



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, September 18, 2018

5:00 p.m.

In the Upland City Hall Council Chambers

- Call to Order
- Salute to the Flag

1. Recognitions and Presentations:

- Mr. Brian Lee – New General Manager
- CVWD Letter – California Water Professionals Appreciation Week.

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 August 21, 2018

B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes

No meeting minutes to report.

C. Administration and Finance Committee (AFC) Meeting Minutes

Meeting minutes to of June 25, 2018.

D. Financial Statement

Income Statement and Balance Sheet for July 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 –

- IEUA Letter 8-23-18 – Monthly MEU charge.
- Tolle Azalea & Rose Company – 8-31-18 Letter to not extend current lease/20th Street Site

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
Next meeting will be held on October 4, 2018..
- E. Administration and Finance Committee (AFC) Chairman's Report
Report on August 28th meeting.
- 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. Compensation Policy
Approve compensation policy for non-profit
- B. Stock Certificate Policy
Approve policy with respect to Pledges
- C. Stock Transfer Policy
Approve policy with respect to stock transfers
- D. Nationwide 401K Investments
Approve change in platform from group annuity
- E. Vacation Policy
Approve amending policy to allow use in first year for new employees
- F. Disposal of Records
Approve record disposal based on adopted retention schedule
- G. CY2018 Mid-Year Budget Review
Receive and file the staff report on mid-year revenues and expenses
- H. Project Status Report
Verbal report.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, October 16, 2018 at 5:00 p.m.

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 N. Euclid Avenue.

POSTING STATEMENT: On September 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.



Service Beyond Expectation

Martin E. Zvirbulis
Secretary / General Manager/CEO

10440 Ashford Street, Rancho Cucamonga, CA 91730-2799
P.O. Box 638, Rancho Cucamonga, CA 91729-0638
(909) 987-2591 Fax (909) 476-8032

RECEIVED

SEP - 4 2018

San Antonio Water Company

September 1, 2018

President Tom Thomas
San Antonio Water Company
139 N. Euclid Avenue
Upland, CA 91786-6036

Dear President Thomas,

As water professionals, we work hard each and every day to ensure our customers receive high quality water when and where they need it. Last year, the Association of California Water Agencies launched the first ever California Water Professionals Appreciation Week, celebrating water professionals the second week of October each year. We invite you to join us by proclaiming Water Professionals Appreciation Week this year, October 7-13, 2018, and recognizing your employees for a job well done.

The Cucamonga Valley Water District has enjoyed a productive and effective relationship with the San Antonio Water Company over the years and we look forward to continued success as we work to meet the needs of our communities in the years to come.

If you have any questions, please contact our Communications & Outreach Division at 909-987-2591.

Yours truly,

President James V. Curatalo Jr.
Board of Directors

James V. Curatalo, Jr.
President

Luis Cetina
Vice President

Oscar Gonzalez
Director

Randall Reed
Director

Kathleen J. Tieg
Director

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

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES

Item 4C

June 26, 2018

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Bob Cable, Jose Sanchez and Tom Thomas. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Accounting and Personnel Specialist Salena Holley. Mr. Thomas presided.

1. Recognitions and Presentations:
2. Additions-Deletions to the Agenda:
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Sanchez moved and Mr. Cable seconded, to approve the meeting minutes of April 24, 2018. Motion carried.

5. Administrative and Financial Issues:

- A. **Whistle Blower Policy** – Mr. Moorrees explained Federal law prohibits all corporations, including non-profits, from retaliating against employees who “blow the whistle” on their employers’ financial management and accounting practices. He presented a whistle blower policy to provide a means through which all workers are able to raise concerns with regard to malpractice, illegal or underhand practices in the work place.

The committee discussed revisions to the draft Whistle Blower Policy. Mr. Sanchez was chosen to make the revisions and submit them to the committee prior to going to the Board for approval in July.

- B. **ICMA RC Employee Retirement Health Savings Program** – Due to the representative from ICMA-RC not attending the meeting the item was tabled until the next AFC meeting.
- C. **IEUA Water Rates & Charges** – Mr. Moorrees presented IEUA’s Meter Equivalent Unit (MEU) rate to the committee. The charge is intended to recover IEUA’s costs for water resources and water use efficiency programs. The current MEU rate for FY2018-2019 is \$0.99/meter per month. The rate increases to \$1.04/meter per month for FY2019-2020. SAWCo has 1,862 meters which equates to a monthly bill amount of \$1,843.38 and annual amount of \$22,120.56.

The committee decided to forgo any recommendation to the Board and instead asked that a representative from IEUA attend the next Board meeting to provide more information on the IEUA services and programs SAWCo benefits from.

