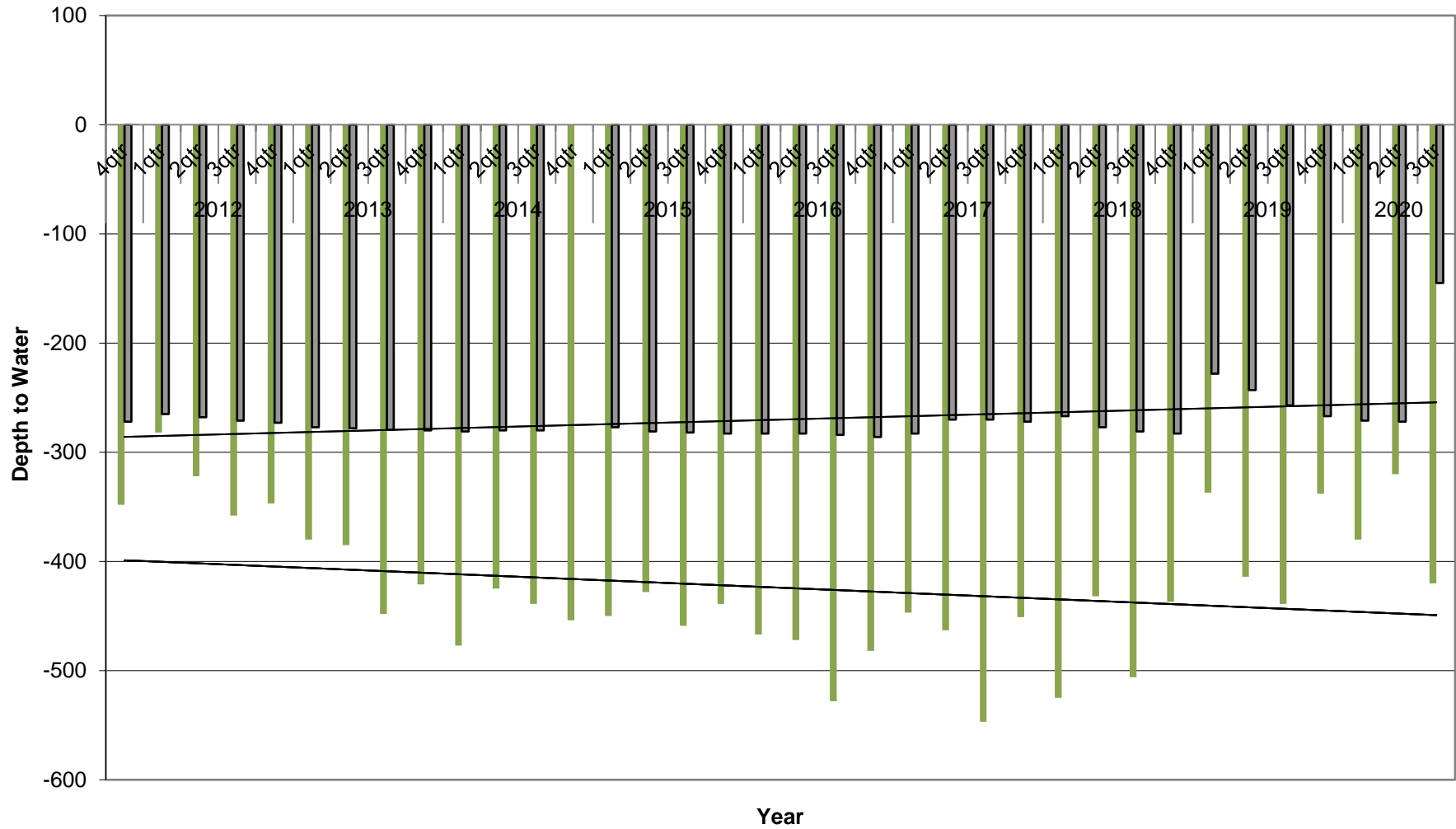
Cucamonga Basin Water Levels



Chino Basin Water Levels



Six Basins



Agenda Item 4K

Item Title: Conservation Programs Update

Purpose:

Update on the Company's existing water conservation programs

I. Local Assistance in meeting Best Management Practices

Conservation rebates: As of 10/1/2020

Residential Rebate Programs- (Fiscal year) thru Metropolitan Water Dist.	<i>Devices/ Rebates</i>	<i>Est. gallons saved/ device/year</i>	<i>Total est. gallons saved per year*</i>
<i>High Efficiency Clothes Washers</i>	2	11,243	22486
<i>Rotating Nozzles</i>	0		
<i>Weather Based Irrigation Controllers</i>	1	105,917	105917
<i>High Efficiency Toilets (premium)</i>	1	13,851	13851
<i>Rain Barrels</i>	0	619	
<i>Turf Removal</i>	0		
Residential Program thru Chino Basin Water Conservation District			
<i>Landscape Audit</i>	1	3485	3485
Total Savings for calendar year – thru 10/1/2020			145,739

Funding is limited and rebates issued on first come, first served basis.

