

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, October 16, 2018

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:03 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, Sue Sundell, John Gerardi, Jose Sanchez, and Gino Filippi. Also in attendance were residents Thomas McCarthy and Peter Cherbak, Public Works Director for the City of Upland Rosemary Hoerning, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Mr. Lee

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: Mr. Lee added the Pomona Valley Protective Agency (PVPA) Proxy as Item 6G. A copy of the agenda item from the previous year's Board meeting regarding the PVPA Proxy was placed on the dais as an informational item for the Board.

3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of September 18, 2018.
- B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting Minutes of July 24, 2018.
- C. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
- D. Financial Statement
Income Statement and Balance Sheet for August 31, 2018 and year-to-date.
- E. Investment Activity Report
Monthly Report of Investments Activity
- F. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- G. Prominent Issues Update
Status summaries on certain on-going active issues.
- H. Projects and Operations Update
Status summaries on projects and operations matters.
- I. Groundwater Level patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
- J. Correspondence of Interest –

Director Sanchez noted duplication in the report for Item 4G. Number 2 under letter H of the report duplicates information on SB606. The information pertained to SB606 as mentioned in the title of the report. Director Sanchez also noted number 1 and number 3 under letter H of Item 4G appear to cover the same topic of AB3057.

Director Gerardi moved and Director Elliott seconded to approve the Consent Calendar with noted duplication correction. Motion carried.

5. Board Committee – Delegate Report:

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

Director Thomas advised that Six Basins is performing a programmatic environmental impact report (PEIR) for the entire Six Basins area. An EIR for the area will eliminate the need for a separate environmental report for every project done in the area.

PVPA granted an easement to the owner of property located in the Thompson Creek Spreading Grounds that is landlocked. The owner is now requesting changes to the easement.

Weed abatement was done through a contract with the City of Pomona and no spreading of water had taken place during the month at the time of the meeting.

Mr. Lee commented on the usefulness of the PEIR.

- B. Six Basins Representative Report** – Mr. Lee reported Wildermuth Environmental, Inc. (WEI) moved to dig a new monitoring well in the basin. Details of the location and costs are to be determined.
- C. Chino Basin Representative Report** – Ms. Layton reported on the Safe Yield Court and Appeal process. She reminded the Board that at the Appropriative Pool (AP) meeting held September 13th, the AP approved the 2018 agreement to Judgment and CAMA amendments including Exhibit A. This agreement was subject to the following: 1) There is a clarification that the desalter replenishment formula, with respect to Adjusted Physical Production, includes the production of Exhibit G Section 9 transferred water from the Non-Agriculture (Non-Ag) Pool to the AP; 2) Non-Ag's Pooling Plan is refined to match the agreement; 3) Conditional of governing Party's Board approval; and 4) Watermaster understands the agreement and explains its implementation.

The Agriculture Pool (Ag) had two concerns with the agreement. The six parties were able to eliminate 1 concern but the other remains unresolved. The one that remains unresolved has to do with including WEI's tech memo in the agreement. The hope is if Watermaster would do #4 above, perhaps all parties would agree and it can be moved forward to the court.

Non-Ag in the meantime has filed a motion on 10/4 changing their Pooling Plan which requires the changes yet made in the agreement. The AP has engaged their attorney to draft a response showing it is related.

Ms. Layton advised the Board that the Watermaster Board is coming up for re-appointment. During the last Board appointment, the parties agreed there were some issues with governance and approved a shorter, three year term limit. At this time the parties are recommending another 3 year term limit while governance is still being discussed.

Ms. Layton also reported that both the Non-Ag and Appropriative Pool approved storage agreements at the October 11th Pool meeting.

The court hearing regarding staying the Judgment and the Non-Ag Pooling Plan is scheduled for December 28, 2018 at 1:30 p.m.

- D. Cucamonga Basin Representative Report** – Ms. Layton reported that staff began monthly meetings with Cucamonga Valley Water District (CVWD) and West End Consolidated Water Company (WECWC) representatives on October 4, 2018. Cost sharing for the Crosswalls and Basin 6 Desilting projects was discussed. A cost sharing Memorandum of Understanding (MOU) is being drafted. The next meeting is scheduled for November 6th.
- E. Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.

F. Planning, Resources, and Operations Committee (PROC) Chairman’s Report – Director Elliott advised two of the items discussed at the most recent PROC meeting are included in 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. Designation and Authorities – Mr. Lee explained that if the Board, by resolution, appoints him as the assistant secretary and assistant chief financial officer the previous action under resolution 2006-06-01 clarifies that successors of the position are authorized to deposit or withdraw monies.

The Board was advised the officer positions updated on the new resolution were as follows:

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| • Vice-President | Mr. Willard Elliott |
| • Secretary/Chief Financial Officer | Ms. Susan Sundell |
| • Assistant Secretary/Assistant Chief Financial Officer | Mr. Brian Lee |

Also noted was the title description change from Office Manager/Accountant to Assistant General Manager for Ms. Theresa Layton.