- D. **Stock Auction – October 2018** – Mr. Moorrees advised there are currently 26 shareholder’s stock certificates eligible for auction. Staff has proposed auctioning 12 of those this October and the remaining 14 next May. A timeline for the October auction process was given in the Committee packet.

Ms. Layton informed the Committee that of the stocks being auctioned off, one is a ½ share certificate and the remaining are ¼ share certificates.

There was consensus on the Committee to recommend the Board approve the proposed stock auction and timeline as presented.

6. Closed Session:

Personnel Issues [subdivision 9b) of Section 54957, CGC].

The Committee went into closed session at 3:34 p.m. and returned from closed session at 3:47 p.m. During closed session the Committee approved the General Manager's contract extension through September as needed.

7. Committee Comments and Future Agenda Items: None.

8. Adjournment: The committee determined there was no further business and adjourned the meeting at 3:47 p.m.

The next regular Administration and Finance Committee meeting is scheduled for August 28, 2018 at 3:00 p.m.

Assistant Secretary
Charles Moorrees



IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Category: 4 - Income					
SubCategory: 40 - Shareholder Revenue					
1185 - Domestic Water Income (Base)	230,636.01	230,636.01	120.29	102,716.15	127,919.86
1215 - Domestic Water Income (Supplemental)	306,135.00	306,135.00	68.94	86,602.22	219,532.78
1220 - Domestic Water Income (Tier 3)	150,000.00	150,000.00	200.98	108,504.60	41,495.40
1230 - Domestic Water Income (Readi/Chrg)	201,333.00	201,333.00	54.32	99,647.96	101,685.04
1235 - Domestic Water Availability Charge (WAC)	60,480.00	60,480.00	11.33	29,624.11	30,855.89
1245 - Municipal Water Income (Base)	2,732,080.00	2,732,080.00	201,298.76	1,601,229.41	1,130,850.59
1268 - Municipal Water Income (Readi/Chrg)	79,800.00	79,800.00	6,650.00	46,550.00	33,250.00
1274 - Misc Water Income (Base)	234,192.00	234,192.00	30,817.52	108,394.01	125,797.99
1275 - Misc Water Income (Supplemental)	256,363.00	256,363.00	4,873.78	87,480.21	168,882.79
1276 - Munnicipal Water Availability Charge (WAC)	493,536.00	493,536.00	39,690.00	277,830.00	215,706.00
1280 - Misc Water Income (Tier 3)	3,000.00	3,000.00	1,403.44	13,555.81	-10,555.81
1288 - Misc Water Income (Readi/Chrg)	23,500.00	23,500.00	2,070.00	14,140.00	9,360.00
1290 - Misc Water Availability Charge (WAC)	44,592.00	44,592.00	1,922.00	13,454.00	31,138.00
1295 - Dormant Water Availability Charge (WAC)	14,722.00	14,722.00	0.00	27,011.62	-12,289.62
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	270.00	2,640.00	1,360.00
1410 - Late/Re-establishment Fee	6,181.00	6,181.00	0.00	3,395.00	2,786.00
1420 - Return Check Fee	167.00	167.00	25.00	75.00	92.00
1430 - Stock Certificate Storage and Handling Fee	100.00	100.00	0.00	100.00	0.00
SubCategory: 40 - Shareholder Revenue Total:	5,040,817.01	5,040,817.01	289,476.36	2,622,950.10	2,417,866.91
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	1,623.00	1,623.00	0.00	1.02	1,621.98
1728 - Plans & Spec Fee	0.00	0.00	0.00	75.00	-75.00
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	55.45	365.72	434.28
1753 - Ground Lease Income	55,000.00	55,000.00	4,300.88	30,106.16	24,893.84
1755 - Interest Earned	27,000.00	27,000.00	17,126.62	41,682.95	-14,682.95
1875 - Overhead Income	0.00	0.00	0.00	1,861.92	-1,861.92
SubCategory: 42 - Non-Shareholder Revenue Total:	89,423.00	89,423.00	21,482.95	74,092.77	15,330.23
Category: 4 - Income Total:	5,130,240.01	5,130,240.01	310,959.31	2,697,042.87	2,433,197.14
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	218,213.00	218,213.00	15,550.28	138,955.55	79,257.45
2235 - Repairs to Facilities and Equipment	751,167.00	751,167.00	11,057.14	106,608.79	644,558.21
2265 - Power-Gas & Electric (utilities)	587,293.00	587,293.00	98,031.68	448,648.66	138,644.34
SubCategory: 50 - Operating Facilities Total:	1,556,673.00	1,556,673.00	124,639.10	694,213.00	862,460.00
SubCategory: 51 - Operating Activities					
2475 - Customer Service	72,327.00	72,327.00	4,556.80	56,289.93	16,037.07
2498 - Conservation	30,000.00	30,000.00	6,114.25	18,941.74	11,058.26
SubCategory: 51 - Operating Activities Total:	102,327.00	102,327.00	10,671.05	75,231.67	27,095.33
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	88,586.00	88,586.00	7,896.29	50,821.29	37,764.71
2210 - O & M - All Other	3,201.00	3,201.00	0.00	424.66	2,776.34
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	149.49	3,500.27	6,452.73
2565 - Depreciation/Amortization	974,807.00	974,807.00	74,946.95	506,779.09	468,027.91
2715 - Property Taxes	221,456.00	221,456.00	0.00	109,298.42	112,157.58
2805 - Water Resource Mgmt.	269,037.00	269,037.00	1,751.16	50,110.93	218,926.07