II. SAWCo Efforts in meeting Demand Mgmt. Measures (DMM's) as of 10/1/2020

<i>SAWCo Programs- (2020)</i>	<i>Total Budget:</i>	<i>Devices/Rebates</i>	<i>Est. gallons saved per device per year</i>	<i>Total est. gallons saved per year</i>
<i>Toilet Direct Installation for SAWCO customers</i>	<i>\$10,000 Cost to date: \$855.00 (35 toilets)</i>	3	15,600	46,800
SAWCo Wholesale Agencies Assistance- Toilet Direct installation	<i>\$20,000 Cost to date: \$5,420 (70 toilets)</i>	20	15,600	312,000
TOTAL		23		358,800

October 20, 2020

<i>SAWCo Financial Assistance for leaks</i>	<i>2020 to date</i>	<i>2019</i>	<i>2018</i>	
<i>Assistance Total</i>	<i>\$8,417.59</i>	<i>\$31,782.54</i>	<i>\$8,474.70</i>	

Financial Assistance Program – Adjustments made when customer has requested in writing a reprieve on their bill after repairing leak(s).

BMP 1.1.2 Water waste prevention:

On 12/17/2019, the board approved the reduction from the “Moderate Shortage Stage” to the “Year Round Stage” which includes the following:

- No Outdoor Watering between 10 am and 6 pm
- Handheld hose with nozzle required when washing automobiles
- No washing off driveways, sidewalks, or walkways
- Repair leaks within 72 hours of discovery
- No Excessive water run-off or unreasonable spray of areas being watered

Agenda Item No. 4L

Item Title: Disposal of Records

Purpose:

To approve disposal of records in accordance with the adopted retention schedule and Record Management Policy.

Issue:

Does the Board approve disposing of the files as presented based on the approved retention schedule?

Manager's Recommendation:

That the Board approving the disposal of files presented pursuant to the adopted retention schedule and Record Management Policy.

Background:

In 2007, San Antonio Water Company (SAWCo) hired ITIQ Solutions, a consultant, to establish a policy for the proper management of its office files from creation to destruction.

On June 19, 2012, the Board approved the Record Management Policy.

The policy states under Record Destruction 2.0:

2.1 Three to six months after year-end, the Office Assistant will proceed with destruction of all files that have exceeded their recognized holding period and have been approved by the Board for destruction.

2.2 A listing of file categories to be destroyed will be circulated to the Board prior to destruction for review and comment. The actual listing of records destroyed will be maintained permanently for future reference.

Attached is a listing of the files to be destroyed. This issue was unanimously approved at the September 2020 AFC Committee for delivery to the Board recommending approval.

Impact on the Budget:

Not a budgeted item. Approximate cost for shredding is \$350 from Operations budget.

Previous Actions:

None.

Certificate of Records Destruction

1) Records Destroyed by: Debbie Osgood		2) Date of Destruction: 2020		Page 1 of 4	
3) Division/Department/Title: Office personnel		4) Location: SAWCO		5) Phone: 909-982-4107	
6) Records to Be Destroyed					
a) Schedule and Records Series No.	b) Records Series Title	c) Date Range (mo/yr)	d) Location	e) Type	f) Method of Destruction
32	Monthly Reads	1996-2011	shed	File Box #1	Shred
72	Irrigation Reports	2006	shed	File Box #1	Shred
67	Employees assistance	2007	shed	File Box #1	Shred
67	Workers Comp	1995	shed	File Box #1	Shred
45	Payroll Taxes	2012-2013	shed	File Box #1	Shred
53	Old website data	2010	shed	File Box #1	Shred
32	A/R paid inv	1998-2003	shed	File Box #1	Shred
32	Accounts receivable	2000-2001	shed	File Box #1	Shred
32	Billing inv	2000-2001	shed	File Box #1	Shred
72	Work orders	2011	shed	File Box #1	Shred
38	Terminated Employee Files	1991-2008	shed	File Box #2	Shred
45	Retirement Monthly Contributions	1991-1996	shed	File Box #2	Shred
45	Retirement Monthly Contributions	1997-2011	shed	File Box #2	Shred
45	Time Sheets	2011-2013	shed	File Box #3&4	Shred
72	Work Orders	1995-2012	shed	File Box #4	Shred
32	Customer Payment Stubs	2011-2012	shed	File Box #5	Shred

Signature

Date

Title

Certificate of Records Destruction

1) Records Destroyed by: Debbie Osgood		2) Date of Destruction: 2020		Page 2 of 4	
3) Division/Department/Title: Office personnel		4) Location: SAWCO		5) Phone: 909-982-4107	
6) Records to Be Destroyed					
a) Schedule and Records Series No.	b) Records Series Title	c) Date Range (mo/yr)	d) Location	e) Type	f) Method of Destruction
32	Customer Payment Stubs	2012-2013	shed	File Box #6	Shred
32	Customer Payment Stubs	2012-2012	shed	File Box #7	Shred
31	Bank Stmts/Deposit Slips/cxld cks.	2004/2005	shed	File Box #8	Shred
31	Bank Stmts/Deposit Slips/cxld cks.	2005/2006	shed	File Box #9	Shred
57	Employment Applications	2005-2006	shed	File Box #10	Shred
57	Employment Applications	2013-2015	shed	File Box #10	Shred
35	Benefit Research	2001	shed	File Box #10	Shred
35	Plan & Trust Agmt (SCMWCA)	1976	shed	File Box #10	Shred
54	401k Correspondence	2000-2004	shed	File Box #10	Shred
64	Board Reports	2015	shed	File Box #11	Shred
64	Manager Reports	2007	shed	File Box #11	Shred
30	Billing Register	7/3/1995	shed	File Box #11	Shred
32	Customer Payment Stubs	2011	shed	File Box #11	Shred
32	Tier Reports	2003-2005	shed	File Box #12	Shred
32	Meter Reads	1996	shed	File Box #13	Shred
54	Dev. Files - no activity, no will-serve	1997-2017	shed	File Box #13	Shred

