



# SAN ANTONIO WATER COMPANY

## BOARD OF DIRECTORS MEETING

Tuesday, April 17, 2018

5:00 p.m.

In the Upland City Hall Council Chambers

- 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 March 22, 2018
- B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes  
Meeting minutes of January 23, 2018.
- C. Administration and Finance Committee (AFC) Meeting Minutes  
No meeting Minutes to report.
- D. Financial Statement  
Income Statement and Balance Sheet for February 28, 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
  - o SWRCB Complaint Dismissal letter dated April 9, 2018

5. Board Committee – Delegate Report:

- A. PVPA Representative's 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 report on activities at Cucamonga Basin that have an impact on the Company.
- E. Administration and Finance Committee (AFC) Chairman's Report  
No meeting to report.
- F. Planning, Resources, and Operations Committee (PROC) Chairman's Report  
Report on March 20<sup>th</sup> meeting.
- G. Office Feasibility Study Ad Hoc Committee  
No meeting to report.

6. General Manager's Report on Activities

- A. General Liability Insurance and Cyber Liability  
Recommendation to receive and file update on renewal premium.
- B. Red Hill Country Club  
Recommendation to consider letter request for water delivery options at Tier 1 rate.
- C. Well 31 Pilot Biological Treatment – MIH  
Recommendation to extend pilot to test alternative filtration.
- D. Stock Auction  
Ratify auctioning off stock due to unpaid debt.
- E. Water Conservation Program Update  
Receive and file.
- F. Project Status Report  
Verbal report.

7. Closed Session:

Water Rights Response to SWRCB – Legal Complaint filed in Mt. Baldy (§54956.9 (c))

8. Director's Comments and Future Agenda Items:

Adjournment:

*The next regular Board Meeting will be held on Tuesday, May 15, 2018.*

**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 Friday [7:30 am – 11:30 am & 12:30 pm – 4:30 pm]. The agenda is also available for review and copying at the Upland Public Library located at 450 No. Euclid Avenue.

**POSTING STATEMENT:** On April 12, 2018 a true and correct copy of this agenda was posted at the entry of the Company Office (139 No. Euclid Avenue), on the public bulletin board at 450 No. Euclid Avenue (Upland Public Library) and on the Company Website.

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, March 20, 2018**

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, Will Elliott, Sue Sundell, John Gerardi, Bob Cable, Jose Sanchez, and Gino Filippi. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions and Presentations: Mr. Moorrees recognized a shareholder in the audience as well as Councilwoman Janice Elliott and Mr. Robert DeLoach of DeLoach & Associates as attendees.

On the dais a copy of legislation on voting powers of the Board was placed.

- 2. Additions-Deletions to the Agenda: Mr. Moorrees stated Item 6D will be discussed after the Consent Calendar Items portion of the meeting followed by the Closed Session. The meeting will then continue with Item 5A.

- 3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of February 20, 2018.
- B. Planning, Resource, and Operations Committee (PROC) Meeting Minutes  
No meeting minutes report.
- C. Administration and Finance committee (AFC) Meeting Minutes  
Meeting minutes of October 24, 2017.
- D. Financial Statement  
Comparative Income Statement and Balance Sheet for January 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 Gerardi moved and Director Elliott seconded to approve the Consent Calendar as presented. Motion carried.

6. General Manager's Report

- D. Executive Recruitment** – Director Thomas reported the AdHoc Personnel Committee met with Mr. DeLoach the previous week. The Committee feels DeLoach & Associates is a good fit for the recruitment of SAWCo's new general manager as Mr. DeLoach has worked locally in the water industry and is currently doing recruitment work for another local water agency.

The AdHoc Personnel Committee recommends giving Director Thomas the authority to sign the contract with DeLoach & Associates for the recruitment of SAWCo's next general manager.

Director Sundell moved and Director Elliott seconded to approve Director Thomas signing the contract with DeLoach & Associates for the recruitment of SAWCo's next general manager. Motion carried.

7. Closed Session:

Executive Recruitment Process [subdivision 9b) of §54957, CGC].

The Board and staff recessed to closed session at 5:03 p.m. and returned at 5:15 p.m.

Director Thomas informed all that Mr. DeLoach will now begin the recruitment process.

5. Board Committee – Delegate Report:

**A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas attended the most recent PVPA meeting held March 14<sup>th</sup> and advised there was nothing new to report.

**B. Six Basins Representative Report** – Mr. Moorrees reported on the February 28<sup>th</sup> Board meeting for Six Basins. The Three Valleys Municipal Water District (TVMWD) agreement regarding funding and preparation of a Programmatic Environmental Impact Report under California Environmental Quality Act (CEQA) for the Strategic Plan was approved by the Board.

Staff presented the 'draft' CY2018 Annual Report for comments due by March 14<sup>th</sup>. Watermaster provided a report on PVPA spreading at the San Antonio Spreading Grounds of water year 2018 and update on the quarterly groundwater level monitoring program.

The City of Pomona, as the lead for the MS4 Permittees Collaboration, provided a status update.

A Strategic Plan Workshop was held after the Board meeting providing the schedule and status of the Plan implementation and the baseline scenario. Based on the Programmatic Environmental Report (PEIR) Program, a new baseline will need to be re-established for each party based on the last 10 years.

**C. Chino Basin Representative Report** – Ms. Layton reported staff is still awaiting a draft agreement. It was expected by the end of February but has yet to be received. The involved parties have until April 3<sup>rd</sup> to dismiss or file a motion regarding the appeal. The Court hearing regarding staying the Judgment is scheduled for September 14, 2018 at 1:30 p.m.

The watermaster presented another storage framework workshop on March 14<sup>th</sup>. A presentation was given and a report is due by the next meeting.

A presentation regarding the Chino Basin 2018 Recharge Master Plan Update was made by Wildermuth Environmental, Inc. The conclusion was the Basin has an adequate number of recharge facilities.

**D. Cucamonga Basin Representative Report** – Mr. Moorrees stated he has drafted a memo with talking points for review by SAWCo staff, West End Consolidated Water Company, and special counsel Fred Fudacz. Once comments on the memo are received Mr. Moorrees will finalize the report and send it to Cucamonga Valley Water District with prospective meeting dates to begin the process of modernizing the judgment.

**E. Administration and Finance Committee (AFC) Chairman's Report** – Nothing to report.

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. **Amendment to Water Company 401(K) Plan** – Mr. Moorrees explained that in December of 2010 the Board approved SAWCo becoming sole sponsor and Trustee of its 401(K) Plan and to contract with a Third Party Administrator (TPA). Mr. Moorrees was established as the Trustee of the plan at that time.

With Mr. Moorrees upcoming retirement, it is necessary to appoint a new Trustee for the 401(K) Plan. His recommendation is that the Board consider the AFC recommendation to designate the Assistant General Manager, Teri Layton, as the 401(K) Plan Trustee and make recommendation as deemed appropriate.

Director Cable moved and Director Elliott seconded to approve designating Ms. Layton as the 401(K) Plan Trustee. Motion carried.

B. **Salary Range Adjustment**– Mr. Moorrees explained the request for a salary range adjustment is based on annual percentage change in the Consumer Price Index (CPI). According to the Bureau of Labor Statistics there was an increase of 2.18% for Urban Wage Earners and Clerical Workers from December 2016 to December 2017. Approval of this item only adjusts the salary range of each job position, it does not raise current pay rates. Should the Board continue to approve these types of adjustments, there will be reduced need for additional Classification & Compensation Studies.

Mr. Moorrees recommended the Board agree with the AFC and approve adjusting the existing job position wage range 2.18% based on the Bureau of Labor Statistics for the Los Angeles Area for December 2017 as presented.

Director Gerardi moved and Director Cable seconded to approve the General Manager's recommendation. Motion carried.

C. **Project Status Report** –

- **Edison Pond – New Sluice Gate Replacement** – The City of Pomona has drafted the engineering plans. Staff will make comments and submit the plans back to Pomona for revisionment.
- **Holly Drive Reservoir** – TKE has completed the site layout and profile.
- **Basin 6 Desilting** – Notice of Determination has been received. The State Water Resources Control Board is reviewing the environmental document.
- **Cucamonga Basin – Desilting Project at Crosswalls** – The division chief advised if a draft report is not received shortly, he will reassign the project.
- **Well 31 Biological Treatment** – Staff has received a request for an additional 60 days for an alternative back-end treatment that will reduce costs by 30% which may align with SAWCo's current rates. This item will be presented to the PROC for recommendation.
- **Holly Drive Boosters** – SAWCo is awaiting quotes from KSM Electric and HK. The Holly Hills Homeowners Association will be given an opportunity to make comments on the design.
- **SCADA Upgrade from Iconics to Clear Scada/Tesco** – The purchase order has been received. Staff is working with Clear Scada to develop the proper equipment moving forward.
- **Forebay Surface Waterline** – Receiving bids from Norstar Plumbing and C.P. Construction to award and begin the project.

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

Adjournment: Seeing no further business, the meeting was adjourned at 5:26 p.m.

The Board Organization Meeting will be held on Tuesday, April 10, 2018.

The next Board Meeting will be held on Tuesday, April 17, 2018 at 5:00 p.m.

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Assistant Secretary  
Charles Moorrees

MINUTES OF THE SAN ANTONIO WATER COMPANY  
 PLANNING, RESOURCES, and OPERATIONS COMMITTEE  
 January 23, 2018

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 3:01 p.m. on the above date at the company office located at 139 N. Euclid Avenue, Upland, California. Committee members present were Will Elliott, John Gerardi, Jose Sanchez and Tom Thomas. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Mr. Elliott presided.

1. Recognitions and Presentations – Mr. Moorrees stated Mr. Steve Sentes, Executive Director of Chino Basin Water Conservation District, would be attending the meeting to discuss Item 5C.
2. Additions-Deletions to the Agenda – None.
3. Public Comments – None.
4. Approval of Committee Meeting Minutes:
  - A. ***Regular Committee Minutes of November 28, 2017*** – Mr. Gerardi moved and Mr. Sanchez seconded to approve the meeting minutes of November 28, 2017. Motion carried.
5. Planning and Operational Issues:
  - A. ***American Leak Detection (ALD)*** – Mr. Moorrees gave a brief explanation of the current Leak Detection program that SAWCo adopted in March of 2017. Current data loggers show 24 hour usage but by the time SAWCo downloads the information the leak has already happened.

Originally SAWCo partnered with Mitchell's Plumbing, however, they no longer have the equipment necessary to provide leak detection. Since parting ways with Mitchell's Plumbing the program has not been successful.

SAWCo recently met with ALD to discuss designing a program for leak detection. Staff was also informed of a FLO device ALD is involved with that attaches to a homes' main water supply and signals the customer by way of smartphone of indoor leaks. Mr. Moorrees suggested SAWCo be involved with a pilot program for the device.

Rosemary Hoerning entered the meeting at 3:07 p.m.

Mr. Moorrees suggested finding 5 customer for the pilot program and possibly present the idea to Inland Empire Utilities Agency or Chino Basin Water Conservation District.

Steve Sentes entered the meeting at 3:08 p.m.

Mr. Thomas inquired as to whether or not SAWCo would cover all costs regarding the pilot program. The details pertaining to payment of the device and installation had not been determined at the time of the meeting.

The committee conversed about what services other local water agencies provide for leak detection and discussed what costs SAWCo would cover and the shareholder would cover should they decide to move forward with the pilot program.

Mr. Gerardi moved and Mr. Sanchez seconded to recommend the Board approve partnering with ALD to provide leak detection services for SAWCo's Leak Detection program and to bring more information on the Flo device pilot program to the Board for comment and potential action. Motion carried.

- B. Entitlement Transfer** – Mr. Moorrees distributed copies of information regarding water deliveries to the City of Upland, City of Ontario, and Monte Vista Water District (MVWD). He reported the City of Upland and MVWD had received water delivery above their annual entitlement. He explained this was due in part to the Water Service Agreements not going into effect until July 1, 2017 and the City of Upland's Well 15 becoming inoperable partway through the year.

