

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, February 18, 2020**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:00 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Jose Sanchez, Will Elliott, Gino Filippi, Bob Cable, Martha Goss, and Rudy Zuniga. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag by Director Goss
- 1. Recognitions and Presentations: Mr. Lee recognized City of Upland's new Interim Public Works Director, Steve Nix, in the audience.
- 2. Additions-Deletions to the Agenda: Mr. Lee requested approval to add Item 6F, San Antonio Heights Citizen's on Patrol Donation to the agenda.

Director Zuniga moved and Director Elliott seconded to approve the addition of San Antonio Heights Citizen's on Patrol Donation as Item 6F to the agenda. Motion carried unanimously.

- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of January 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 October 22, 2019 and November 13, 2019.
  - D. Financial Statement  
Income Statement and Balance Sheet for December 31, 2019 and year-to-date.
  - 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. Correspondence of Interest  
Letter of appreciation from shareholder.

Director Filippi moved and Director Goss seconded to approve the Consent Calendar. Motion carried unanimously.

Director Thomas inquired about the letter of appreciation received from J.T. Waller. He gave thanks for the kind words.

Mr. Lee stated there was not a single encounter or request from SAWCo that brought about the letter; just great work provided by all staff.

- 5. Board Committee – Delegate Report:
  - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas stated the PVPA held their February meeting the previous week.

Not much water spreading is taking place due to the lack of rainfall. PVPA is attempting to coordinate with Los Angeles County Flood Control District regarding the amount of water that is to stay behind the dam and the amount that is to go into the spreading ponds.

PVPA is awaiting clarification from the City of Claremont regarding the request to provide a plaque or elevated bird perch in honor of Marilee K. Scaff near the Thompson Creek Trail.

There has been some progress made regarding H.R. 2215 – 116<sup>th</sup> Congress: San Gabriel Mountains Foothills and Rivers Protection Act. If the item goes to the Senate, Senator Harris is willing to consider removing PVPA private land from inclusion in the bill.

PVPA is moving forward with discussions with Six Basins to put a 50-acre recharge basin in the north-west portion of the San Antonio Spreading Grounds. The item will be brought to Six Basins at their next meeting.

PVPA will again be a sponsor at the Forever California event for Rancho Santa Botanical Gardens. California native plants and water conservation are a main focus of this event.

- B. Six Basins Representative Report** – Mr. Lee reported on the Six Basins January meeting. Storm Water Management continues to be the focus. Grant opportunities are being looked into to help fund construction for storm water management projects.

Due to the amount of rainfall received in 2019, SAWCo was able to store a significant amount of water in Six Basins. SAWCo has over 600 acre feet (AF) of water it needs to sell in order to return to the 2,000 AF maximum storage capacity in the basin.

Officer elections also took place during the Six Basins January meeting. Director Thomas was named President of the Board of Directors for Six Basins Watermaster.

- C. Chino Basin Representative Report** – Mr. Lee reported work is being done on the Safe Yield in the basin. A peer review recently took place at the Wildermuth Environmental, Inc. (WEI) office in Lake Forest. WEI is looking at conducting a single run for the Operating Safe Yield (OSY). The Appropriative Pool questions why different scenarios can't be looked into however, the contract with WEI states a single run will be conducted.

The Appropriative Pool is holding a special meeting later in the week to discuss the Storage Management Plan.

- D. Cucamonga Basin Representative Report** – Ms. Layton reported the working group met on February 4<sup>th</sup>. The terms of reference is currently being reviewed by legal counsel.

TKE Engineering is finishing revisions to the Judgment and updating the working group's comments. The group will review the revisions and begin working with legal and technical assistance to move further in revising the Judgment.

In January, SAWCo issued a letter via their legal counsel regarding WEI's insistence on utilizing the Cucamonga Basin modeling to determine Chino Basin's safe yield. City of Upland sent a letter for West End Consolidated Water Company via their legal counsel to the same affect. SAWCo anticipates Cucamonga Valley Water District to follow suit.