Signature

Date

Title

Certificate of Records Destruction

1) Records Destroyed by: Debbie Osgood		2) Date of Destruction: 2020			Page 3 of 4
3) Division/Department/Title: Office personnel		4) Location: SAWCO			5) Phone: 909-982-4107
6) Records to Be Destroyed					
a) Schedule and Records Series No.	b) Records Series Title	c) Date Range (mo/yr)	d) Location	e) Type	f) Method of Destruction
35	Lease notices [expired]	2007 - 2011	shed	File Box #13	Shred
54	Clipboard correspondence	2011	shed	File Box #13	Shred
53	Office Remodel	2007	shed	File Box #13	Shred
54	Office beautification	2007	shed	File Box #13	Shred
35	Solomon Software file	2008	shed	File Box #13	Shred
53	Telephone/Verizon file	2002-2015	shed	File Box #13	Shred
53	Datafone information file	2006	shed	File Box #13	Shred
53	Panasonic cd and manual	2006	shed	File Box #13	Shred
47	OSHA correspondence	2003	shed	File Box #13	Shred
53	Teleconference Info. File	2002	shed	File Box #13	Shred
67	Blue Shield Info packs	6/30/1995	shed	File Box #14	Shred
67	Blue Sheild Grp contract	2005-2008	shed	File Box #14	Shred
67	ACWA Health	2007-2008	shed	File Box #14	Shred
67	Blue Shield Admin Guide	1999-2004	shed	File Box #14	Shred
67	Blue Shield Health Ins.	2009	shed	File Box #14	Shred
67	ACWA Vision	2014	shed	File Box #14	Shred

Signature

Date

Title

Agenda Item No. 6A

Item Title: Inventory Policy

Purpose:

To develop and maintain an Inventory Policy.

Issue:

Does the Board approve the draft Inventory Policy?

Manager's Recommendation:

That the Board approval of the draft Inventory Policy.

Background:

Staff has prepared the attached draft Inventory Policy for consideration. It was reviewed at the September AFC meeting and unanimously approved to be brought before the Board for consideration.

Impact on the Budget:

None.

Previous Actions:

None.



Purpose

Inventory management is the process we use to order, receive, account for and manage the various products used in providing water service to our shareholders. It is the purpose of this Inventory Policy to ensure that the recording, identification, and accountability of all inventory be maintained.

General Provisions

Guidelines

The Company has established the following as an inventory process:

- An Inventory Management List of items identified to be substantial and important to manage will be created and maintained.
- Any new item added to inventory will be reviewed by management to determine if it should be added to the Inventory Management List.
- The Inventory Management List will identify a minimum and maximum quantity of each inventory item to be stored.

Procurement of Inventory

Inventory items will be tallied by field personnel on a monthly inventory sheet. This inventory count sheet will be submitted to the Accounting and Personnel Specialist at the end of each month. The Accounting and Personnel Specialist will determine if any inventory items are below policy quantities and notify field personnel of any shortages or overages. Field personnel will prepare the necessary purchase orders to acquire sufficient quantities of each item to maintain policy minimum amounts.

Field personnel will be responsible to maintain physical inventory and record any additions or deletions on a monthly inventory sheet.

The Accounting and Personnel Specialist will control inventory counts through the accounting software and will maintain outside spreadsheet(s) to ensure accuracy of inventory items and balance to the general ledger.

Distribution of Inventory

Field personnel will track usage of inventory on Work Orders, indicating the physical location where each item was used (by address or facility name) so the expense can be recorded accurately. Upon job completion Work Orders will be turned in to the Accounting and Personnel Specialist.

Physical Audit of Inventory

No less than 30 days prior to the end of the fiscal year the Field Supervisor and the Accounting and Personnel Specialist will coordinate a physical audit of inventory. Field personnel will count each physical inventory item and record on a spreadsheet. This information will be turned into the Accounting and Personnel Specialist.

Inventory shrinkage is defined as physical inventory items being less than the recorded inventory amount. During the end-of-year audit, when inventory shrinkage is greater than 2% of inventory total for any specific item, the Accounting and Personnel Specialist will notify management for discussion and direction. If shrinkage amount is less than 2%, the Accounting and Personnel Specialist will adjust the inventory account accordingly.

Agenda Item No. 6B

Item Title: Draft Request for Qualifications (RFQ) for Investment Advisor

Purpose:

To discuss the possibility of obtaining an Investment Advisor.

Issue:

Should the Company hire an Investment Advisor?

Manager's Recommendation:

That the Board ratify the AFC's authorization to release the Request for Qualifications to hire an Investment Advisor.

Background:

A revised Investment policy was adopted by the Board earlier this year (attached). To facilitate adherence to the adopted Investment Policy, it may be prudent to hire an Investment Advisory. Staff has prepared the attached RFQ for consideration. This issue was reviewed at the September 2020 AFC meeting and the AFC unanimously authorized release of the RFQ with the condition that this issue be brought before the full Board for ratification.