Mr. Gerardi moved and Mr. Sanchez seconded to recommend the Board approve the water transfer to the City of Ontario in the amount of 62.086 acre feet (AF) as defined in Exhibit 1. Motion carried.

- C. Chino Basin Water Conservation District** – Mr. Moorrees explained Mr. Sentes approached him regarding the development of a groundwater replenishment project at the confluence of the San Antonio Creek and Chino Creek. Although it's a great location for a basin to collect storm flows normally lost, Mr. Moorrees expressed some concern over challenges with respect to percolation rates. He suggested there were options to pump the water from that location to another recharge basin.

Mr. Sentes spoke about the options for the land being purchased. He is attempting to have a project team find the best purpose for the property. If no viable project is found the land can then be sold.

Mr. Elliott suggested the item be reported to the Board at the next Board meeting.

- D. Policy on Water Service Agreements** – Mr. Moorrees stated this is a follow up from the November PROC meeting. After several discussions with legal counsel it was determined there is no need for a policy on Water Service Agreements (WSA). Unless it's mutually beneficial to do so, there is no need for a WSA.

There was consensus on the committee that a WSA policy is not needed.

- E. Executive Recruitment** – Mr. Moorrees presented information on a recruiter, Deloach & Associates, in the water industry to begin the search for the new General Manager of the Water Company. He felt a personnel committee needs to



be put together to discuss the proposal from Deloach & Associates and any other proposals requested from recruiters.

Mr. Moorrees distributed copies of a document listing his recommendations for the process of hiring a new General Manager.

Mr. Thomas suggested the personnel committee consist of himself, Mr. Elliott and Bob Cable.

Mr. Elliott advised this item will need to be added to the next Board meeting agenda.

6. Planning and Operational Update -

A. *Project Status Report* –

- *Basin 6 Desilting* – Staff believes there is only 2 to 3 inches of silt to remove in the basin. Costs will be reduced due to less silt needing to be removed. CHJ has redlined the Professional Service Agreement and SAWCo rejected the changes. Staff will give them until the end of the week to agree to the terms before they look elsewhere for services.

7. Basin Issues and Updates

- *San Antonio Canyon Watershed* – The Sanitary Survey is being submitted for eligibility for an award of distinction.
- *Chino Basin* – There is a push for all parties to agree to a non-binding term sheet. SAWCo's legal counsel felt it appropriate to sign the non-binding term sheet. The court gave only 90 days to review the information.
- *Six Basins* – Mr. Moorrees reported the next meeting will be held tomorrow and will include the election of officers. The Three Valleys Municipal Water District Memorandum of Understanding is also being presented to the Six Basins Board during the meeting.
- *Cucamonga Basin* – Staff met with special counsel and the City of Upland to review the Cucamonga judgment. SAWCo will meet with Cucamonga Valley Water District to discuss talking points.

Ms. Hoerning inquired whether or not a watermaster was needed for Cucamonga Basin or might it be better to have more of an advisory committee.

9. Committee's Comments and Future Agenda Items: – None.

Adjournment: –The meeting was adjourned at 4:05 p.m. Motion carried.

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Assistant Secretary  
Charles Moorrees





San Antonio Water Company, CA

Gem 4D  
**Balance Sheet**  
 Account Summary  
 As Of 02/28/2018

Account	Name	Balance
<b>Fund: 10 - 10</b>		
<b>Assets</b>		
<b>BalSubCategory: 10 - Cash</b>		
<u>10-00-00-10100-00000</u>	Petty Cash	250.00
<u>10-00-00-10200-00000</u>	Checking Account	1,050,177.26
<u>10-00-00-10300-00000</u>	Savings-Money Market	194,540.46
<u>10-00-00-10400-00000</u>	Savings-CD Accounts	20,000.00
<u>10-00-00-10415-00000</u>	D&O Checking Account	803,267.79
<u>10-00-00-10438-00000</u>	Depre/Obsolescence Res (LAIF)	3,566,210.99
	<b>Total BalSubCategory 10 - Cash:</b>	<b>5,634,446.50</b>
<b>BalSubCategory: 11 - Accounts Receivable</b>		
<u>10-00-00-11100-00000</u>	Accounts Receivable-Domestic	143,778.34
<u>10-00-00-11200-00000</u>	Accounts Receivable-Municipal	244,594.74
<u>10-00-00-11250-00000</u>	Accounts Receivable-Misc.	32,491.30
<u>10-00-00-11260-00000</u>	Accounts Receivable - Dormant	10,646.33
<u>10-00-00-11275-00000</u>	Contra Accounts Receivable - Unapplied C	-8,277.06
<u>10-00-00-11300-00000</u>	Accounts Receivable-Other	111.07
	<b>Total BalSubCategory 11 - Accounts Receivable:</b>	<b>423,344.72</b>
<b>BalSubCategory: 12 - Inventory</b>		
<u>10-00-00-12100-00000</u>	Inventories-Materials & Supply	88,458.18
	<b>Total BalSubCategory 12 - Inventory:</b>	<b>88,458.18</b>
<b>BalSubCategory: 13 - Prepaid</b>		
<u>10-00-00-13100-00000</u>	Prepaid Insurance	8,868.75
<u>10-00-00-13105-00000</u>	PREPAID POSTAGE	369.00
	<b>Total BalSubCategory 13 - Prepaid:</b>	<b>9,237.75</b>
<b>BalSubCategory: 14 - Investments</b>		
<u>10-00-00-14150-00000</u>	P.V.P.A. Investment	1.00
	<b>Total BalSubCategory 14 - Investments:</b>	<b>1.00</b>
<b>BalSubCategory: 15 - Property, Plant, &amp; Equipment</b>		
<u>10-00-00-15100-00000</u>	Land & Water Rights	924,864.03
<u>10-00-00-15110-1507I</u>	Work in Progress "Proj J"	41,133.01
<u>10-00-00-15110-1601N</u>	Work in Progress	5,381.76
<u>10-00-00-15110-1602U</u>	Work in Progress	115,337.88
<u>10-00-00-15110-1701A</u>	Work in Progress	6,558.09
<u>10-00-00-15150-00000</u>	Buildings & Site Improvements	1,745,708.81
<u>10-00-00-15200-00000</u>	Wells-Shafts, Bldgs, & Equip	4,834,924.56
<u>10-00-00-15250-00000</u>	Boosters-Bldgs & Equip	2,159,256.41
<u>10-00-00-15300-00000</u>	Reservoirs	1,635,164.98
<u>10-00-00-15350-00000</u>	Tunnels, Forebay, & Ponds	1,537,179.92
<u>10-00-00-15400-00000</u>	Spreading Works-Cucamonga Wash	54,859.53
<u>10-00-00-15410-00000</u>	Spreading Works-SanAntonio Wsh	50,235.18
<u>10-00-00-15450-00000</u>	Pipelines	15,613,893.22
<u>10-00-00-15500-00000</u>	Autos & Equipment	368,931.91
<u>10-00-00-15550-00000</u>	Tools	73,859.94
<u>10-00-00-15600-00000</u>	Telemetry System	482,714.06
<u>10-00-00-15650-00000</u>	Office Equipment	488,397.67
<u>10-00-00-15990-00000</u>	Accumulated Depreciation	-11,151,851.91
	<b>Total BalSubCategory 15 - Property, Plant, &amp; Equipment:</b>	<b>18,986,549.05</b>
<b>BalSubCategory: 16 - Other Assets</b>		
<u>10-00-00-16100-00000</u>	Documents & Studies	888,104.50
<u>10-00-00-16105-1502S</u>	Work in Progress - Docs	278,869.97

Balance Sheet

As Of 02/28/2018

Account	Name	Balance	
<u>10-00-00-16990-00000</u>	Accumulated Amortization	-834,359.78	
	Total BalSubCategory 16 - Other Assets:	<u>332,614.69</u>	
	Total Assets:	<u>25,474,651.89</u>	<u>25,474,651.89</u>

Liability

BalSubCategory: 20 - Short-term less than 1 year			
<u>10-00-00-20100-00000</u>	Trade Accounts Payable	84,753.25	
<u>10-00-00-20150-00000</u>	Employee Pension Payable	0.02	
<u>10-00-00-20260-00000</u>	Sec.125/Cafeteria Plan Withhld	-3,234.93	
<u>10-00-00-20410-00000</u>	State Franchise Tax Payable	2,695.00	
<u>10-00-GN-20820-00000</u>	Accrued Vacation Payable	20,404.60	
<u>10-00-OP-20820-00000</u>	Accrued Vacation Payable	24,818.57	
	Total BalSubCategory 20 - Short-term less than 1 year:	<u>129,436.51</u>	

BalSubCategory: 21 - Long-term more than 1 year			
<u>10-00-00-21500-00000</u>	Unclaimed Credits	18,044.10	
	Total BalSubCategory 21 - Long-term more than 1 year:	<u>18,044.10</u>	
	Total Liability:	<u>147,480.61</u>	

Equity

BalSubCategory: 30 - Stockholder equity			
<u>10-00-00-30200-00000</u>	Contributed Capital - Ext. Fee	447,258.02	
<u>10-00-00-30210-00000</u>	Contr. Property, Plant & Equip	2,404,270.37	
<u>10-00-00-30300-00000</u>	Capital Account	1,500,000.00	
<u>10-00-00-30310-00000</u>	Unissued Capital Stock	-861,100.00	
<u>10-00-00-30400-00000</u>	Retained Earnings-Brd Designated	3,626,009.43	
<u>10-00-00-30410-00000</u>	Retained Earnings-Unrestricted	18,110,869.96	
	Total BalSubCategory 30 - Stockholder equity:	<u>25,227,307.78</u>	

Total Beginning Equity: 25,227,307.78

Total Revenue	684,659.62
Total Expense	<u>584,796.12</u>
Revenues Over/Under Expenses	99,863.50
Total Equity and Current Surplus (Deficit):	25,327,171.28

