

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, August 18, 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, 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: None.
3. Shareholder-Public Testimony: None.
4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of July 21, 2020.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - C. Administration and Finance committee (AFC) Meeting Minutes
Meeting minutes of May 26, 2020.
 - D. Financial Statement
Income Statement and Balance Sheet for June 30, 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 Concerns [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 Elliott moved and Director Zuniga seconded to approve the Consent Calendar as presented. Motion carried unanimously.

5. Board Committee – Delegate Report:

- A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported on PVPA's most recent meeting.

Currently, no water spreading is occurring.

PVPA continues to monitor what happens with H.R. 116-385. PVPA property is included in the original bill and they are attempting to have it removed as it is private land. There is concern of lack of help removing PVPA land from the bill as the office leading the charge is that of Kamala Harris who is now running for Vice President of the United States.

- B. Six Basins Representative Report** – Ms. Layton reported on the meeting held July 22nd. Wildermuth Environmental, Inc. (WEI) continues working on pumping sustainability metrics. WEI mentioned they receive well requests, some of which happen to be outside of the immediate area. Upon hearing one of the outside areas is the San Antonio Canyon, SAWCo informed WEI they are interested in receiving information for that area.

The next Six Basins meeting is scheduled for August 26th.

Director Thomas noted all 28 representatives were in attendance at the July 22nd meeting. He also drew attention to the fact that WEI's 5-year contract expired at the end of the year. The majority in attendance did not have a desire to go out to bid on a new contract. He suggested the item be brought to the September meeting for action.

- C. Chino Basin Representative Report** – Mr. Lee reported the debate on whether or not the Appropriative Pool (AP Pool) is responsible for paying legal invoices submitted by the Agriculture Pool (Ag Pool) for the previous fiscal year continues. The AP Pool believes there has been a misinterpretation of the Peace Agreement. There is a possibility it will take court proceedings for a resolution to this matter.

D. Cucamonga Basin Representative Report – Ms. Layton advised the group met virtually on August 4th. Changes made to the Terms of Reference document by Cucamonga Valley Water District (CVWD) were reviewed and agreed upon. The document was sent out the previous week. SAWCo discussed the changes with legal counsel and Mr. Lee will be making some minor adjustments to the document based on that discussion. Once signed, SAWCo will work with CVWD on cost sharing for past and present basin projects.

The Request for Proposal (RFP) for engineering work was also discussed. Not enough time was given to review changes made to the RFP, therefore, it will be on the next agenda for discussion and possible approval.

The group has completed its review of and revisions to the Judgment. TKE Engineering will now attempt to categorize the additional discussion items by legal review, technical review, etc. The latest draft of the Judgment was included in SAWCo's Board Agenda Packet.

The next meeting is scheduled for September 1st.

Director Thomas inquired about receiving a copy of the revised Judgment, subject to Board approval, for Cucamonga Basin once complete. Mr. Lee stated the final draft copy most likely will not be available until next year but it will be brought to the Board for adoption.

Director Thomas then asked if a joint workshop between the three agencies and their Board members was being considered. Mr. Lee responded the idea had not been discussed but believed it to be a worthwhile idea.

Another caller logged into the virtual meeting. Mr. Lee inquired as to whether or not they were a Board member or member of the public that wished to identify themselves. Hearing nothing, the meeting proceeded.

E. Administration and Finance Committee (AFC) Chairman's Report – The chairman of the AFC was not in attendance. Director Cable, an AFC member, commented all items discussed at the recent AFC meeting are included under the General Manager's Report on Activities.

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

G. Office Feasibility Study Ad Hoc Committee – Mr. Lee advised full discussion on this item will take place under Agenda Item 6E.

6. General Manager's Report on Activities:

A. Identity Theft Prevention Program – Director Thomas stated the program received updates including the listed Board Members.

Mr. Lee reported the AFC reviewed the item and recommended it go to the Board for adoption.

Director Elliott moved and Director Goss seconded to approve the Identity Theft Prevention Program as presented. Motion carried unanimously.

B. Travel Policy – Mr. Lee stated this item was also reviewed by the AFC with a recommendation to bring it to the Board for adoption. Previously, SAWCo had only a simple slip to fill out and not an actual policy to follow.

Director Elliott moved and Director Goss seconded to adopt the Travel Policy as presented. Motion carried unanimously.

C. Employee Handbook Revisions – Director Thomas commented that he appreciated the mention of the land grants and the history of SAWCo. Mr. Lee felt it important that new employees understand the history behind the Company.