Impact on the Budget:

Unknown at this time. Costs will be established through a professional services agreement with a Board selected Investment Advisor.

Previous Actions:

None.



Purpose

The purpose of this investment policy is to establish guidelines to invest funds in a manner which ensures the safety and preservation of financial capital while meeting reasonably anticipated operational needs, achieving a reasonable rate of return and conforming to all state and local statutes governing the investment of funds.

General Provisions

Scope

This policy applies to the investment of all operating funds.

This policy does not apply to investments held in trust for the Company's retirement plans as these investments are subject to policies established by the plan trustees.

This policy does not apply to non interest-bearing accounts.

Objectives

The primary objectives, in priority order, of the Company's investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the Company shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by mitigating certain risks. Some of those risks are:
 - a. Interest Rate Risk – the Company will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by focusing on or prioritizing strategies that include:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operation and avoiding the need to sell securities on the open market prior to maturity.
 - Investing operating funds primarily in short-term securities, money market mutual funds or investment pools.
 - b. Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations, will be reduced by focusing on or prioritizing strategies that include:
 - Limiting investments to higher rated securities as further described in this policy.

- Diversifying the investment portfolio so that potential losses on individual securities will be reduced.
2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the Company to meet all operating requirements that might be reasonably anticipated. At least yearly, Company will forecast cash flow needs and adjust investment maturities to match those needs.
 3. Return on Investments: The investment portfolio shall be designed with the objective of maximizing the yield or returns on investments, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives.

A secondary objective would be to invest in the local community

Prudence

The standard of prudence to be used by Company officials involved in the investment program shall be the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. The prudent investor standard is, “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing Company funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the company, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the company.”

The CFO/Treasurer and delegated investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Delegation of Authority

The Board of Directors’ authority to invest Company funds is delegated to the Company’s Chief Financial Officer (CFO) / Treasurer. Such delegation shall expire and be renewed annually, by Board Resolution, in conjunction with the annual investment policy review.

The CFO/Treasurer shall be responsible for monitoring all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials/staff in the absence of the CFO/Treasurer. All transactions will be reviewed by the CFO/Treasurer on a regular basis to ensure compliance with this Policy. No Person may engage in an investment transaction except as

provided under the terms of this Investment Policy and the procedures established by the CFO/Treasurer.

Ethics and Conflicts of Interest

Officers, Directors and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Company's General Manager/CEO any material financial interest in financial institutions that conduct business within the Company, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Company.

All bond issue participants, including but not limited to, underwriters, bond counsel, financial advisors, brokers, and dealers will disclose any fee sharing arrangements or fee splitting to the CFO/Treasurer prior to the execution of any transaction.

Authorized Broker-Dealers

The CFO/Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the Company. These may include primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers that qualify under Securities and Exchange Commission Rule 15C33-1 (uniform net capital rule).

All Broker Dealers who desire to conduct investment transactions with the Company must supply the CFO/Treasurer with the following:

- Audited Financial Statements
- Proof of Financial Industry Regulatory Authority (FINRA) certification
- Proof of State of California registration
- Completed broker/dealer questionnaire (except Certificate of Deposit counterparties)
- Certification of having read the Company's investment policy and depository contracts

Authorized and Suitable Investments

The following are authorized investments:

A. Local Agency Investment Fund (LAIF).

The Company may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (CGC §16429.1). The fund must have 24-hour liquidity. There is no limitation on the percentage of the Company's portfolio that may be invested with LAIF.

B. United States Treasury Securities.

United States Treasury notes, bonds, or bills for which the full faith and credit of the United States is pledged for the payment of principal and interest (CGC §53601(b)). There is no limitation as to the percentage of the Company's portfolio that may be invested in these securities. Except as otherwise permitted in this policy, maximum investment maturities are limited to five years.

C. Federal Agency Obligations.

The Company is permitted to invest in federal agency or United States government sponsored enterprise obligations, participations, mortgage backed securities or other instruments, including those issued by or fully guaranteed as to principal and interest by Federal agencies or United States government sponsored enterprises (CGC §53601(f)). Maximum maturity is limited to five years. There is no limitation as to the percentage of the Company's portfolio that may be invested in agencies.

D. Bank Depository Accounts.

The Company may invest in insured or collateralized certificates of deposit, savings accounts, market rate accounts, or other bank deposits issued by a state or national bank, savings and loan associations, or state or federal credit unions located in California.

Real estate mortgages in excess of ten years are not considered acceptable collateral by the Company.

All financial institutions holding Company deposits are required to provide the Company with a regular statement of pooled collateral. This report will state that they are meeting the 110% collateral rule, a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

Deposits are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), and a maximum deposit of up to the federal insurance limits may be deposited in any one institution without collateral. No bank shall receive Company deposits in excess of the federal insurance limits that has a long-term debt rating by Moody's investors Service, Standard & Poor's, or Fitch Ratings of less than 'A'. The maximum maturity is restricted to three years.

No deposit shall exceed the shareholder's equity of any depository bank, nor shall a deposit exceed the total net worth of any institution. No deposits shall be made at any financial institution if a member of the Board of Directors or the General Manager/CEO or CFO/Treasurer of the Company serves on the Board of Directors or a committee of the financial institution.

E. Municipal Securities.

Registered treasury notes or bonds issued by the State of California or any of the other 49 states, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any states.