Total Liabilities, Equity and Current Surplus (Deficit): 25,474,651.89



IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
<b>Category: 4 - Income</b>					
<b>SubCategory: 40 - Shareholder Revenue</b>					
1185 - Domestic Water Income (Base)	230,636.01	230,636.01	27,489.70	27,681.94	202,954.07
1215 - Domestic Water Income (Supplemental)	306,135.00	306,135.00	28,930.93	28,966.45	277,168.55
1220 - Domestic Water Income (Tier 3)	150,000.00	150,000.00	49,746.59	49,182.76	100,817.24
1230 - Domestic Water Income (Readi/Chrg)	201,333.00	201,333.00	33,137.00	33,246.27	168,086.73
1235 - Domestic Water Availability Charge (WAC)	60,480.00	60,480.00	9,824.40	9,846.26	50,633.74
1245 - Municipal Water Income (Base)	2,732,080.00	2,732,080.00	198,254.74	360,640.21	2,371,439.79
1268 - Municipal Water Income (Readi/Chrg)	79,800.00	79,800.00	6,650.00	13,300.00	66,500.00
1274 - Misc Water Income (Base)	234,192.00	234,192.00	9,779.92	17,399.93	216,792.07
1275 - Misc Water Income (Supplemental)	256,363.00	256,363.00	11,603.86	19,015.41	237,347.59
1276 - Munnicipal Water Availability Charge (WAC)	493,536.00	493,536.00	39,690.00	79,380.00	414,156.00
1280 - Misc Water Income (Tier 3)	3,000.00	3,000.00	7,608.24	7,608.24	-4,608.24
1288 - Misc Water Income (Readi/Chrg)	23,500.00	23,500.00	2,030.00	4,040.00	19,460.00
1290 - Misc Water Availability Charge (WAC)	44,592.00	44,592.00	1,922.00	3,844.00	40,748.00
1295 - Dormant Water Availability Charge (WAC)	14,722.00	14,722.00	9,040.93	9,080.93	5,641.07
1300 - Sale of Water/From Storage	200,000.00	200,000.00	0.00	0.00	200,000.00
1400 - Stock Transfer	4,000.00	4,000.00	60.00	570.00	3,430.00
1410 - Late/Re-establishment Fee	6,181.00	6,181.00	1,025.00	1,025.00	5,156.00
1420 - Return Check Fee	167.00	167.00	0.00	0.00	167.00
1430 - Stock Certificate Storage and Handling Fee	100.00	100.00	20.00	20.00	80.00
<b>SubCategory: 40 - Shareholder Revenue Total:</b>	<b>5,040,817.01</b>	<b>5,040,817.01</b>	<b>436,813.31</b>	<b>664,847.40</b>	<b>4,375,969.61</b>
<b>SubCategory: 42 - Non-Shareholder Revenue</b>					
1725 - Misc. Income	1,623.00	1,623.00	1.00	1.00	1,622.00
1730 - Construction Permit & Inspection Fee	5,000.00	5,000.00	0.00	0.00	5,000.00
1750 - Service/Litigation Agreements	800.00	800.00	51.50	109.17	690.83
1753 - Ground Lease Income	55,000.00	55,000.00	4,300.88	8,601.76	46,398.24
1755 - Interest Earned	27,000.00	27,000.00	85.25	11,100.29	15,899.71
<b>SubCategory: 42 - Non-Shareholder Revenue Total:</b>	<b>89,423.00</b>	<b>89,423.00</b>	<b>4,438.63</b>	<b>19,812.22</b>	<b>69,610.78</b>
<b>Category: 4 - Income Total:</b>	<b>5,130,240.01</b>	<b>5,130,240.01</b>	<b>441,251.94</b>	<b>684,659.62</b>	<b>4,445,580.39</b>
<b>Category: 5 - O &amp; M Expense</b>					
<b>SubCategory: 50 - Operating Facilities</b>					
2175 - Facility Related Field Labor	218,213.00	218,213.00	20,544.24	43,668.30	174,544.70
2235 - Repairs to Facilities and Equipment	751,167.00	751,167.00	12,051.00	48,646.03	702,520.97
2265 - Power-Gas & Electric (utilities)	587,293.00	587,293.00	50,486.38	103,716.09	483,576.91
<b>SubCategory: 50 - Operating Facilities Total:</b>	<b>1,556,673.00</b>	<b>1,556,673.00</b>	<b>83,081.62</b>	<b>196,030.42</b>	<b>1,360,642.58</b>
<b>SubCategory: 51 - Operating Activities</b>					
2475 - Customer Service	72,327.00	72,327.00	5,580.65	11,490.02	60,836.98
2498 - Conservation	30,000.00	30,000.00	1,539.18	2,094.13	27,905.87
<b>SubCategory: 51 - Operating Activities Total:</b>	<b>102,327.00</b>	<b>102,327.00</b>	<b>7,119.83</b>	<b>13,584.15</b>	<b>88,742.85</b>
<b>SubCategory: 52 - Other Operating Expense</b>					
2205 - Non-Facility Related Labor	88,586.00	88,586.00	6,458.45	11,893.02	76,692.98
2210 - O & M - All Other	3,201.00	3,201.00	0.00	0.00	3,201.00
2280 - Purchased Water	44,357.00	44,357.00	0.00	0.00	44,357.00
2295 - Supplies (Inventory & Tools Expense)	9,953.00	9,953.00	112.01	1,027.92	8,925.08
2565 - Depreciation/Amortization	974,807.00	974,807.00	71,245.67	142,742.55	832,064.45
2715 - Property Taxes	221,456.00	221,456.00	0.00	0.00	221,456.00
2805 - Water Resource Mgmt.	269,037.00	269,037.00	7,408.77	32,636.12	236,400.88
<b>SubCategory: 52 - Other Operating Expense Total:</b>	<b>1,611,397.00</b>	<b>1,611,397.00</b>	<b>85,224.90</b>	<b>188,299.61</b>	<b>1,423,097.39</b>
<b>Category: 5 - O &amp; M Expense Total:</b>	<b>3,270,397.00</b>	<b>3,270,397.00</b>	<b>175,426.35</b>	<b>397,914.18</b>	<b>2,872,482.82</b>

Income Statement

For Fiscal: 2018 Period Ending: 02/28/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
<b>Category: 6 - G &amp; A Expense</b>					
<b>SubCategory: 60 - Personnel</b>					
2115 - Administrative Services	181,060.00	181,060.00	13,970.63	24,799.17	156,260.83
2130 - Development/Water Svc. App.	2,300.00	2,300.00	70.29	70.29	2,229.71
2325 - Payroll Taxes	67,797.00	67,797.00	5,855.33	12,969.86	54,827.14
2355 - Worker's Compensation Insurance	15,853.00	15,853.00	598.73	1,898.73	13,954.27
2385 - Benefit Pay (Vac., sick, etc.)	136,744.00	136,744.00	10,659.02	34,155.03	102,588.97
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc	231,805.00	231,805.00	18,008.32	35,808.83	195,996.17
2430 - Benefit Administrative Services	1,675.00	1,675.00	0.00	0.00	1,675.00
<b>SubCategory: 60 - Personnel Total:</b>	<b>637,234.00</b>	<b>637,234.00</b>	<b>49,162.32</b>	<b>109,701.91</b>	<b>527,532.09</b>
<b>SubCategory: 61 - Other</b>					
2445 - Office/IT Support	75,000.00	75,000.00	2,541.74	5,038.74	69,961.26
2505 - Directors Fees & Expense	33,611.00	33,611.00	5,197.29	5,197.29	28,413.71
2535 - Liability Insurance	35,394.00	35,394.00	0.00	0.00	35,394.00
2595 - Communication	41,239.00	41,239.00	1,298.67	1,902.34	39,336.66
2625 - Dues & Publications	3,700.00	3,700.00	0.00	754.00	2,946.00
2655 - Outside Services	70,747.00	70,747.00	1,150.88	12,517.29	58,229.71
2745 - Income Tax Expense	4,700.00	4,700.00	0.00	0.00	4,700.00
2775 - Accounting & Legal Expense	242,332.00	242,332.00	22,288.01	41,583.98	200,748.02
2790 - Human Resources Expense	59,430.00	59,430.00	5,061.75	7,856.58	51,573.42
2865 - All other	50,414.00	50,414.00	1,633.17	2,329.81	48,084.19
<b>SubCategory: 61 - Other Total:</b>	<b>616,567.00</b>	<b>616,567.00</b>	<b>39,171.51</b>	<b>77,180.03</b>	<b>539,386.97</b>
<b>Category: 6 - G &amp; A Expense Total:</b>	<b>1,253,801.00</b>	<b>1,253,801.00</b>	<b>88,333.83</b>	<b>186,881.94</b>	<b>1,066,919.06</b>
<b>Total Surplus (Deficit):</b>	<b>606,042.01</b>	<b>606,042.01</b>	<b>177,491.76</b>	<b>99,863.50</b>	<b>506,178.51</b>

**Fund Summary**

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	606,042.01	606,042.01	177,491.76	99,863.50	506,178.51
Total Surplus (Deficit):	606,042.01	606,042.01	177,491.76	99,863.50	506,178.51





Item 4E

**Monthly Investment Activity Summary - Compiled from Banking Statements for Correlation with Monthly Financials**

Institution	Type of Investment	Date of Maturity	Rate of Interest (A.P.Y.)	Amount of Deposit as of 2/28/2018	Accumulated Yearly Service Fees thru Feb	Accumulated Yearly Interest Earnings thru Feb
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 1,050,177.26		N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 803,267.79		N/A
Citizens Business Bank	Prof. Money Mkt	N/A	0.25%	\$ 194,540.46	\$	292.18
Local Agency Investment Fund	LAIF	N/A	1.20%	\$ 3,566,210.99	\$	10,794.53
Golden State Business Bank	12 Month C.D.	April 15, 2018	0.40%	\$ 20,000.00	\$	13.58
<b>TOTAL:</b>				\$ 5,634,196.50		
<b>TOTAL IN CD'S:</b>				\$ 20,000.00		



A. Water Supply

On December 19, 2017 the Board determined to maintain the existing annual entitlement at 12,000 AF due to prospects of another dry year.

Six Basins Production

As of March 31, 2018, the Water Company produced a total of 253.409AF (7.17% of production rights). The OSY for CY2018 has been reduced to 13,000 AF reducing the Water Company's annual production right to 932.10AF.

The Water Company spread a total of 106.623AF in Six Basins to date.

Cucamonga Basin Production

As of February 28, 2018, the Water Company produced a total 1,171.005AF [26% of OSY and 19% based on the 10 year running average recharge]. A total of 125,80 AF was recharged into Cucamonga Basin.

Chino Basin Production

The Water Company produced 17.165AF in this calendar year but 26% of OSY in the Chino Basin FY2017/2018.

Since January of this year the Water Company spread a total of 0AF into Chino Basin.

Surface Water (San Antonio Creek)

Total flows to date are 431.033AF which are about 16% of the flows this time last year.

San Antonio Tunnel

Tunnel flows to date are 592.97AF which are at about 95% of flows received this time last year for the domestic system.

B. Facilitating Sale of Inactive Shares to Interested Buyers

There is a total of ¼ shares going from dormant to active this transfer period.

C. Communication and Information Activities

Staff currently working on Spring Newsletter that will mail out the end of March.

Staff is communicating on "Facebook" with 164 friends liking our page. Communication is posted regularly.

D. New Billing and Accounting Software – The implementation of the inventory module is up and running. Work order module is installed but is not being utilized. Staff was trained with Tyler on the inventory system and has been developing month end procedures for inventory control.

E. San Antonio Creek Canyon - Water Usage

On July 5, 2012, Special Counsel submitted SAWCo's documentation per the USFS request along with a letter.

On November 8, 2012, we are advised that the SWRCB staff is examining our complaint and expect a response soon.

State Water Resources Control Board submitted a request to the USFS, Mt. Baldy HOA and SHIA for information regarding their current diversions and associated water rights as a response to the Water Company's claim.

On May 12, 2014 staff met with the USFS regarding their required response. It was suggested that we meet jointly with the Mt. Baldy HOA and SHIA to collaborate a response to the State Board.

A subsequent meeting was held on June 3, 2014 with the USFS, Mt. Baldy HOA and SHIA to discuss the data gathering for the response due on June 5.

It appears that Mt. Baldy insists on pursuing their rights to water and that SHIA will depend on the USFS. The four private lots in SHIA at the intersection of Mt. Baldy Road & Ice House Canyon will submit their rights under the Vernon Deed. We believe that the parties are amenable to developing an agreement with the Water Company; however, the outcome of the State Board response to those agencies will dictate their efforts in moving forward to an agreement.

Mt. Baldy HOA, SHIA and the USFS submitted their response to the State Board. Pending response from SWRCB.

A year ago staff was able to engage in a dialogue with the Forest Supervisor, Mr. Tom Contreras. It was reported in the newspaper last week that Tom Contreras resigned his post.

August 9, 2015 response from the State Board. They have prepared some draft material regarding our complaint. However, the continuing drought and other priorities have caused delays in progress towards making a final determination of the complex issues on Mt. Baldy.

On August 31, 2016, in light of SB 88 requiring measurement and reporting of diversions, staff contacted the State Board regarding the status of the Company's complaint and undocumented diversions in Mt. Baldy.

On October 24, 2016, Victor Vasquez with the Division of Water Rights set up a conference call to discuss the Company's complaint. On the call was the Water Company's Special Counsel, Fred Fudacz, Staff, Upland, and Pomona. There were four members of the State's Water Rights Division on the call including the State's legal counsel handling the complaint. SAWCo's special counsel, Fred Fudacz brought the State up to speed on our complaint and advised that the Water Company was not seeking punitive damages but rather better management of existing water rights in the fully appropriated stream. Although the State is now actively working our complaint, they were non-committal on providing regular updates.

On February 3, 2017, representatives from the State Water Resources Control Board Water Rights Division met with staff to observe the Company's water rights diversion structure in response to address the Water Company's water rights complaint. Representatives from Pomona, Ontario and Upland were present as major beneficiaries from this source water.

Subsequent to the February 2017 meeting, the State Water Resources Control Board requested the USFS to locate existing diversions in Mt. Baldy and provide a response within 90 Days beginning April 2017.