Mr. Lee also commended Ms. Layton for her efforts on this agenda item. She was the catalyst for this update being completed and did a phenomenal job.

Mr. Lee advised when this item was brought to the AFC there were some questions the Committee had that were brought to the Human Resources Legal Consultant for responses.

Ms. Layton advised the AFC inquired about the use of Pregnancy Disability Leave instead of Maternity Leave. The consultant advised that because SAWCo has fewer than 50 employees they do not qualify for the Family Medical Leave Act (FMLA).

The AFC also questioned the use of marijuana now that it has been legalized. Ms. Layton advised the consultant informed the Company they are allowed to include verbiage that prohibits the use of marijuana. Language to that affect was added to the handbook.

D. Benefit and Compensation Proposals – Mr. Lee reported staff sent out a Request for Proposals (RFP) for a Benefit and Compensation Study and received three proposals. The item was brought to the AFC who, along with staff, recommended the Board approve RSG for the Benefit and Compensation Study.

Director Thomas commented he felt RSG's proposal was superior and their knowledge of SAWCo will be useful.

Director Cable moved and Director Zuniga seconded to approve RSG for the Benefit and Compensation Study. Motion carried unanimously.

E. Office and Yard Relocation – Mr. Lee explained that in 2019 the Ad Hoc Committee was moving forward with the schematic design for a new office and yard facility on property already owned by SAWCo. Due to questions from City of Upland councilmembers, Mr. Lee presented the project at an Upland City Council Meeting in late January 2020. At that time Mr. Lee agreed to look at leasing City of Upland property that might meet SAWCo needs. Shortly thereafter, the COVID-19 Pandemic put everything on hold.

Recently, Mr. Lee was able to meet with the Interim Public Works Director Mr. Steve Nix to view City of Upland property for possible lease agreement. Mr. Lee and Mr. Nix viewed what appears to be the only City owned property that might meet SAWCo's needs, the City of Upland Public Works Department. City of Upland employees still work out of the building and adding SAWCo staff would cause the facility to become quite cramped. Moving SAWCo office and field operations to the City of Upland Public Works Department does not meet SAWCo's needs and complicates the City of Upland's Public Works Department needs.

Mr. Lee included in the agenda packet a PowerPoint presentation that highlighted the costs for SAWCo to build its own facility, the average cost to lease per square foot and what that total would most likely be for leasing the City of Upland Public Works Department space.

Director Thomas commented that SAWCo began the process of finding or building a new facility several years ago. The only reason to relocate would be if they were better off doing so. It is apparent that leasing a portion of the City of Upland Public Works Department does not make office and field operations better for SAWCo. Concerns were raised over the cost of SAWCo building their own facility however the likelihood of finding a property in the area that meets SAWCo's needs or can be inexpensively converted to meet those needs would likely cost SAWCo more in the long-run.

Director Goss made mention of an office building that her company rents out. She advised that the footprint of the building might be just under what SAWCo would need and that it rents out for \$10,000 per month. She did not see a financial gain in leasing a facility as opposed to building one on already owned land. Director Goss then inquired if SAWCo could build the portion of the facility that is for field staff first so they can run more efficiently more quickly.

Director Cable answered that the Ad Hoc Committee looked into building and moving staff in phases but found it less cost effective than to build the facility in its entirety and have all staff move in at once. The project becomes more expensive the longer it takes to build and the project has already been delayed roughly three years.

There was consensus on the Board to have Mr. Lee present his findings regarding leasing City of Upland facilities, leasing facilities in general, and the cost to build a new facility at an upcoming City of Upland Council Meeting.

Mr. Lee also advised he did a detailed search of available properties for purchase in the area and found the costs to be roughly \$2 million to \$2.5 million per acre. SAWCo needs roughly 2.5 acres in order to accommodate their needs. It is most likely that if SAWCo finds a property to purchase that meets their needs it would cost more than to build on property they already own.

F. Company Response to COVID-19 – Mr. Lee advised the Board that this item will be on the Board 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 plastic shields have been placed on the front desk for added protection. No significant costs have been incurred for protective gear. Staff continues to rotate working from home and the office with a maximum of three administrative staff in the office at one time.

7. Closed Session: None.

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

Adjournment:

With no further business to discuss, Director Thomas adjourned the meeting at 5:31 p.m.



Assistant Secretary
Brian Lee