Bonds, notes, or other evidence of debt issued by a local agency within the State of California. This includes bonds payable solely out of revenue from a revenue-producing property owned, controlled, or operated by the local agency, or by an authority of the local agency.

Securities must have a debt rating of at least 'AA' by a Nationally Recognized Statistical Rating Organization (NRSRO). Maximum maturity is limited to five years from the date of purchase, and holdings of this type of security are limited to a maximum of 20% of the Company's investment portfolio.

F. Commercial Paper.

Commercial paper of 'prime' quality of the highest ranking of the highest letter and number rating as provided for by a NRSRO and must be issued only by general corporations that are organized and operating within the United States and have total assets in excess of \$500 million. The general corporation must have an 'A' rating or better on debt other than commercial paper, if any, assigned by an NRSRO.

Purchases shall not exceed 5% of the outstanding paper of the issuing corporation, and maximum maturity is restricted to 270 days. This type of investment shall not exceed 15% of the Company's investment portfolio.

G. Placement Service Deposits.

The Company may invest in Certificates of Deposit placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States. The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposits, in combination with bank certificates of deposit shall not exceed 25% of the value of the Company's investments at any time. The maximum investment maturity will be restricted to three years.

H. Medium Term Notes.

The Company may invest in corporate and depository institution debt securities issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States.

Securities eligible for investment under this section shall be rated 'AA' or better by an NRSRO. The maximum maturity is restricted to five years, and investment in this category of security shall not exceed 30% of the Company's investible funds, and not more than 5% from a single issuer.

I. Money Market Funds.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission.

The diversified management company shall either:

- 1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or
- 2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). A maximum of 15% of the Company's investible funds can be invested in Money Market Mutual funds.

J. Prohibited Investments.

The Company shall not invest any funds covered by this Investment Policy in any investments not specifically identified in this policy without explicit authorization by the Board.

Review of Investment Portfolio

The securities held by the Company must be in compliance with the above section 'Authorized and Suitable Investments' at the time of purchase. Because some securities may not comply with this section subsequent to the date of purchase, the CFO/Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The CFO/Treasurer shall establish procedures to report to the Company's Board of Directors, major and critical incidences of non-compliance identified through the review of the portfolio.

Investment Pools / Mutual Funds

When the Company's investment portfolio includes Investment Pools and Mutual Funds, as permitted in the section 'Authorized and Suitable Investments', the CFO/Treasurer shall as a matter of due diligence, monitor the assets held by the pools/funds. At least quarterly, the CFO/Treasurer will conduct an investigation to determine the following:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculation and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how it is assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Safekeeping and Custody Agreements

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by the Company shall be kept in safekeeping by a third-party bank trust department, acting as agent for the Company under the terms of a custody agreement executed by the bank and the Company. All securities will be received and delivered using standard delivery versus payment (DVP) procedures with the Company's custodial bank and evidenced by safekeeping receipts.

Diversification and Maximum Maturities

The Company will diversify its investment by security type and institution. With the exception of the US Government, its agencies and instrumentalities, and the Local Agency Investment Fund, no more than 5% of the Company's total investment portfolio will be invested in a single security type with a single financial institution unless explicitly authorized by the Board.

To the extent possible, the Company will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Company will not directly invest in securities maturing more than 5 years from the date of purchase. Reserve funds may be invested in securities exceeding 5 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Internal Controls

The CFO/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Company are protected from loss, theft, or misuse. The internal control structures shall be designed to provide reasonable assurance that these objectives are met. Internal controls shall be in writing and shall address the following: separation of transaction authority from accounting and record keeping, safekeeping of assets and written confirmation of telephone transactions for investments and wire transfers.

The external auditors will annually review the investments and general activities associated with the investment program. This review will provide internal control by assuring compliance with the Investment Policy and Company policies and procedures.

Performance Standards

The investment portfolio will be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints, and the cash flow needs.

The Company's investment strategy is passive. The performance of the Company's investment portfolio will be evaluated and compared to an appropriate benchmark in order to assess the success of the investment portfolio relative to the Company's Safety, Liquidity, and Return on Investments' objectives.

Investment Reporting

The CFO/Treasurer will prepare a quarterly Investment Report and render the report to the Board of Directors no later than 30 days after the close of each calendar quarter.

The report shall provide the type of investment, issuers, the date of maturity, par values and market values of each investment, transactions occurring during the reporting period, and identification of funds managed by third party managers. The report will also include 1) certification that all investment transactions have been made in compliance with the Company's Investment Policy, and 2) a statement that the Company has the ability to meet all of its expenditure requirements during the next six months.

Policy Adoption

Adoption. This policy shall be reviewed annually with the Board of Directors and adopted by Board Resolution.

Delegation of Authority

The Board has sole authority to amend or revise this Investment Policy.



San Antonio Water Company

Incorporated October 25, 1882
Serving the original Ontario Colony lands

A REQUEST FOR QUALIFICATIONS

TO PROVIDE INVESTMENT SERVICES TO THE SAN ANTONIO WATER COMPANY

PROJECT TITLE:

COMPREHENSIVE INVESTMENT BROKER/DEALER SERVICES

RESPONSE DUE BEFORE 3:00 PM

On November 20, 2020

Introduction

The San Antonio Water Company is soliciting Statements of Qualifications from qualified individuals or firms to assist in managing Company fiscal assets and following Company financial policies.