As of July 1, 2017, the State received and is reviewing information from the USFS regarding diversions in Mt. Baldy and anticipates more information on other diversions and volumes to be submitted by the Forest Service.

August 23, 2017 - Staff met with the Monument Manager of the US Forest Service and staff to discuss the information on diversions provided to the State. It was determined that the Forest Service would try to provide that report by September 13, 2017 and that the Monument Manager agreed to make a presentation at the September Board. Manager was not prepared to address the Board at this time.

September 25, 2017 – Due to fire season and ongoing reorganization of two Districts, the issue was deferred to Ms. Adrienne Dunfee, Deputy Monument Manager as the key contact on this matter moving forward. Without a specific date on completion of the report she stated that the full report would be provided before the end of this year.

On March 1, 2018 the Water Company representatives met with the State Board Department of Water Rights Enforcement Division to bring this issue to resolution.

## F. Groundwater Basin Matters

### Chino Basin

#### Safe Yield Court & Appeal -

- We are still waiting to see a draft agreement. It was expected out by the end of February. Parties have until April 3<sup>rd</sup> to dismiss or file a motion regarding the appeal.

Court hearing regarding staying the Judgment is schedule on September 14, 2018 @ 1:30 pm.

**Chino Basin Storage Management Workshop** – Watermaster presented another storage framework workshop on March 14<sup>th</sup>. A presentation was given and a report is due by the next meeting.

**Chino Basin 2018 RMPU** - A presentation was made by Garrett with Wildermuth. The results of section 2 and 3 will be printed in advance of April 19<sup>th</sup> meeting. The conclusion was we have enough recharge facilities.

**Cucamonga Basin Report** – Management met with CVWD and WECWC to discuss modernizing the Judgment and our next steps in Cucamonga Basin management. Staff is reviewing the Cucamonga Basin talking points to finalize prior to establishing meeting with CVWD.

### Six Basins

Board meeting on March 28, 2018. The Board adopted the CY2017 Annual Report, Watermaster received a request from Vulcan Materials to become a Party to the Judgment. Watermaster legal counsel to prepare a response. A report was provided by Pomona who has taken the lead on the MS4 permittees collaboration,

A Strategic Plan Workshop was held after the Board meeting providing the schedule and status of the Plan implementation and the baseline scenario. Based on the PEIR Program, a new baseline would need to be re-established for each party based on the last 10 years.

G. Legal Issue Summaries – No Issues as of this report.

H. Monitoring of Approved Assembly Bills Affecting the Water Company

1. Draft AB3057 to amend California Revenue and Taxation Code to conform to federal income tax law (i.e., Section 501(c)(12) of the Internal Revenue Code) by exempting not-for-profit mutual water corporations from California income taxes and franchise fees on or after January 1, 2018.
2. [REF] Sustainable Groundwater Management Act (SGMA)- AB 1168 (Pavley) and AB1739 (Dickinson) Signed by the Governor in September 2014 requiring groundwater resources be sustainably managed by local agencies providing the powers needed to sustainably manage groundwater over the long-term. This requires Groundwater Sustainability Plans (GSP's) be developed for medium and high priority groundwater basins. Chino Basin and Six Basins Watermaster is currently working with the SWRCB to rectify and clarify basin boundaries.

Senate Bill 13 was passed in September and becomes law in January 2016 adds new requirements and clarifications to the SGMA with regard to overlapping boundaries. It also authorizes mutual water companies as participants in groundwater sustainability agencies. Each non adjudicated basin will be required to establish a basin management plan. Staff is currently preparing strategy in moving forward with CVWD and Upland towards that goal.

3. Senate Bill (SB) 88 was signed by the Governor on June 24, 2015 requires added measurement and reporting those water rights holders that divert more than 10 AF of water per year. The State Water Board adopted a regulation to implement the new law which took action on March 21, 2016.

When the amount of water available in a surface water source is not sufficient to support the needs of existing water rights holders and in-stream uses, the Board may require monthly or more frequent reporting in the affected areas to provide the most accurate assessment of water demand and will notify diverters in the affected areas when additional reporting is required.

The Water Company is in compliance as it measures and reports all diversions annually by March of each year.

4. Making Conservation a California Way of Life” Bills: AB 1323, AB 1668, SB 606 . All three bills are vehicles for the implementation of Governor Brown’s Executive Order B-37-16 which directed the State Water Board, the Department of Water Resources (DWR), the Department of Food and Agriculture, the Public Utilities Commission (PUC), and the California Energy Commission (CEC) to take actions focusing on using water wisely, eliminating water waste, strengthening local drought resilience, and improving ag efficiency and planning. Of the three bills, AB 1323 is considered the “compromise” bill as it would require a stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to report to the Governor and the Legislature by December 2019. To date, no action has been taken on the bills.

1. Holly Drive Booster

[CY2018 Budget \$290,000]

Pending completion of preliminary design/engineering. Staff is obtaining quotes for electrical and mechanical work from KSM and structural from HK construction.

TKE Engineering is proposing to provide structural and mechanical engineering.

Obligated to date	CY2018	
		TKE Engineering
		KSM
		HK Construction
		<b>= Total to Date</b>

2. Forebay Surface Waterline

[CY2018 Budget \$180,000]

The existing 32" steel waterline from Mountain Avenue to the Forebay is deteriorating and in need of replacement. Staff has received bid proposals from C.P. Construction will present to the PROC to recommend award the project.

3. SCADA System Upgrade

[CY2018 Budget \$100,000]

Staff is currently coordinating the upgrade with TESCO and the Company's IT Consultant [Inland Productivity.

4. Santa Rosa Waterline

[CY2018 Budget \$65,000]

In-house waterline design and contract specs are complete pending selective bids.

5. Interstate 10 Corridor Project

Prior to the end of last year, staff met with the engineering consultant (HNTB) for the State of California Department of Transportation /San Bernardino County Transportation Authority (SBCTA) to coordinate pipeline conflicts with the proposed project. The project will impact portions of the Water Company's pipeline crossing at east of 6<sup>th</sup> Street in Ontario from the Company's Well 12 site on 6<sup>th</sup> Street north of the freeway to the Company's site on Council Avenue on the south side.

The project was scheduled to advertise for Design/Build contractor in December 2017. Staff anticipates the contractor awarded the contract will develop plans for the Water Company's review in and around the April 2018 timeframe. Due to prior rights, the waterline relocation project will be at no cost to the Water Company and Company will be reimbursed for plan check and construction inspection based on the current established Company fees and charges. On February 20, 2018, the Board approved the Utility Agreement with SBCTA to cover the cost for staff's time reviewing and inspecting the work in association with protection of the Company's existing facility.

6. Reservoir 7 Rehabilitation/Design

[CY2017 Budget \$826,500]

Budget based on Harper & Associates Opinion of Probable cost removing existing roof and walls and constructing a steel roof with access hatch. Staff obtained budgetary quote from CST for an aluminum cover to span the reservoir.

1. A low rise clear span aluminum dome option: \$750,000 for material and installation
2. 172 ft. nominal dia. Column supported aluminum roof over the existing concrete reservoir: \$1,600,000 for material and installation,

Obligated to date	CY2017	CY2018	
\$51,230	\$ 5,140		Harper & Associates
	\$5,140		<b>= Total to Date</b>

7. Edison Pond – New Sluice Gate Replacement [CY2-018]

[CY2018 \$70,000 – Board approved 4/18/17 from D&O]

Construct new sluice gate to replace failing existing “wood” gate structure intake from stream flow. Pomona’s engineer prepared the engineering design for two alternatives for the structure. Pending Opinion of Probable Cost for the chosen alternative.

8. Office Relocation Feasibility Study– [Carry over] [Currently on Hold]

[CY2017 Budget \$176,000]

AdHoc committee created to review project processes. CEDG prepared a site plan and conceptual layout on the north half property in advance of preparing preliminary design drawings.

The City of Upland requested the purchase the south half of the property for construction of a reservoir which should be constructed within a two year time frame. The City agreed to consider the \$494,000 owed by the Water Company to the City of Upland as a down payment towards purchasing the property.

\$ 34,560	\$ 9,000		N/A	CEDG
Task 2 – Pre Design	16,000	7,000		
	\$ 25,000	32,000		<b>= Total to Date</b>

CEDG presented the conceptual office layout to the Board in March.

The City of Upland appraised value is submitted for Board approval on this agenda. Since the City is seeking SRF funding, they request that the valuation is locked in for 1 year until they receive appropriate funds in November of CY2018.

The Water Company’s plan for developing the office project is to fund it entirely from the sale of the Water Company’s 17<sup>th</sup> Street property, Office and Yard property. The AdHoc Committee will be currently on hold until the City’s funding mechanism is in place; however, staff proposes a “draft” funding strategy to determine the proposed receipt of sale of assets as it pertains to the Company’s 85/15 tax exemption.



9. WFA Pipeline Connection– [Carry over] [Defer till CY2018]

[CY2018 Budget – \$110,000]

On October 30, 2017, the Water Company received a letter from the DDW regarding the BIN Classification determination from BIN 2 to BIN 1. The project is now dependent on approval by the WFA Board to construct the connection for delivery. All of the current JPA members are also entity shareholders [Upland, Ontario, MVWD, Chino and latest shareholder, Chino Hills]. The WFA discussed the proposed connection with their TAC in March and currently reviewing draft agreement to process through the May TAC meeting.

Staff will finalize the plans and specs with CivilTec and coordinate the project and SCADA controls with the WFA staff prior to approval for construction.

Obligated to date	CY2018	
\$	\$ 0	
	\$0	<b>= Total to Date</b>

10. Holly Drive Reservoir– [Carry over]

[CY2018 Budget \$196,124]

TKE Engineering is preparing design preparing the environmental documents and design for two 120,000 gallon reservoirs to replace the existing 60,000 gallon reservoir in order to accommodate 1) operational capacity, 2) fire flow @ 1,500 gpm for 2-hour duration, 3) and emergency storage.

In January, the Board approved additional budget for additional environmental work required. The environmental work is pending completion. In October 2017 the Board approved additional budget appropriation to facilitate the change in design for twin 120,000 gallon reservoirs.

TKE provided the Opinion of Probable Cost to be \$600,000 for the site improvements and two 120,000 gallon reservoirs. Staff proposes to phase the construction with site improvements in this year and defer tank construction until subsequent years.

Obligated to date	CY2016	CY2017	CY2018	
\$ 74,500	\$ 62,000	\$ 43,856		TKE Engineering
\$ 45,070				10/17/17 Add'l Eng. .
	\$ 62,000	\$ 43,856		<b>= Total to Date</b>

11. Basin 6 Desilting – [Carry over]

[CY2018 Budget – \$266,000]

Environmental Document - Initial Study

SBCFCD is the Lead Agency for the environmental document “piggy backed” onto the Water Company’s document for their minimum maintenance requirement. We received the Notice of Determination of the environmental document.

Army Corps Nationwide permit

On February 7, 2018, the Water Company received the Nationwide permit that is contingent on receiving the 401 permit from RWQCB Santa Ana Region.

CDFW Streambed Alteration Agreement Notification

Received Streambed Alteration Permit.

RWQCB 401 Permit

Information was submitted on October 19, 2017. With completion of the environmental document, the State has begun the statutory timeline in review of the Water Company's permit request.

Obligated to date	CY2015	CY2016	CY2017	CY2018	
\$ 47,940	\$ 14,869	\$17,227	\$1,339	\$2,618	To Altum Group
\$ 5,000	\$ 4,127				To TKE -- Project Mgmt.
\$ 7,200	\$ 0	\$0			To CHJ - Geotechnical
	\$ 117				Plan Check
	\$ 26				Reimbursable
	\$19,139	\$ 17,227	\$1,339		<b>= Total to Date</b>

**12. Cucamonga Crosswalls Repair & Desilt – [Carry over]**

[CY2018 Budget – \$103,232]

According to the "Recharge Feasibility on the Cucamonga Creek" by Wildermuth Environmental dated December 2008, the desilting and repairing the existing crosswalls is anticipated to provide an additional 1,850AF/year.

