

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, August 21, 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 City of Pomona Water/Wastewater Operations Director Darron Poulsen, Robert DeLoach of DeLoach & Associates, LLC, and SAWCo's Special Counsel Fred Fudacz, General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Mr. DeLoach
- 1. Recognitions and Presentations: Mr. Moorrees made mention to the Board of the 14th Annual San Antonio Canyon Watershed Clean Up Day taking place on Saturday, September 8th.

Mr. Moorrees also recognized Mr. DeLoach, Mr. Poulsen, and Mr. Fudacz in attendance.

- 2. Additions-Deletions to the Agenda: Director Thomas stated the closed session involving water rights would be held immediately following the Consent Calendar Items. The closed session regarding personnel/GM contract would take place immediately following the General Manager's Report on Activities.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of July 17, 2018.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting minutes of May 22, 2018.
 - C. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Income Statement and Balance Sheet for June 30, 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 –
 - Letter of Support to State Water Resources Control Board – Chino Basin GW project.

Director Gerardi moved and Director Sanchez seconded to approve the Consent Calendar as presented. Motion carried.

- 7. Closed Session:
The Board, Mr. Moorrees, Ms. Layton, and Special Counsel Fred Fudacz went into closed session at 5:03 p.m.

Closed session concluded at 5:32 p.m. No action was taken.

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative’s Report – Director Thomas reported on the PVPA meeting held on August 8th. In the absence of the president of PVPA Director Thomas chaired the meeting. No water is being spread at this time.

Holliday Rock is preparing to file their application for a mining permit in Los Angeles County for the east side of the channel. This is adjacent to existing pits and will allow them to expand mining to the west.

There was discussion on the Los Angeles County tax measure called the Safe, Clean Water Program which is a parcel tax for non-permeable ground that produces water runoff. The measure will be included on the November voting ballot. This measure most likely will not have a big impact on PVPA because it is geared towards land that is not pervious and PVPA’s goal is to capture water.

B. Six Basins Representative Report – Mr. Moorrees reported on the July 25th Board meeting for Six Basins. The Board approved the task order to conduct the well-siting study for new monitoring wells in Six Basins. Also approved was the letter of support for the California Department of Water Resources Draft 2018 SGMA basin prioritization.

Three Valleys Municipal Water District (TVMWD) grant consultant, Mr. John Robinson, provided an update on grant and low-interest loan opportunities for Strategic Plan projects. Mr. Robinson summarized the progress on the State Water Resources Control Board Groundwater Grant Program (Proposition 1) application. It will be submitted on behalf of the City of Pomona to increase groundwater production and treatment capacity.

The Programmatic Environmental Impact Report (PEIR) consultants, Julie Gilbert and Nancy Ferguson of Jericho Systems, will prepare the PEIR report for Six Basins Strategic Plan.

Mr. Moorrees reported that Darron Poulsen, President of the Six Basins Board, provided an update on the MS4 Permittees Collaboration. Discussions will be held about the evaluation of potential recharge locations. The City of Pomona will also be looking into a cost share with watermaster. Mr. Moorrees stressed that the MS4 requirements to handle stormwater is the entities responsibility as their city installed all of the impervious surfaces that created the runoff. He stated he would be in support of the watermaster helping out on the feasibility study for recharge as he feels it is beneficial to all of the parties but disagrees with any cost sharing for developing the basins.

The next Six Basins Board meeting is scheduled for August 22nd.

C. Chino Basin Representative Report – Ms. Layton reported on the Safe Yield Court and appeal. The Parties are slowly coming together on final documents. These documents are expected to be posted to the Watermaster’s ftp site along with comments. SAWCo is working with its legal counsel on comments and is discussing issues with the City of Upland.

The court hearing regarding staying the Judgment was moved from September 14, 2018 to December 28, 2018 at 1:30 p.m.

Due to the recent court battles, Watermaster wanted to give the court an update to keep the judge informed when filing the 40th annual report. The Agricultural Pool filed a motion asking the court to take the written report but not hear oral testimony. The thought is the oral testimony could affect the safe yield matter before the court. Watermaster filed a motion in response. The court decided to deny the request to present oral testimony at the hearing. The hearing is scheduled for Friday, August 24th at 1:30pm.

D. Cucamonga Basin Representative Report – Ms. Layton stated staff met with Cucamonga Valley Water District (CVWD) and the West End Consolidated Water Company (WECWC) on July 31st to discuss revising the Cucamonga Judgment. It was staff's suggestion to modernize the Judgment to today's terms and address other issues operationally through regular management meetings. All parties agreed to the suggestion.

The next meeting is scheduled for October 4, 2018.

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

F. Planning, Resources, and Operations Committee (PROC) Chairman's Report – Director Elliott advised the items discussed at the PROC meeting are included in the General Manager's Report on Activities.