General Information

In 1882 Canadians George and William Chaffey purchased 8,000-acres of the Cucamonga Rancho, including the water rights, and established an irrigation colony which they named Ontario, in honor of their homeland. On October 25, 1882 they also established the San Antonio Water Company under the General Corporation Laws of the United States. Rancheria water rights established back in the 1700's were transferred to the Company to support the newly established irrigation colony. The brother's vision was to develop a Mutual Water Company whose members shared equally in the locally available water supply.

The brothers sold irrigation colony land in 10-acre blocks, primarily intended for the booming citrus industry. Along with the land, the brothers sold shares in the Company, one share for each purchased acre. Each shareholder was entitled to a portion of available local water, distributed equally by the company amongst all the shareholders. The Company was responsible for distributing water on a non-profit basis to the shareholders.

Since 1882 the San Antonio Water Company has consistently provided water service to its shareholders. Although the local citrus industry has largely disappeared, the Company maintains delivery to current shareholders utilizing the same successful 'per share' distribution plan established over 135 years ago.

The Company does not import any water. Instead we are dependent on our local San Antonio Canyon and Cucamonga Canyon watersheds and downstream groundwater basins.

Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, local quarries and the proud heritage of remaining grove irrigators.

Current Company investments and reserves are shown on the attached Monthly Investment Activity Summary. **Proposed** Company Investment Policies are attached.

Statement of Qualifications – Investment Broker/Dealer

Please complete the attached Questionnaire and Certification.

Schedule

The Company anticipates the following timeline and key milestones for award of the project:

SOQ Due Date	November 20, 2020
Administration Finance Committee (AFC) Review	November 24 , 2020
Interview	TBD – If necessary
Board of Director’s Approval	December 15, 2020
Consultant’s Notification	December 16, 2020

Exceptions to this RFQ

The Consultant shall certify that it takes no exceptions to this RFQ.

Evaluation Criteria

The evaluation criteria and the respective weights that will be given to each criterion are as follows:

- a) 25% Understanding and approach to the work to be done
- b) 25% Experience of firm with similar kinds of work
- c) 50% Experience of staff for work to be done

Selection Process and Schedule

Key senior staff and select Company Directors will independently review and rank each SOQ. Based on an aggregate of those reviews, the Company will likely enter into negotiations with the top ranked firm. If there is no clear ‘top ranked’ firm, interviews may be scheduled.

Negotiations will cover scope of work, contract terms and conditions, attendance requirements, and appropriateness of the proposed fee schedule.

After negotiating a proposed agreement that is fair and reasonable the General Manager will present the contract to the Company’s Board for authorization to execute a contract with the most responsive firm.

Related Documents

- Broker/Dealer Questionnaire and Certification
- SAWCo Investment Report – December 2019

Interested proposers should immediately contact the Company to register for inclusion on the project distribution list. Revisions or supplemental information to this RFQ will be issued through

addenda by email and posted on the Company's website. Proposers are responsible for receipt of any and all addenda.

Submittal Requirements

One (1) executed original marked "ORIGINAL" in red ink and 6 copies of the SOQ shall be delivered, along with one electronic copy in PDF format on thumb drive. SOQs will not be accepted in any other format. SOQs will not be accepted by email, fax or verbally. The SOQ shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.

The Response SOQ must be received no later than **3:00 p.m.** local time, on or before **November 20th, 2020** at the office of:

Statement of Qualifications – Broker/Dealer

San Antonio Canyon Water Company
139 North Euclid Avenue
Upland, CA 91786
Attn: Brian Lee

Failure to comply with the requirements of this RFQ may result in disqualification. Questions regarding this RFQ shall be submitted in writing to blee@sawaterco.com.

San Antonio Water Company
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

Name of Firm: _____

Address: _____

Telephone Number: _____

	Primary Representative	Manager/Partner-in-Charge
Name:	_____	_____
Title:	_____	_____
Telephone:	_____	_____
# of Years in Institutional Sales:	_____	_____
# of Years with Firm:	_____	_____

Are you a Primary Dealer in U.S. Government Securities? _____

Are you a Regional Dealer in U.S. Government Securities? _____

Are you a Broker instead of a Dealer? (e.g. You DO NOT own positions of Securities) _____

What is the net capitalization of your Firm? _____

What is the date of your Firm's fiscal year-end? _____

If you are a depository institution, please provide the following and most current certified and audited information:

Tangible, Core and Risk-Based Capital Ratios _____

CRA Rating _____

Is your Firm owned by a Holding Company? _____

If so, what is the name and net capitalization of said Holding Company? _____

Please attach your Wiring and Delivery Instructions.

List the instruments offered regularly by your local desk?

Which of the above does your Firm specialize in Marketing?

Please identify your most directly comparable clients in our geographical area

Entity _____

Contact Person _____

Telephone # _____

Client Since _____

What reports, transactions, confirmations and documents would we receive? Will they be in electronic form? _____

Please include sample of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your SOQ.