In December of last year the Board removed the concession requirement for the contractor to reimburse the Water Company's expenses to date which allowed the County to waive the extraction fees.

We anticipate that the last regulatory permit (Nationwide Permit) from Army Corps will be received at the time of this report.

Obligated to date	CY2014	CY2015	CY2016	CY2017	CY2018	
\$ 26,920	\$ 24,448	\$ 35,524	\$ 22,941	\$4,243	\$26,864	Altum Group
\$ 50,040	\$ 7,049	\$ 10,305	\$ 33,972	\$1,525		TKE/Proj. Mgmt. /Noise Monitoring
\$23,425						ECORP. – On-call Archaeologist
			\$ 90,000			RWQCB fee
		\$ 398	\$ 96			Reimbursable
\$100,385	\$ 31,497	\$ 46,227	\$147,009	\$5,768		<b>Total to Date</b>

This project is anticipated to begin after spring of CY2018.

13. Water Rights Investigation [See Prominent Issues]

14. San Antonio Canyon Watershed

[The San Antonio Canyon drainage area (26.7 sq. mi.) upstream from the San Antonio dam]

The watershed overlies both San Bernardino and Los Angeles Counties within the Angeles National Forest. There are many permitted public and some private uses within the canyon, and the canyon stream flow is a source of water supply for downstream communities.

As of this report the Mt. Baldy Ski Area (MBSA) submitted their plan for diverting the water at the San Antonio Falls to the US Forest Service for the purpose of making snow pursuant to their agreement with the Water Company which expired in CY2015. MBSA has completed their Master Development Plan and submitted it to the USFS and begin the National Environmental Policy Act (NEPA) compliance process. The Board approved extending the current agreement with Mt. Baldy Ski Area to December 31, 2035. Staff has been advised that the MBSA has been authorized by the USFS to do the work for the diversion of the Water Company's rights from the San Antonio Falls and anticipate the work to begin in the fall of this year.

At the end of last year, the Watershed Committee submitted an application report to AWWA for consideration of the Source Water Protection Award by the Watershed Committee on behalf of Pomona, Upland and the San Antonio Water Company but was unsuccessful in making the selection.

**CY2018 COMPLETED PROJECTS:**

1. Installed transfer switch at the V-Screen and at Tunnel Shaft 6.
2. Installed truck mounted crane



Item 4I

GROUNDWATER LEVELS  
(feet below ground surface)

JFM AMJ JAS OND  
1st Qtr 2nd Qtr 3rd Qtr 4th Qtr

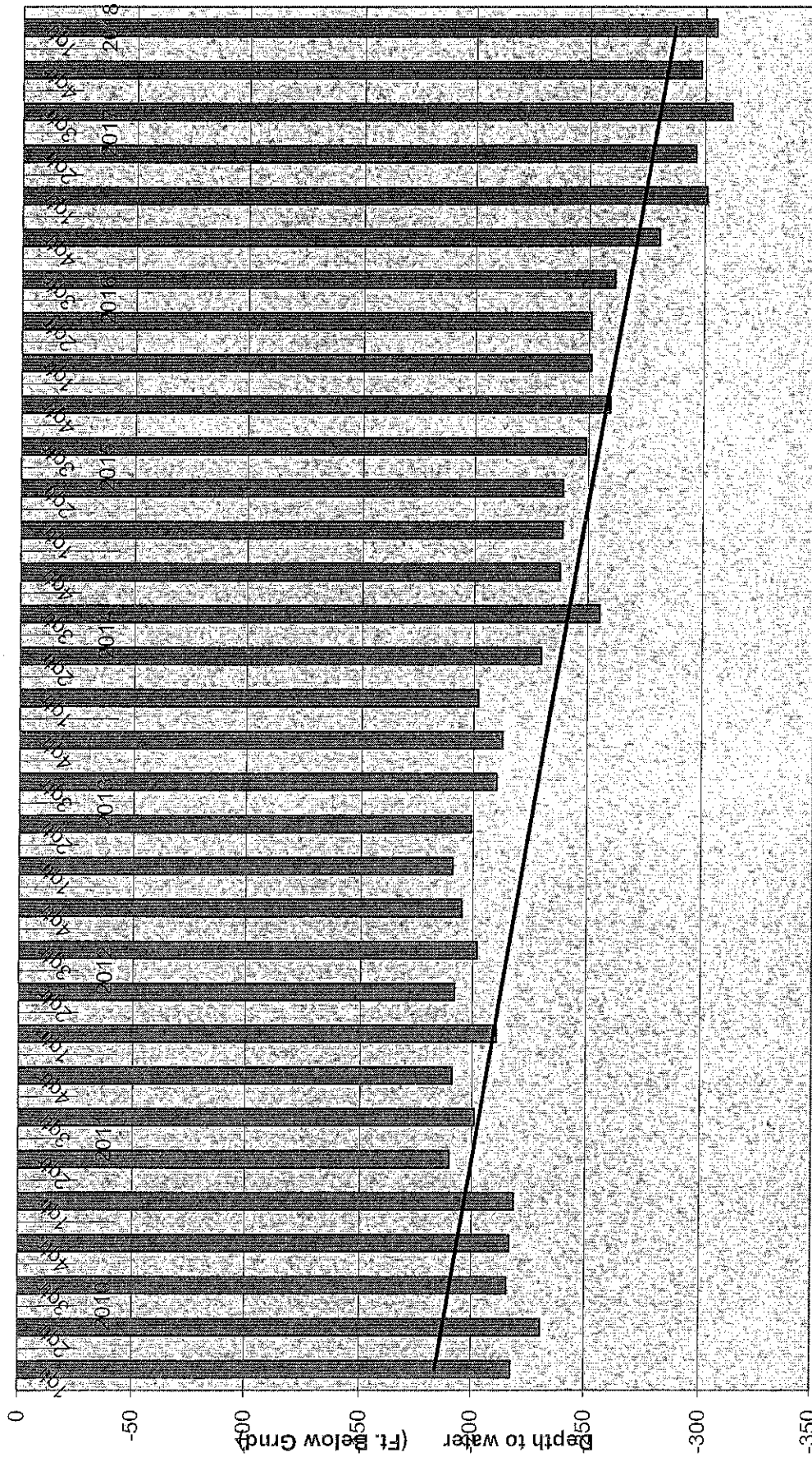
	2010				2011				2012				2013				2014				2015				2016				2017				2018			
	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr
CUCAMONGA BASIN	-218	-231	-216	-217	-219	-180	-201	-191	-192	-202	-195	-191	-199	-211	-213	-202	-230	-255	-238	-239	-239	-239	-249	-259	-251	-251	-261	-280	-301	-286	-312	-298	-305			
CHINO BASIN	-372	-353	-354	-344	-333	-295	-289	-296	-307	-341	-328	-368	-353	-341	-385	-357	-409	-418	-423	-424	-427	-427	-462	-466	-430	-452	-462	-486	-451	-441	-441	-442	-450			
SIX BASINS	-362	-383	-378	-348	-306	-262	-279	-271	-282	-322	-358	-347	-385	-448	-421	-477	-425	-439	-454	-450	-428	-459	-439	-439	-467	-472	-528	-482	-447	-483	-547	-451	-525			
Well 26 & 27A & 25A	-172	-281	-260	-272	-256	-240	-262	-262	-265	-268	-271	-273	-277	-279	-280	-281	-280	-280	-280	-277	-281	-282	-283	-283	-283	-283	-284	-286	-283	-270	-270	-272	-267			
Well 28																																				

\* 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



# Cucamonga Basin Water Levels



Series1  
 Linear (Series1)  
 Linear (Series1)  
 Linear (Series1)

Year

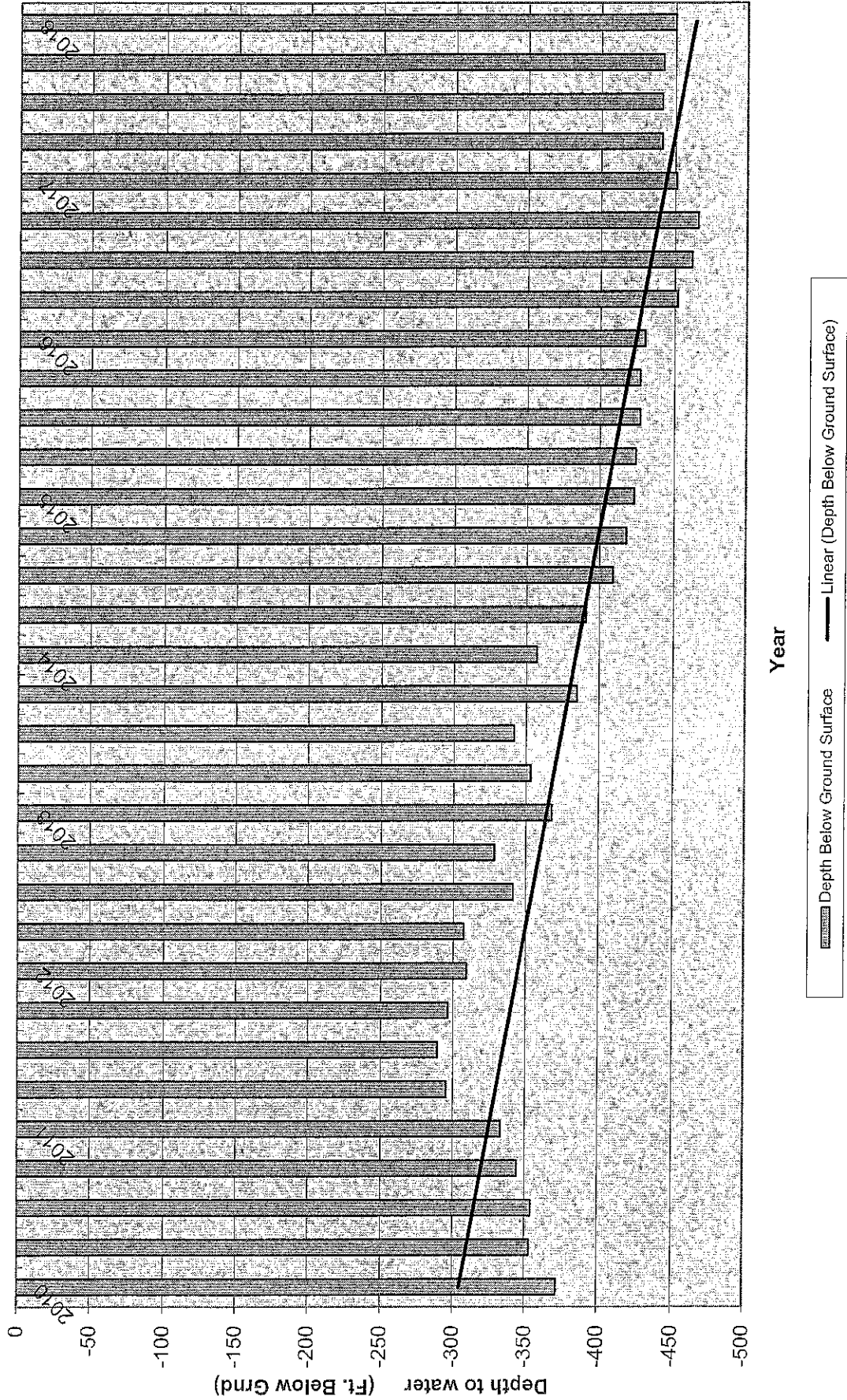
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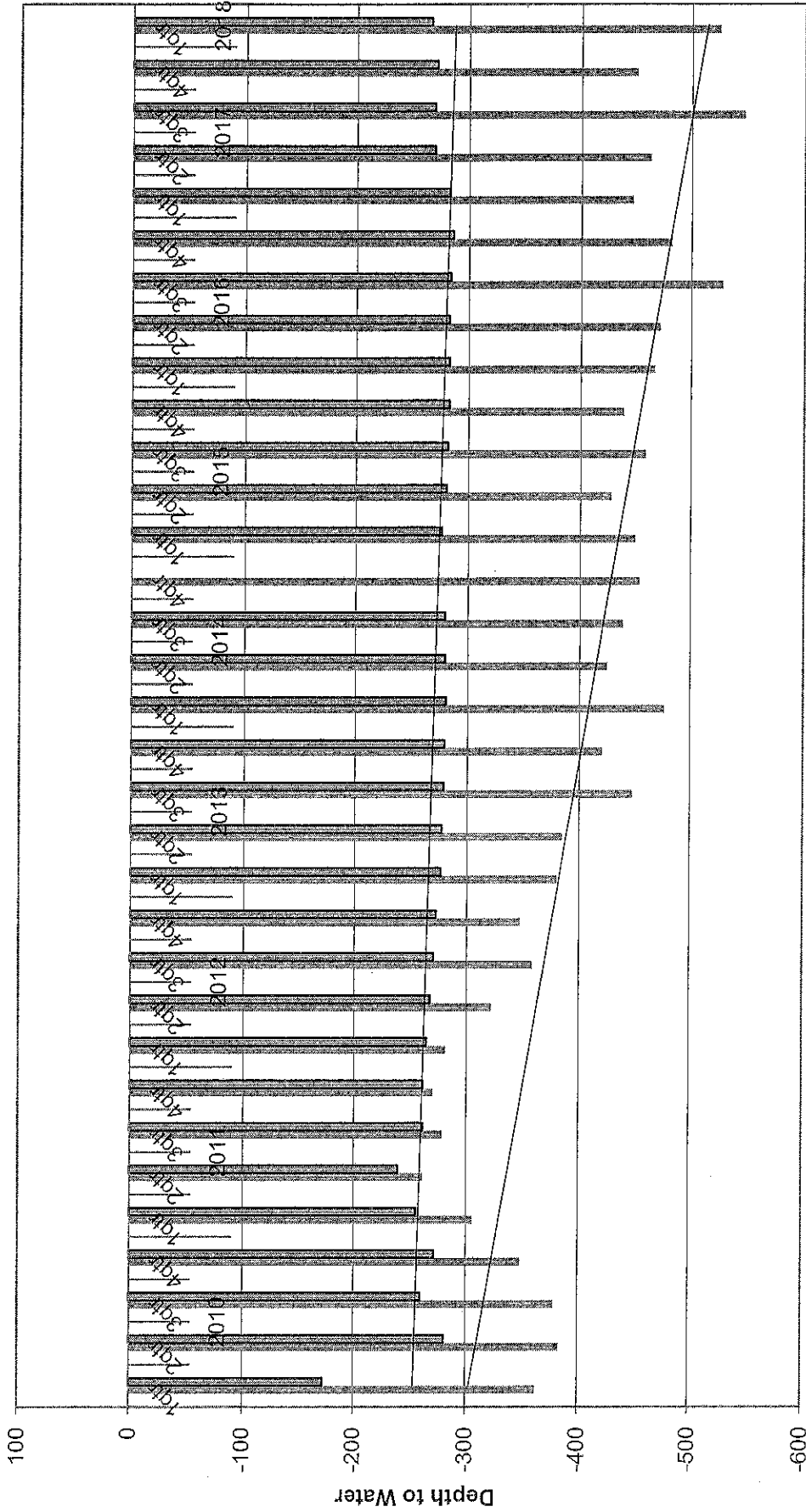