The parties continue to meeting and revise the Judgment. The next meeting is scheduled for March 3, 2020.

- E. Administration and Finance Committee (AFC) Chairman's Report** – Director Sanchez stated all items discussed at the AFC meeting are included on the agenda under the General Manager's Report. The Committee will continue to look at some financial policies. A request for qualifications (RFQ) was considered for investment management pending approval of the investment policy. The Committee will continue to look at financial reporting and financial policies.

- 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. SB998 – Policy and Procedure** – Mr. Lee explained SB998 is Sacramento's answer to ensuring all Californian's have access to water. If a customer is unable to pay their water bill, there are now several additional steps a water company must take before they are able to legally disconnect water service for nonpayment.

Mr. Lee advised this item was previously brought to the AFC and was recommended for approval by the Board. He then recommended the Board approve the proposed policy and procedure drafted to comply with the new law.

Director Sanchez moved and Director Elliott seconded to approve the proposed policy and procedure to comply with SB998.

Director Sanchez alerted staff of a grammatical error for correction on page 4-4. He also inquired about the shut off fees during work hours and after hours. He felt referring to the fee schedule in the policy would be beneficial. These items were included in Director Sanchez's original motion.

Motion carried unanimously.

- B. Employee Recognition Policy Amendment**– Mr. Lee advised this item is presented to tighten up the policy to adhere to current federal tax law.

Director Goss moved and Director Sanchez seconded to approve amending the current employee recognitions rewards program to remove gift cards and instead include the monetary amount in the employee's paycheck. Motion carried unanimously.

- C. Investment Policy** – Mr. Lee stated the draft investment policy is included in the Board meeting packet. The AFC has reviewed and revised the policy with the included being the final draft of the policy.

Director Sanchez advised the policy includes the process the Company will follow and the responsibilities of certain positions in the Company. It describes the priorities with investing and how they will be achieved. These policies will be up for annual review within the AFC.

Director Sanchez moved and Director Goss seconded to approve the proposed investment policy regarding financial investments. Motion carried unanimously.

- D. Reserves Policy** – Mr. Lee advised this policy is designed to clarify where the Company is with regards to financial reserves. One fairly significant change requested is to change the Depreciation and Obsolescence Reserves Fund to the Capital Investment and Depreciation Reserves Fund. SAWCo currently has three funds for its reserves; Operating Reserves, Capital Reserves, and Debt Service Reserves. The goal is to carry 3 to 6 months of reserves in the Operating Reserves account, a percentage of capital stock in the Capital Reserves account. Estimated amount needed in reserves at this time is \$6 to \$7 million dollars. SAWCo's reserves are right in line with what is needed.

Director Cable moved and Director Filippi seconded to approve the proposed policy regarding financial reserves. Motion carried unanimously.

- E. General Liability Insurance Renewal** – Director Thomas advised the premium in 2019 was \$28,891 and for 2020 it is proposed at \$29,894 for a difference of \$1,003. He stated the proposed amount is under budget and felt the increase was insignificant for the current market.

Director Thomas moved and Director Elliott seconded to approve the premium update with JPRIMA for the General Liability renewal as presented by EPIC at the annual premium of \$29,894. Motion carried unanimously.

- F. San Antonio Heights Citizens on Patrol Donation** – Mr. Lee informed the Board that staff has received a request from the San Antonio Heights Citizens on Patrol for what has become an annual donation to the organization. The Citizens on Patrol provide services to the Company by regularly patrolling the San Antonio Heights area and advising of any happenings taking place at SAWCo sites.

Director Goss moved and Director Cable seconded to approve a donation of \$1,000 to the San Antonio Heights Citizens on Patrol. Motion carried unanimously.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Sanchez spoke about the availability of the meeting minutes prior to the meeting in which they are approved in order to aid in recalling items that were discussed. He asked that this be discussed in the next AFC meeting.

Adjournment:

With no further business to discuss, Director Thomas adjourned the meeting at 5:25 p.m.

  
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Assistant Secretary  
Brian Lee