What precautions are taken by your firm to protect the interest of the public when dealing with government agencies as investors? (We are not a government agency, but our investment policies match government agencies closely.) _____

Have you or your firm been censured, sanctioned or disciplined by a Regulatory, State or Federal Agency for improper or fraudulent activities related to the sale of securities within the last five years? _____

If YES, please explain: _____

Please indicate and provide evidence of the current licensing status of the Company's representative:

Agent _____ Licenses or registration _____

Is your firm a member of the NASD? Does it subscribe to the "Rules of Fair Practice?" _____

I have completed and am returning the Broker/Dealer Questionnaire and Certification and have read, signed and retained for our files, a copy of the San Antonio Water Company Statement of Investment Policy for the fiscal year 2020.

Broker/Dealer _____

Date _____

Agenda Item No. 6C

Item Title: Policy on Water Service to Rental Properties

Purpose:

To make changes to the terms and conditions under which a Shareholder can direct delivery of water to a tenant occupying real property owned by the Shareholder.

Issue:

The Company's exemption from PUC regulation is dependent upon us delivering water only to shareholders.

Manager's Recommendation:

That the Board approve the changes to the written policy on shareholder rentals as prescribed.

Background:

The San Antonio Water Company must conform to its Statutes and Bylaws when taking actions on shareholder's water service accounts and shareholding.

Under the Bylaws and Articles, a shareholder may instruct the Company where their entitlement water is to be delivered. It is assumed under the Bylaws and Articles that the shareholder has the right to receive entitlement water at the location specified.

Under current policy water bills may be held in tenants' names if appropriate records are provided to the Company. Constant changes in tenants, inability to obtain copies of rental agreements, non-existent rental agreements, etc. create difficulty in managing existing procedure.

Without proper records as required by current policy, it could be argued that we are delivering water to a non-shareholder when a non-shareholding tenant is listed on the Company water bill, even if water is being delivered to property owned by a shareholder.

To reduce record keeping and associated headaches and risk, staff proposes to amend Company policy so that all water bills are sent to the shareholder, but a copy of the water bill will also be sent to the property address for tenant review and payment.

This issue was unanimously approved at the AFC's September 2020 meeting for discussion at the full Board. Staff recommends that the Board review, comment and/or make recommendations regarding the policy changes for shareholder rentals and provide comments to the proposed policy changes as presented.

Impact on the Budget:

N/A

Previous Actions:

None.

PROPOSED POLICY STATEMENT

Section: **Policy Changes** Statement
Subject: Shareholder Rentals

Section No:
Effective:

Purpose:

To authorize and provide the **changes to the** terms and conditions under which a Shareholder can direct delivery of water to a tenant occupying real property owned by the Shareholder.

Section I

The San Antonio Water Company (SAWCo) will deliver water to the tenant of a Shareholder upon request, subject to compliance with this Policy as follows:

- ~~1. Shareholder shall file with Company a copy of a Rental Agreement with tenant, which shall be marked "confidential", and treated as such by Company. No particular form of Rental Agreement shall be required, but must be legally sufficient under California law.~~
- ~~2. Water Company will deliver water to the tenant of a Shareholder upon request, subject to compliance with this Policy. **The water company will continue to deliver the water to the shareholder's property.**~~
- ~~3. Shareholder shall advise Water Company in writing of the address where the water bill shall be sent.~~
- ~~4. Shareholder shall advise SAWCo in writing of the Shareholder's address and telephone number which is to be considered as the last known address of the Shareholder for all purposes.~~
- ~~5. SAWCo will mail all water bills to the Shareholder and will also mail a copy of the bill to the tenant.~~
- ~~Water Company will mail the all water bills to the Shareholder and will also mail a copy of the bill to the tenant.~~
- ~~5. Shareholder shall advise Water Company in writing of the Shareholder's address and telephone number which is to be considered as the last known address of the Shareholder for all purposes.~~
- ~~6. Water Delivery to a tenant of Shareholder shall not be deemed to be, or interpreted to be, a Lease of Shares. A Shareholder cannot make a Lease of Shares to a non-- Shareholder under **SAWCoWater Company** policy and its Articles of Incorporation and Bylaws.~~
- ~~7. Shareholder shall be and remain a Shareholder of **SAWCoWater Company** for all purposes, notwithstanding the delivery of water to a tenant as designated by the lease.~~