# Chino Basin Water Levels

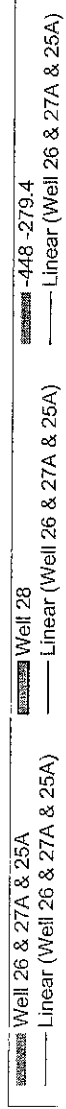




# Six Basins



Year







Item 4J



EDMUND G. BROWN JR.  
GOVERNOR



MATTHEW RODRIGUEZ  
SECRETARY FOR  
ENVIRONMENTAL PROTECTION

---

## State Water Resources Control Board

April 9, 2018

CERTIFIED MAIL

Mr. Charles Moorrees, General Manager  
San Antonio Water Company  
139 N. Euclid Avenue  
Upland, CA 91786  
and via e-mail [cmoorrees@sawaterco.com](mailto:cmoorrees@sawaterco.com)

CERTIFIED MAIL NO 7004 2510 0003 9144 2145

Dear Mr. Moorrees,

### **STAFF INVESTIGATION FINDINGS REGARDING COMPLAINT AGAINST US FOREST SERVICE, SAN ANTONIO CANYON, LOS ANGELES COUNTY AND SAN BERNARDINO COUNTY**

The State Water Resources Control Board (State Water Board), Division of Water Rights (Division) received the April 16, 2013 Complaint (Complaint) filed by San Antonio Water Company (SAWCo) against the United States Forest Service (USFS) and its Special Use Permittees, the Mt. Baldy Homeowners Association (MBHOA) and the Snowcrest Heights Improvement Association (SHIA), within the San Antonio Canyon (SAC) in the Angeles National Forest/San Gabriel Mountains National Monument. SAWCo alleges that the USFS, MBHOA, and SHIA are (1) diverting water without a valid basis of right, (2) injuring SAWCo's senior water right, and (3) not metering diverted flows or reporting diversions to the Division. In addition, SAWCo emailed the Division in April 2016 and reported that available water in San Antonio Creek in January-March 2016 was less than in the same period in 2015 even though precipitation in January-March 2016 was greater than precipitation for the same period in 2015.

#### Division Staff Investigation

Division staff conducted a complaint investigation, which included a review of Division records and other available records; reviews of information submitted by SAWCo, USFS, MBHOA, and SHIA in response to an April 2014 request for information from Division staff; and a site visit in January 2017. Division staff have also conferenced by telephone with SAWCo in October 2016 as well as regularly communicated with or was contacted by SAWCo and the USFS by telephone and email. Division staff has prepared a complaint investigation memorandum, which is enclosed.

A summary of findings from the investigation memorandum are provided below. Figure 1 is a map of the SAC watershed for reference.

- SAWCo holds 18 active groundwater recordations, three of which are in the SAC watershed and the remainder located in the Pomona Valley, downgradient of SAC.
- USFS holds nine water rights in the SAC watershed, two that serve SHIA and one that serves MBHOA. Additionally, USFS indicated in its June 4, 2014 letter that it has a pending water right application for a diversion that serves SHIA; however, Division staff has not found any record of this application.

FELICIA MARCUS, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

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1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | [www.waterboards.ca.gov](http://www.waterboards.ca.gov)

- There are six other water rights in the SAC watershed held by other parties.
- SAWCo diversions in the SAC watershed averaged 3,960 acre-feet (AF) annually during 2013-2015.
- SAWCo's diversions under the 18 groundwater recordations considered in the complaint investigation memorandum total 11,402 AF, 10,618 AF, and 8,284 AF in 2013, 2014, and 2015, respectively.
- Estimated diversions by USFS in the SAC watershed total 66 AF annually, based on face values of the known USFS water rights and the amount requested for the pending application.
- Estimated amounts of water diverted by the USFS were approximately 0.9% to 1.1% of all water diverted in the SAC watershed.
- It is unlikely the USFS diversions affect SAWCo's San Antonio Tunnel diversion due to the geology at the tunnel.
- It is unlikely that SAWCo's Slater/Ridgeway spring diversion is affected by USFS diversions because there are no USFS diversions in its vicinity. The Slater/Ridgeway spring is also likely unaffected by downgradient diversions due to the geology at the spring.
- Due to the geology of the SAC watershed, it may take several years of normal to high rainfall to replenish aquifers that support surface flows in San Antonio Creek. The 8.6 inches of precipitation in January-March 2016 is still much lower than the 30-year January-March normal precipitation of 17.58 inches.

Based on the complaint investigation, Division staff concludes the following:

- Compared to the total diversions by SAWCo under its groundwater recordations, the USFS diversions are relatively insignificant, and groundwater levels in the Pomona Valley are much more likely impacted by other diverters in the region.
- The decrease in water available to SAWCo from the SAC is likely due to the drought rather than due to USFS diversions.

In the course of conducting the complaint investigation, Division staff have been in contact with the USFS, MBHOA, and SHIA to determine the basis of right for their diversions. While possible bases of right have been identified for some of the USFS diversions, Division staff has not completed these determinations. Division staff will continue to work with USFS and its Special Use Permittees to determine if there are valid bases of right for their diversions and will recommend enforcement action as necessary if no bases of right are determined for all or some of their diversions. Additionally, Division staff will address compliance by USFS, MBHOA, and SHIA with flow measurement requirements for their diversions as part of the Division's enforcement program to implement flow measurement regulations.

As stated above, based on the complaint investigation findings, Division staff concludes that USFS diversions are insignificant compared to total diversions by SAWCo, and therefore, do not adversely impact the water rights and operations of SAWCo. This conclusion does not depend on USFS diversions having valid bases of right nor on compliance with the measurement regulations. Division staff has concluded its investigation regarding your complaint against the USFS, and its Special Use Permittees, and recommend dismissal of the SAWCo complaint with no further action.

If any person disagrees with the findings, conclusions, and recommendations contained in this letter or the attached complaint investigation memorandum, please submit written supporting evidence within 30 days from the date of receipt of this letter. Unless compelling evidence is provided to counter the information contained in the enclosed report, Division staff will forward its recommendation to the Assistant Deputy Director recommending dismissal of the complaint.

If you have any questions, please contact Victor Vasquez at (916) 323-9407 or via email at [victor.vasquez@waterboards.ca.gov](mailto:victor.vasquez@waterboards.ca.gov). Written correspondence should be addressed as follows: State Water Resource Control Board, Division of Water Rights, Attn: Victor Vasquez, P.O. Box 2000, Sacramento, CA 95812.

Sincerely,

ORIGINAL SIGNED BY:

Victor Vasquez, Sr. WRCE  
Sacramento Valley Enforcement Unit  
Division of Water Rights

Enclosure: Complaint Investigation Memorandum dated June 5, 2017

cc: Mr. Matthew Bokach, Monument Manager,  
Angeles National Forest/San Gabriel  
Mountains National Monument  
701 N. Santa Anita Avenue  
Arcadia, CA 91006-2725  
and via e-mail [matthewbokach@fs.fed.us](mailto:matthewbokach@fs.fed.us)

Mr. David Siriani, President  
Snowcrest Heights Improvement Association, Inc.  
P.O. Box 351  
Mt. Baldy, CA 91759-0351

Cc continued on next page.

Mr. Marc E. Burns, President  
Mount Baldy Homeowners' Association, Inc.  
P.O. Box 5022  
Upland, CA 91785-5022

Frederic A. Fucacz  
Nossaman LLP  
777 S. Figueroa Street, 34th Floor  
Los Angeles, CA 90017  
via e-mail: [ffudacz@nossaman.com](mailto:ffudacz@nossaman.com)

Jennifer M. Capitolo  
Nossaman LLP  
621 Capitol Mall, Suite 2500  
Sacramento, CA 95814  
via e-mail: [jcapitolo@nossaman.com](mailto:jcapitolo@nossaman.com)



Item Title: General Liability Insurance Renewal and Cyber Liability

Purpose:

To report the Company's annual insurance renewal as presented by the Company's insurance broker EPIC designed to protect the company from liability and property damages and to ratify renewal as updated under JPRIMA.

Issue:

Last year the Board accepted the General Liability package offered through California Mutual Water Association from JPRIMA. We have received a renewal from JPRIMA (3 year program).

The PROC recommended the Board ratify and receive and file the renewal considering the current 3 year program and the urgent time frame for the renewal

Manager's Recommendation:

That the Board agree with the PROC to ratify the decision regarding the premium update and Cyber Insurance with JPRIMA and to receive and file the General Liability renewal as presented by EPIC at the annual premium of \$27,547.

Background:

In CY2016, California Mutual Water Associations (CalMutuals) was able to pass AB656 that allowed mutual water companies to work with public agencies to form a Joint Powers Risk Insurance Management Authority (JPRIMA).

The Board approved the Water Company changing over to JPRIMA for Liability and Cyber Insurance. The proposal accepted from JPRIMA in CY2016 provided a 3- year program with specific applications for water systems. The program has an "off ramp" for those to opt out if premiums increase 15%.