G. Executive Recruitment – See Item 6E.

H. Office Feasibility Study Ad Hoc Committee – No meeting to report.

6. General Manager's Report on Activities:

A. Calmat Water Service Agreement – Mr. Moorrees reported that last year Calmat/Vulcan Materials requested SAWCo transfer to them their entitlement to water from SAWCo's Chino Basin stored water account. At that time Calmat/Vulcan was not a party in the Appropriative Pool and was therefore ineligible for transfers from SAWCo's Appropriative Pool water account. Later that year Calmat/Vulcan Materials successfully intervened into the Appropriative Pool and SAWCo then approved transfer of 4.375 acre feet (AF) of water from Chino Basin to Calmat/Vulcan Materials for CY2017 entitlement.

SAWCo's legal counsel felt that to avoid issues with transfers to Calmat/Vulcan Materials, a water service agreement should be enacted.

This item was brought to the PROC who reiterated the policy that requires a minimum of 100 shares in SAWCo to warrant a water service agreement.

Mr. Moorrees recommended the Board concur with the PROC to reject developing a water service agreement for Calmat/Vulcan Materials.

There was consensus on the Board to concur with the PROC and reject developing a water service agreement for Calmat/Vulcan Materials.

B. Mixed Oxidant Generation Cell Failure – Mr. Moorrees reported the Mixed Oxidant (MIOX) system was purchased in 2012 when SAWCo updated their Forebay facility. In August staff observed issues with the cell that required its immediate removal due to a "short" in the cell. With the cell system out of service, staff required delivery of sodium hypochlorite solution until the cell is replaced.

Staff requested and received a quote for a replacement cell which totals \$28,182.01. Mr. Moorrees noted that quote received for the new cell was originally requested as an item to add to the CY2019 budget for SAWCo to purchase a backup MIOX cell. SAWCo will now attempt to have the old cell rebuilt to be used as a backup as the new one will go directly into operation. Mr. Moorrees requested the Board ratify a budget of \$30,000 to replace the deteriorated MIOX cell.

Director Sanchez moved and Director Elliott seconded to approve the general manager's request. Motion carried.

- C. Mt. Baldy Water Agencies Excess Water Use** – In July staff presented to the PROC a cease and desist letter regarding water use in excess of water rights to be sent to San Antonio Canyon Mutual Service Company (SACMSC) and Chapman Ranch. With advisement from the Committee, staff edited the letter that is now presented to the Board for approval.

Director Sanchez asked the rationale for including the data that shows several years of use outside of entitlement and the year SAWCo needed to purchase water from an outside source. Ms. Layton stated the information was included in the letter to prove there is harm to SAWCo by the entities using water in excess of their appropriated rights.

Mr. Moorrees recommended the Board review and approve the PROC's recommendation to submit the letters to SACMSC and Chapman Ranch to cease their water use over and above their appropriated rights as presented.

Director Sanchez moved and Director Filippi seconded the general manager's recommendation. Motion carried.

- D. Water Rights Investigation** – This item was discussed in closed session earlier in the meeting.

- E. Executive Recruitment Update** – Director Thomas stated the Board selected Mr. Brian Lee as the next general manager for the water company. The Board and Mr. DeLoach will be meeting in closed session to discuss his employment contract. A committee reviewed the contract with Mr. DeLoach and a copy was sent to all SAWCo Board members. Mr. Lee's proposed start date is September 17, 2018.

Mr. Moorrees advised he will have a conversation with Mr. Lee the following week.

Director Thomas stated he hoped Mr. Lee was in town prior to his start date so that some events such as a small tour, a lunch with staff, and possibly a Board dinner could be scheduled. Director Thomas would also like to schedule a meet and greet with shareholders and other municipalities after Mr. Lee gets acclimated.

- F. Project Status Report** –

- **Cucamonga Basin – Desilting project at crosswalls** – Pictures of work currently taking place were shown.
- **Santa Rosa Waterline and 24th Street waterline installation** – Scheduled to be completed by the end of the week.
- **Well 31 Biological Treatment** – A delay in approval by the Department of Drinking Water caused MIH to hold off testing until August 9, 2018. Mr. Moorrees advised the Board of a 60-day extension for MIH to complete the testing of the new filtration system.
- **Holly Drive Boosters** – Pictures were shown of work completed.
- **SCADA Upgrade** – On track to be completed on time.
- **Reservoir 7 Rehabilitation** – Plans expected by the following week.
- **Campus Avenue Waterline** – Plans expected by the following week.

7. Closed Session:

The Board and Mr. DeLoach went into closed session at 5:54 p.m. to discuss the Personnel/GM Contract [subdivision 9b) of Section 54957, CGC].

Closed session concluded at 6:11 p.m. There were two action items during closed session. The Board ratified employment for the new General Manager, Brian Lee. Director Filippi opposed the length of the contract noting he was uncomfortable with the 5 year term length. The Board also agreed to a 401(a) Plan for Mr. Lee due to SAWCo not being enrolled in the California Public Employees Retirement System. Director Thomas has been authorized to sign on behalf of the SAWCo Board.

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

Adjournment: Seeing no further business, the meeting was adjourned at 6:13 p.m.

The next Board Meeting will be held on Tuesday, September 18, 2018 at 5:00 p.m.

Assistant Secretary
Charles Moorrees