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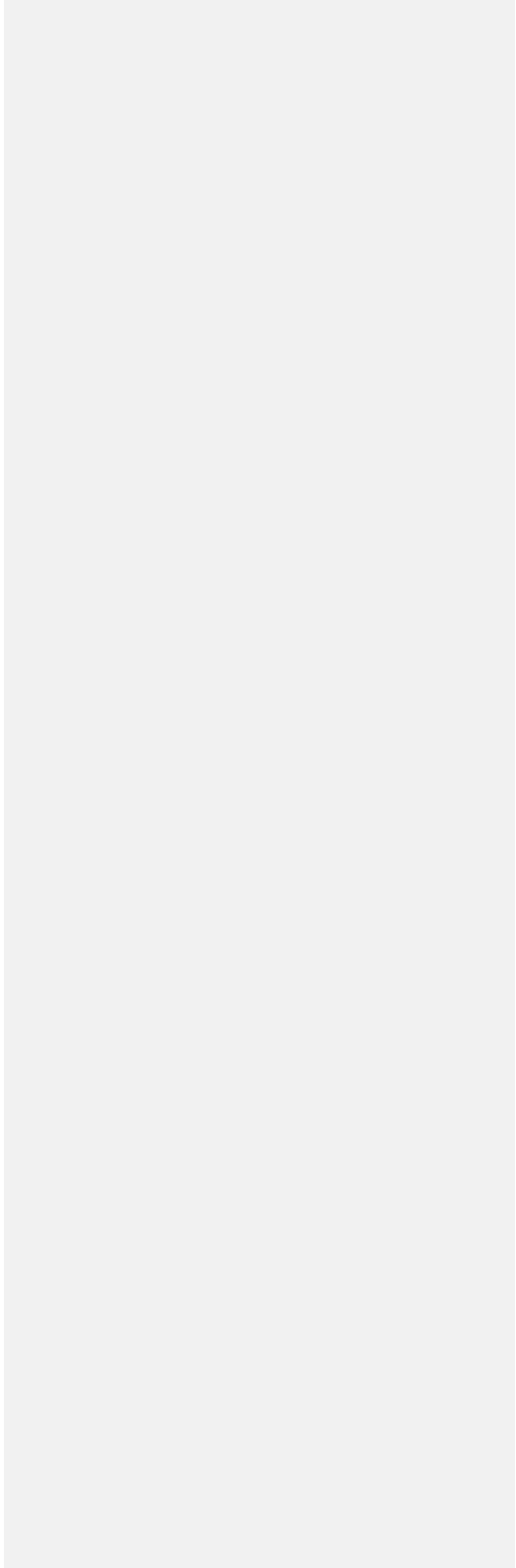
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| Agenda Date: ~~October 20, 2019~~ ~~August 27, 2019~~ ~~September 22, 2020~~

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Agenda Item No. 6D

Item Title: Board Gift - End of the Year Luncheon

Purpose:

Consider an annual end-of-year monetary gift for employees in recognition for their services to the Company.

Issue:

In past years the Board has presented a monetary gift to employees at the end of year celebratory luncheon.

Manager's Recommendation:

Discuss this year's Board gift and budgetary figure for 2021.

Background:

In past years the Board has given an end-of-year gift to Company employees as a monetary 'thank-you' for service to the Company. Board gifts for the past ten years have been \$1,250 for each employee.

This issue was discussed at the September 2020 AFC meeting. By a unanimous vote, the AFC recommended increasing the end of year gift for 2020 to \$1,500 for each employee.

If a gift is provided to employees, it is recommended that it be prorated for any employee that has not yet completed a year's service and current part time employees.

In the past, it has been the pleasure of the Board to hand out the gifts to its employees at the end of the year luncheon. This year, COVID allowing, our luncheon will be held at the Magic Lamp on Thursday, December 3, 2020.

Previous Action:

In 2019 the Board authorized the end of year gift at \$1,250 per employee and prorated for part-time employees.

Impact on Budget:

\$15,000, budgeted for 2020.

Agenda Item No. 6E

Item Title: 401k Broker-Dealer Change

Purpose:

To discuss Broker's decision to change Broker-Dealer and authorize trustee to sign forms approving the change.

Issue:

401k Broker/Investment Advisor, Mark McKeon has decided to change Broker-Dealers from Royal Alliance to OneAmerica and requires the trustee to sign off on the change.

Manager's Recommendation:

Recommend trustee, Teri Layton to sign off on the required forms approving the change.

Background:

SAWCo has utilized Nationwide as the choice of investment vehicle since 1999. Robert Reeves and Mark McKeon have been serving as co-brokers of the Plan for many years. Royal Alliance has been the broker-dealer for Robert and Mark. Royal Alliance made the decision, along with many other broker-dealers including OneAmerica, that an individual who owns a Third-party Administration (TPA) firm, or is employed by a TPA firm who provides third-party administration to a client who is also a client of the broker (and by extension of the broker-dealer) cannot be compensated for broker services rendered to that client. Since Robert Reeves is our Third Party administrator, he has divested himself of the broker role and Mark is now the sole broker.

It is not uncommon for a broker to change broker-dealers. The reasons are varied, such as lower fees. OneAmerica has been pursuing Mark to change broker-dealers, and since there was a change being made anyway, he felt it timely to make the switch. This does not change our relationship with Mark or Robert. Robert Reeves cannot be involved with discussions related to specific decisions related to the investments of the 401(k) Plan. This change will not increase costs or expenses of the Plan. Raymond, Reeves & Stout, LLP continues to act as our TPA.

Impact on the Budget:

None

Previous Actions:

None.

Agenda Item No. 6F

Item Title: Financial Reporting

Purpose:

Consider and discuss moving forward with development of monthly, quarterly, and yearly financial reports.

Issue:

How to increase transparency through improved Company financial reporting

Manager's Recommendation:

Discuss and provide direction to Staff

Background:

Board and Staff have committed to improve transparency in reporting of Company financials. A first step occurred with the new yearly budget format. Directors have requested that we continue making improvements to our financial reporting by improving monthly and quarterly reports to the Board.

Previous Action:

NA

Impact on Budget:

NA

Agenda Item No. 6G

Item Title: Company Response to COVID-19

Purpose:

To discuss the Company's response to the COVID-19 Pandemic.

Issue:

How are State and Local Government Recommendations and Orders impacting the Company during the COVID-19 Pandemic?

Manager's Recommendation:

No recommendation. For discussion only.

Background:

While the nation continues to grapple with appropriate responses to the pandemic there has been limited disruption to the Company's operations.

Impact on the Budget:

Limited but currently uncategorized

Previous Actions:

None.