The commercial package with JPRIMA runs from 4/1/18 to 4/1/19.

For the period 4/1/17 to 4/1/18 the premium for General Liability was \$24,746 and the Cyber Liability is \$3,508 for a total of \$28,254.

Attached to this report is a premium comparison from our insurance broker, EPIC. Drivers for the increase in General Liability was due to increase in Water Company's payroll, budget and additional employee. Separately, Cyber Liability under Philadelphia increased slightly from \$3,508 to \$3,524.

This issue was presented to the PROC instead of the AFC as a matter of urgency and time sensitive renewal date. As presented by EPIC, the proposal for Property & Casualty Insurance, Cyber Liability is included under JPRIMA with the premium for 4/1/18 to 4/1/19 at \$27,547 providing a savings of \$707.

Impact on the Budget:

Savings of \$707.

Previous Actions:

None.



Item Title: Red Hill Country Club

Purpose:

To consider the Red Hill Country Club's request per letter attached dated February 10, 2018 and the Water Company's response dated March 15, 2018.

Issue:

Red Hill Country Club (RHCC) desires to receive their entitlement at the Tier 1 rate to reduce their cost or consideration of any other alternatives.

Does the Board agree with the PROC recommendation to have staff prepare options for the PROC to consider that would meet RHCC objective?

Manager's Recommendation:

That the Board consider Red Hill Country Club's request and the PROC recommendations and advise staff as appropriate.

Background:

RHCC owns 116.75 shares and leases an additional 101.50 shares. Depending on the Company's annual entitlement RHCC would currently need 200 shares to stay within their current monthly entitlement. Below is their monthly water delivery for the last 5 years from CY2013 –CY2017.

2017	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	THIS YEAR
Delivered	1.151	1.390	25.592	40.378	42.725	58.747	62.237	59.718	39,523	49.811	20.135	21.662	401.407
Monthly Ent.=	18.598	18.598	21.339	23.784	29.265	35.974	48.254	48.254	48.254	39.186	28.303	22.131	381.943
Annual .Enti.=													11,180.897
Tier 1 use	1.151	1.390	21.339	23.748	29.265	35.974	48.254	48.254	39,523	39.186	20.135	21.662	329.881
Tier 2 use			-4.253	16.594	-13.460	22.773	13.982	-11.464		10.625			-93.150

In CY2017 the entitlement for the first six months was based on an annual entitlement of 10,085.12AF and the last six months based on 12,001.29AF. RHCC Tier 2 cost: \$61,004.

2016	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	THIS YEAR
Delivered	2.760	16.025	14.622	31.351	33.741	60.326	70.103	62.314	47.731	39.996	18.860	4.318	397.828
Monthly Ent.=	21.304	21.304	24.445	27.241	33.524	41.210	46.446	46.446	46.446	37.938	28.303	22.131	396.738
Ann.Enti. =													11,614.02
Tier 1 use	6.085	15.565	14.662	27.241	29.049	41.210	46.446	46.446	44.293	37.938	20.397	9.449	338.781
Tier 2 use				-4.110	-0.217	19.116	-23.658	-15.868	-1.285	-2.058			-66.311

In CY2016 entitlements were based on an annual entitlement of 11,614AF. RHCC Tier 2 cost: \$38,394.02

2015	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	THIS YEAR
Delivered	2.760	16.025	14.622	31.351	33.741	60.326	70.103	62.314	47.731	39.996	18.860	4.318	397.828
Monthly Ent.=	21.304	21.304	24.445	27.241	33.524	41.210	46.446	46.446	46.446	37.938	28.303	22.131	396.738
Ann. Ent. =													11,614.02
Tier 1 use	6.085	15.565	14.662	27.241	29.049	41.210	46.446	46.446	44.293	37.938	20.397	9.449	338.781
Tier 2 use				-4.110	-0.217	-19.116	23.658	15.868	-1.285	-2.058			-66.311

In CY2015 & 2014 entitlements were based on an annual entitlement of 13,590.76AF. RHCC Tier 2 cost: \$28,845.81 in CY2015 and \$30,699.04 in CY2014.

2014	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	THIS YEAR
Delivered	6.674	6.927	25.183	37.156	53.387	60.079	62.197	64.199	49.487	49.626	14.577	10.421	439.915
Monthly Ent.=	25.062	25.062	28.759	32.046	39.441	48.480	54.643	54.643	54.643	44.371	32.046	25.062	464.257
Annual Ent.=													13,590.56
Tier 1 use	6.674	6.927	25.183	32.046	39.441	48.480	54.643	54.643	49.487	44.371	13.913	1.320	377.128
Tier 2 use				-5.110	13.946	-11.599	-7.555	-9.556		-5.255			-53.021

Prior to the drought, in CY2013 entitlements were based on an annual entitlement of 16,573.852. RHCC Tier 2 cost: \$ 554.29.

2013	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	THIS YEAR
Delivered	6.674	6.927	25.183	37.156	53.387	60.079	62.197	64.199	49.487	49.626	14.577	10.421	439.915
Monthly Ent. =	30.563	30.563	35.072	39.081	48.099	59.122	66.637	66.637	66.637	54.112	39.081	30.563	566.167
Annual Ent.=													16,573.852
Tier 1 use	6.674	6.927	25.183	37.156	53.387	60.079	62.197	64.199	49.487	49.626	14.577	10.421	439.915
Tier 2 use						-0.957							-0.957

RHCC Total Tier 2 cost CY213-2017: \$98,493.16

Prior to the drought, in CY2013 RHCC appears to remain within their entitlement with their currently owned and leased shares. In CY2016 RHCC participated in the "Cash for Grass" program and removed 24 acres of irrigated fairways; however, in CY2017 it appears that they used 7% more water in the first six months of CY2017 and 4% more in the last six months. Consider that the entitlement increased 19% effective July 1 2017.

One of the options discussed in the meeting with Mark Campbell of RHCC was that they receive their full entitlement without monthly restrictions. Once their full entitlement is used, they would incur the tiered rate. Of course any options considered would need to be vetted through field and administration staff to make sure that it is viable and achievable with respect to our current billing system. This may be a "slippery slope" as more and more irrigators would also want the same consideration. Staff maintains that the best option for RHCC is to consider buying more shares.

Staff presented their request to the PROC on March 27<sup>th</sup> to discuss and determine whether or not the committee would recommend staff explore options to present to the PROC in May for consideration/and or recommendation for Board approval.

Impact on the Budget:

Depending on approved option.

Previous Actions:

None.



## *Red Hill Country Club*

Ltem CB

RECEIVED

FEB 14 2018

San Antonio Water Company

February 10, 2018

San Antonio Water Company  
139 North Euclid Avenue  
Upland, CA. 91786

Subject: Red Hill Country Club – Untreated Water Rates

Dear Board of Directors & General Manager:

Red Hill Country Club (Red Hill) and San Antonio Water Company (Water Company) have enjoyed over thirty-two years of doing business together. Due to the rising cost of water, Red Hill would like San Antonio's Board of Directors to review our rate for untreated water, without the Tier One quantity restrictions. Red Hill has continued to investigate avenues to better manage our water consumption and the cost of water. In 2016 we invested in a turf reduction program, which resulted in the removal of over twenty-five acres of turf, and we have converted our fairways to hybrid Bermuda grass that uses less water.

Currently, Red Hill has 116.75 shares of Water Company stock, and is leasing shares from Mount Baldy (64.5 shares), Ann Ellingson (5 shares) and Allen Scheu (32 shares). We have taken a very proactive approach to managing our water consumption and cost, however we are concerned that these individuals may in the future sell their shares or decide to not lease them to Red Hill, which would put Red Hill in a very negative financial position. Red Hill is being pro-active in case one of these scenarios occurs. Recently we have been approached by the Inland Empire Utilities Agency to provide us with reclaimed water at a discounted rate in exchange for our San Antonio Shares. At this time it is not our desire to exchange our shares, which is why I am reaching out to you to see if we can come to an agreement on our future cost of water.

Red Hill is in a unique situation, in that we receive untreated ground water from your production well number twenty-two that is high in nitrates exceeding the MCL for potable water and is unusable to customers without costly treatment or blending with imported water. We believe we are providing a benefit to the Water Company by putting this water to beneficial use without the added cost of treatment or blending. The Red Hill Country Club is respectfully requesting that the San Antonio Board of Directors consider our request of providing us with untreated water, without quantity restrictions at the current tier one rate.

Thank you for considering our request. If you have any questions concerning this matter please contact Mark Campbell, Red Hill General Manager or myself. Red Hill Country Club looks forward to many more years of working with the San Antonio Water Company.

Respectfully,

A handwritten signature in black ink, appearing to read 'John Hadley', with a long horizontal stroke extending to the right.

John Hadley  
President

Item 6B



# San Antonio Water Company

Incorporated October 25, 1882

Serving the original Ontario Colony lands

March 15, 2018

Red Hill Country Club  
8358 Red Hill Country Club Drive  
Rancho Cucamonga, CA 91730

Attn: John Hadley  
Cc: Mark Campbell

**SUBJECT: RHCC LETTER DATED FEBRUARY 10, 2018**

Dear Mr. Hadley:

In response to your letter dated February 10, 2018, the San Antonio Water Company (SAWCo) scheduled a meeting with Mark Campbell of Red Hill Country Club (RHCC) on March 13, 2018 to discuss the concerns expressed in your letter. Your letter addresses concern with the expense incurred by RHCC when consumption exceeds the monthly entitlement and requests the Board to consider the rate "for untreated water" without monthly entitlement restrictions and within the Tier 1 rate. You also expressed concern that the shares RHCC leases will not be available in the future which will increase billing in the Tier 2 rate creating a "negative financial position" for RHCC. In addition, it appears that RHCC has been approached to utilize reclaimed water at a discounted rate in exchange for RHCC shares of SAWCo stock.

In November 2002, I had a discussion with Mr. Joe Brock with RHCC and advised that due to water delivery needs during peak summer months that RHCC should consider acquiring sufficient shares of water stock to curtail billing in the second tier. Notable shares of stock were available at that time frame at considerably less than the current market rate. In hindsight it may have been worth considering since RHCC has spent almost \$100,000 of water consumed within the second tier in the last 5 years.

We are aware and appreciate RHCC proactive approach to water conservation as your recent removal of 25 acres of grass to reduce your consumption in CY2016; However, I am puzzled as to why the first six months of water consumption in CY2017 was 7% higher considering the significant rainfall received during that time frame and 4% higher in the following six months. [See comparison below]

CY2016

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
2.760	16.025	14.622	31.951	33.741	60.326	70.103	62.314	47.731	39.996	18.860	4.318

CY2017

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
1.151	1.390	25.592	40.378	42.725	58.747	62.237	59.718	39.523	49.811	20.135	21.662

Although RHCC currently leases shares to cover usage beyond owned shares, the drought reduced the Water Company's supply forcing a 17% reduction in the Water Company's annual entitlement and respective monthly entitlements beginning in CY2014. Prior to this reduction in CY2013, RHCC only exceeded their monthly entitlement in June by less than 1 acre foot (1AF = 325,851 gallons).

With respect to utilizing reclaimed water in exchange for RHCC's shareholdings, that option may be worth considering if it works out economically. I'm not sure how that would pencil out considering the current Water Company's low water rate compared to the current recycled water rate; not to mention the capital costs to install the pipeline to RHCC.

The assumption made that the Water Company's Well 22 can only deliver water to RHCC due to nitrate levels is incorrect as we are able to deliver this water to the City of Upland by blending with other source waters.

Your request for the Board to consider delivering water without restrictions at the Tier 1 rate was the basis of our conversation with Mark Campbell. We advised Mr. Campbell that staff would present options for consideration to the Planning, Operations and Resource Committee (PROC) on May 22<sup>nd</sup> for review and recommendations to the Board. We should have the agenda and staff report available the week before the meeting and you and/or your representative(s) are invited to attend to discuss the issue with the committee.

We hope the outcome will address some possible alternatives to meet your financial needs.