Mr. Lee recommended the Board approve the adoption of Resolution 2018-10-01 appointing him as the Assistant Secretary/Assistant Chief Financial Officer of SAWCo.

Director Sanchez moved and Director Elliott seconded to approve the General Manager’s recommendation. Motion carried.

B. Water Supply Projection – Mr. Lee advised the data on this agenda item was put together by the previous General Manager. The information shows water supply projection supports no change in the existing 12,000 acre feet per year (AF/YR) and as such no change in the water conservation stage.

Mr. Lee recommended the Board approve staff’s projection and recommendation to maintain the annual entitlement at 12,000AF/YR for FY2019 and respective entitlement distributions and ongoing Moderate Shortage water conservation stage.

Director Gerardi moved and Director Sundell seconded to approve the General Manager’s recommendation. Motion carried.

C. Rauch Communications PR Proposal – Mr. Lee stated this item was presented to the PROC during the September 2018 PROC meeting. SAWCo wishes to utilize Rauch Communications services to inform the public about their water rights. He felt it important for a company with such heritage to have documentation readily available explaining their history of water rights.

Mr. Lee recommended the Board authorize staff to execute a time and material contract with Rauch Communications for a not to exceed cost of \$60,000.

The Board and staff discussed the possibility of a closed session on the topic. The Board felt a closed session was not needed at this time as they were provided a copy of the proposal and had no questions pertaining to it.

Director Elliott moved and Director Sanchez seconded to approve authorizing staff to execute a time and material contract with Rauch Communications for a not to exceed cost of \$60,000. Motion carried.

- D. Designations and Authorities** – Mr. Lee asked the Board to appoint him as the alternate representative of Chino Basin, leaving Ms. Layton as the primary, and the primary representative of Six Basins, with Water Utility Superintendent Tommy Hudspeth as the alternate, for SAWCo.

Director Elliott moved and Director Sundell seconded appointing Mr. Lee as the alternate representative of Chino Basin, the primary representative for Six Basins, and Mr. Hudspeth as alternate for Six Basins effective immediately. Motion carried.

- E. Conservation Programs Update** – Director Thomas announced the Annual Landscape and Water Conservation Festival taking place at the Chino Basin Water Conservation District on Saturday, October 20th. The family friendly festival runs from 9:00 a.m. to 3:00 p.m. and provides free workshops, demonstrations, and resources for water efficient homes and yards.

Ms. Layton pointed out the Inland Empire Utilities Agency (IEUA) programs SAWCo participates in on the agenda item provided. She advised SAWCo staff will be meeting with IEUA staff in November.

- G.PVPA Proxy** – Director Thomas explained he has carried the proxy for PVPA for the last 17 years.

Director Gerardi moved and Director Elliott seconded to appoint Director Thomas as proxy to vote all SAWCo shares at the annual shareholder's meeting of the Pomona Valley Protective Association on November 14, 2018. Motion carried via voice vote with Director Thomas abstaining.

F. Project Status Report –

- **Holly Drive Reservoir** – Request for bids should go out at the end of October with an early December bid opening for the foundation portion of the new reservoir project. Construction should begin early 2019.
- **Basin 6 Desilting** – The project should be completed by the end of the week with clean up taking place the following week.
- **Cucamonga Basin – Desilting project at crosswalls** – The first stage of the project should be completed within the next three weeks. The materials will be moved off the property over the next five years.
- **Office Relocation Feasibility Study** – It is uncertain when the City of Upland will obtain the funding needed to purchase the portion of the property at 17th Street and Benson Avenue to construct a new reservoir. Ms. Rosemary Hoerning believes funding may be received by the end of the year. SAWCo will need a plan for how to receive and spend the monies from the sale of the property without impacting the 85/15 rule. Mr. Lee advised reactivating the Office Relocation Feasibility Committee.
- **Well 31 Biological Treatment** – Mr. Lee met with MIH who have added up flow sand filters to reduce turbidity after treatment. If a more simple sugar/alcohol can be brought in that is less expensive and easier for the bacteria to process the overall cost may be reduced to a rate that is compatible with SAWCo's water rates.
- **Holly Drive Boosters** – All underground piping is complete. Electrical equipment is being installed. The foundation should be poured in the next few days.
- **SCADA Upgrade** – Staff met with TESCO who has now received all requested documents from SAWCo. The project is estimated at a month from completion.
- **Reservoir 7 Rehabilitation** – Plans and specification are at roughly 100 percent. The project should go out to bid later this year. The construction will carryover to 2019.
- **Edison Pond – Sulice Gate** – This item is about 3 weeks behind schedule. The gate should ship in the next two weeks for installation.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Thomas wished Director Filippi good luck in the upcoming election.

Adjournment: Seeing no further business, the meeting was adjourned at 5:30 p.m.

The next Board Meeting will be held on Tuesday, November 13, 2018 at 5:00 p.m.

Assistant Secretary
Brian Lee