Sincerely,



Charles Moorrees  
General Manager/CEO

/cm

Cc: Board of Directors  
File



Item Title: Well 31 Pilot Biological Treatment Plant – MIH

Purpose:

To consider the MIH request to remain on the Well 31 site at Hummingbird Lane east of Tanglewood for another 60 days to test another post treatment system.

Issue:

Although, MIH Pilot Biological Treatment Plant was successful in removing Nitrates, the final product cost exceeded the Water Company's current tier 1 rate structure in cost per acre foot.

The current Evoqua post treatment application in the existing MIH pilot program was a considerable portion of the Capital and O&M cost.

Manager's Recommendation:

That the Board agrees with the PROC recommendation to approve a 60 day extension to MIH for the existing Pilot Plant to remain at the Water Company's Well 31 site to test another post treatment alternative.

Background:

Although the existing Pilot Plant was successful, the final product cost was determined to be incompatible with the Water Company's Tier 1 rate. The Department of Drinking Water (DDW) approved the Hall reactor with the post treatment facility provided by Evoqua, but the final product cost was not in line with the Water Company's tier 1 rate.

Since the Evoqua post treatment was a major cost factor in the product cost, MIH would like to test another post treatment system by Tetra Tech that could reduce capital cost by 30%. By utilizing a multimedia filter it can reduce operational cost which do not require a continuous waste water discharge. Tetra Tech has the experience with DDW to provide an impartial evaluation of the overall treatment system.

MIH would cover the cost and any additional power cost at the site. The request for extension was presented to the PROC on March 27, 2018.

Impact on the Budget:

N/A.

Previous Actions:

Previous Board approval for the Pilot Plant at the Well 31 site. The PROC recommended the Board approve the extension request.



**Agenda Item No. 6D**

Item Title: Stock Auction

Purpose:

Provide report and information for the proposed stock auction on May 8, 2018.

Issue:

Disposition of personal property (shareholder's stock) in order to collect on bad debt is governed by the Commercial Code to be "commercially reasonable."

Manager's Recommendation:

That the Board approve staff's decision to hold a stock auction to collect on bad debt as presented.

Background:

The Water Company held its first stock auction on November 9, 2009. We have held a total of 5 stock auctions. On June 15, 2010, the Board adopted a stock auction process.

Since implementing our new billing rate, where we now bill dormant shareholders, we have had several obstacles to work through including attempting to contact and bill the shareholder. Some shareholders have contacted us to include them on our sellers list.

Staff updated the Board last September of the possibility of two stock auctions for 2018. Below is what is anticipated for the first stock auction to be held on May 8, 2018.

Stock Certificate	Amount of Shares	Bid Amount	Type of Debt
A13574	.25	\$ 900.00	Water bill
A12208	.50	\$ 1,800.00	Water bill
A12990	.50	\$ 1,700.00	Dormant shareholder bill
A12998	2.00	\$ 6,500.00	Dormant shareholder bill
A5276	1.00	\$ 3,300.00	Dormant shareholder bill
A10252	.75	\$ 2,500.00	Dormant shareholder bill

The bids will be opened publicly beginning at 10:00 a.m. on May 8, 2018 and results announced in San Antonio Water Company's Boardroom.

Previous Actions:

- November 9, 2009 – First Stock Auction held
- April 20, 2010 – Board approved Stock Auction procedure
- December 6, 2010 – Stock Auction
- December 13, 2011 – Stock Auction
- December 10, 2013 – Stock Auction
- December 9, 2014 – Stock Auction

Impact on the Budget:

None – all costs recovered to Company



**Agenda Item 6E**

Item Title: Conservation Programs Update

Purpose:

Update on the Company's existing water conservation programs

Manager's Recommendation:

That the Board review, comment, and receive and file.

Staff Report:

The items below in "bold" reflect the items updated.

I. Local Assistance in meeting Best Management Practices

***Inland Empire Utilities Agency (IEUA) Regional Conservation Workgroup***

– Staff attends bi-monthly meetings hosted by Inland Empire Utilities Agency (IEUA) for coordination of regional conservation activities.

***Conservation rebates given and programs utilized: (Fiscal year 2017-2018) – As of 3/30/2018***

<b><i>IEUA Residential Rebate Programs-(Fiscal year)</i></b>	<b><i>Devices/ Rebates</i></b>	<b><i>Est. gallons saved/ device/year</i></b>	<b><i>Total est. gallons saved per year*</i></b>	<b><i>BMP</i></b>
<b><i>High Efficiency Clothes Washers</i></b>	<b><i>4</i></b>	<b><i>11,243</i></b>	<b><i>44972</i></b>	<b><i>3</i></b>
<i>Rotating Nozzles</i>	<i>0</i>			
<b><i>Weather Based Irrigation Controllers</i></b>	<b><i>2</i></b>	<b><i>105,917</i></b>	<b><i>211834</i></b>	
<i>Residential Landscape Retrofit Program</i>	<i>1</i>		<i>n/a</i>	<i>5</i>
<b><i>High Efficiency Toilets (premium)</i></b>	<b><i>1</i></b>	<b><i>13,851</i></b>	<b><i>13851</i></b>	<b><i>3</i></b>
<i>Rain Barrels</i>	<i>0</i>	<i>619</i>		
<i>Landscape Audit</i>	<i>5</i>	<i>3485</i>	<i>n/a</i>	<i>3</i>
<i>Pressure Regulator Valve Program</i>	<i>0</i>		<i>n/a</i>	
<b><i>Total Savings for calendar year – thru 2/28/2017</i></b>			<b><i>11,243</i></b>	

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

II. SAWCo Efforts in meeting Best Management Practices as of 3/30/2018

<b><i>SAWCo Programs-(Calendar year)</i></b>	<b><i>Total Budget:</i></b>	<b><i>Devices/Rebates</i></b>	<b><i>Est. gallons saved per device per year</i></b>	<b><i>Total est. gallons saved per year</i></b>	<b><i>BMP</i></b>
<b><i>Leak Detection</i></b>	<b><i>Approved \$4,000</i></b>	<b><i>1</i></b>	<b><i>n/a</i></b>	<b><i>n/a</i></b>	
<b><i>Toilet Direct Installation</i></b>	<b><i>Approved \$5,000</i></b>	<b><i>1</i></b>	<b><i>15,600</i></b>	<b><i>15,600</i></b>	<b><i>1.2</i></b>
<b><i>SAWCo Wholesale</i></b>	<b><i>Budget:\$21,000</i></b>	<b><i>12</i></b>	<b><i>15,600</i></b>	<b><i>187,200</i></b>	

April 17, 2018

<b>Agencies Assistance-Toilet Direct installation</b>					
<b>TOTAL</b>		<b>14</b>		<b>202,800</b>	<b>1.1.3</b>

BMP 1.1.2 Water waste prevention:

On 3/1/2017, the board approved the reduction from the "High Shortage Stage" to the "Moderate Shortage Stage". In 2017 a total of 4 Customer Notifications were sent.

Violations recorded to date:

As of Date	Excessive Run-off (BMP 1.1.2)	Leak notices (BMP 1.2)	Incorrect irrigating time	Incorrect irrigating days	Total Notifications	Total Fines
3/31/2016	2	3	5	8	11	
6/30/2016	3	2	24	8	27	0
8/31/2016	2		22	40	41	12
9/30/2016	6		14	13	14	14
12/30/2016	4		6	4	8	1
3/31/2017	1		1	1		1
12/31/2017	4	2			4	0
3/30/18	1					1

Previous Actions:

None.

Impact on the Budget:

Implementation of fines.

CY2018 Budget Projects

PROJECTS IN PROGRESS	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
<b>Edison Pond - New Sluice Gate Replacement</b> - Pomona has prepared two engineered plans for two options. Staff has reviewed and chosen one of the options and is currently pending an Opinion of Probable Cost.	\$70,000		\$70,000	\$0		D&C	3/16/2016	Jul-18
<b>Holly Drive Reservoir</b> - TKE has completed the revised site layout and wall profiles based on the new tank layouts. Working with structural and environmental sub-consultants to reflect the changes.	\$196,124		\$196,124			D&C	6/1/2018	Dec-18
TKE Engineering			\$0		\$105,856			
<b>Sub-Total =</b>	\$196,124	\$0	\$196,124	\$0	\$0			
<b>WFA Pipeline Connection</b> - Pending the WFA Board approval in May to construct the physical connection. Staff is working with Civittec to finalize the plans and specifications and process coordination with WFA staff.	\$110,000		\$110,000	\$0		D&C	5/6/2016	Dec-17
Harper & Associates Engineering			\$0		\$52,851			
<b>Sub-Total =</b>	\$110,000	\$0	\$110,000	\$0	\$105,856			
<b>Basin 6 Desilting</b> Environmental Document - Received Notice of Determination. SWRCB currently reviewing the Water Company's 401 application and has issued a Project Number. Received ACE and DFW permits. TKE Engineering - Project Management CHJ Geotechnical Evaluation	\$266,000		\$266,000		\$105,856 \$59,398 \$5,466	Carry-over Facilities Facilities	03/04/15	Oct-17 Rev. date 5-1-18
<b>Sub-Total =</b>	\$266,000	\$0	\$266,000	\$0	\$170,720			
<b>Cucamonga Basin - Desilting project at crosswalls</b> Allum Group - Environmental Document TKE - Project Mgmt. & Noise Monitoring Pending contractual arrangements with the GRB, SBCFCD permit & on-site pre-construction meeting. Pending Army Corps Nationwide Permit. Received RWQCB 401 & DFW Streambed Alteration Permit	\$103,232		\$103,232		\$0 \$89,330 \$148,935 \$90,494	Carry-over Facilities	10/19/10	On-going
<b>Sub-Total =</b>	\$103,232	\$0	\$103,232	\$0	\$328,759			
<b>Water Rights Investigation- Activity</b> USFS water rights to its special use permits SHIA - Snowcrest Heights Improvement Association /USFS Private land owners in SHIA - Pending resolution. Mt. Baldy HOA - Land exchange document. Met the State Division of Water Rights Enforcement Division on March 1, 2018. Staff and special counsel currently reviewing the State's response received on April 9, 2018.					\$69,745 \$1,575 \$9,900 \$765	Legal	06/10/10 (Since 1910)	On-going
<b>Sub-Total =</b>		\$0	\$0	\$0	\$81,985			
<b>Office Relocation Feasibility Study</b> Property was appraised at \$1.7million. Staff to prepare plan options for receipt of funds without impacting the Company's IRS 85/15 ruling. Committee on hold until the City is in receipt of funds via application to SRF Funding which is anticipated by fall of CY2018. Project is on hold until the City has secured necessary funds.	\$176,000		\$176,000	\$7,000	\$25,000	Facility	07/23/15	7/1/2018
<b>Sub-Total =</b>	\$25,000		\$176,000	\$7,000				ON HOLD
<b>Well 31 Biological Treatment - End product cost currently not compatible with current rate structure</b> Request for extension to try an alternative filtration system is on the agenda for Board meeting	\$4,200,000					Facility	09/13/16	HOLD
<b>Sub-Total =</b>	\$675,356		\$745,356	\$0	\$634,315			
<b>Total =</b>				\$0				

PROJECTS IN PROGRESS		Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Holly Drive Boosters Pending structural and mechanical engineering from TKE and subsequent quote from KSM for electrical/mechanical and HK for structural construction.		\$290,000		\$290,000		\$0	D&O	6/1/2018	Dec-18
Sub-Total =		\$290,000	\$0	\$290,000	\$0	\$0			
SCADA Upgrade from Iconics to Clear Scada / Tesco - Tesco coordinating software upgrade with the Company's IT provider (Inland Productivity)		\$100,000		\$100,000		\$0	D&O	6/1/2018	Dec-18
Sub-Total =		\$100,000	\$0	\$100,000	\$0	\$0			
Forebay Surface Waterline - Pending contract award.		\$180,000		\$180,000		\$0	D&O	6/1/2018	Dec-18
Sub-Total =		\$180,000	\$0	\$180,000	\$0	\$0			
CY2018 PROJECTS COMPLETED									
Capital			Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date