Income Statement

For Fiscal: 2018 Period Ending: 07/31/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
SubCategory: 52 - Other Operating Expense Total:	1,611,397.00	1,611,397.00	84,743.89	720,934.66	890,462.34
Category: 5 - O & M Expense Total:	3,270,397.00	3,270,397.00	220,054.04	1,490,379.33	1,780,017.67
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	181,060.00	181,060.00	18,550.80	113,821.32	67,238.68
2130 - Development/Water Svc. App.	2,300.00	2,300.00	18.80	488.82	1,811.18
2325 - Payroll Taxes	67,797.00	67,797.00	5,580.39	41,591.61	26,205.39
2355 - Worker's Compensation Insurance	15,853.00	15,853.00	1,703.00	7,708.73	8,144.27
2385 - Benefit Pay (Vac., sick, etc.)	136,744.00	136,744.00	12,536.32	87,237.40	49,506.60
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc)	231,805.00	231,805.00	16,385.25	124,661.22	107,143.78
2430 - Benefit Administrative Services	1,675.00	1,675.00	0.00	100.00	1,575.00
SubCategory: 60 - Personnel Total:	637,234.00	637,234.00	54,774.56	375,609.10	261,624.90
SubCategory: 61 - Other					
2445 - Office/IT Support	75,000.00	75,000.00	2,649.50	28,881.04	46,118.96
2505 - Directors Fees & Expense	33,611.00	33,611.00	2,500.00	20,599.08	13,011.92
2535 - Liability Insurance	35,394.00	35,394.00	0.00	27,227.00	8,167.00
2595 - Communication	41,239.00	41,239.00	1,255.61	13,662.14	27,576.86
2625 - Dues & Publications	3,700.00	3,700.00	0.00	1,525.25	2,174.75
2655 - Outside Services	70,747.00	70,747.00	6,972.72	31,028.51	39,718.49
2745 - Income Tax Expense	4,700.00	4,700.00	0.00	7,400.00	-2,700.00
2775 - Accounting & Legal Expense	242,332.00	242,332.00	18,797.75	162,046.72	80,285.28
2790 - Human Resources Expense	59,430.00	59,430.00	1,893.21	30,809.94	28,620.06
2865 - All other	50,414.00	50,414.00	2,391.45	15,201.80	35,212.20
SubCategory: 61 - Other Total:	616,567.00	616,567.00	36,460.24	338,381.48	278,185.52
Category: 6 - G & A Expense Total:	1,253,801.00	1,253,801.00	91,234.80	713,990.58	539,810.42
Total Surplus (Deficit):	606,042.01	606,042.01	-329.53	492,672.96	113,369.05

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	606,042.01	606,042.01	-329.53	492,672.96	113,369.05
Total Surplus (Deficit):	606,042.01	606,042.01	-329.53	492,672.96	113,369.05



San Antonio Water Company, CA

Balance Sheet

Account Summary

As Of 07/31/2018

Account	Name	Balance
Fund: 10 - 10		
Assets		
BalSubCategory: 10 - Cash		
10-00-00-10100-00000	Petty Cash	250.00
10-00-00-10200-00000	Checking Account	1,683,997.25
10-00-00-10300-00000	Savings-Money Market	694,836.88
10-00-00-10400-00000	Savings-CD Accounts	20,000.00
10-00-00-10415-00000	D&O Checking Account	602,874.53
10-00-00-10438-00000	Depre/Obsolescene Res (LAIF)	3,596,464.35
	Total BalSubCategory 10 - Cash:	6,598,423.01
BalSubCategory: 11 - Accounts Receivable		
10-00-00-11100-00000	Accounts Receivable-Domestic	18,484.67
10-00-00-11200-00000	Accounts Receivable-Municipal	247,638.76
10-00-00-11250-00000	Accounts Receivable-Misc.	40,978.74
10-00-00-11260-00000	Accounts Receivable - Dormant	4,998.27
10-00-00-11275-00000	Contra Accounts Receivable - Unapplied Cre	-19,390.37
10-00-00-11300-00000	Accounts Receivable-Other	200.51
	Total BalSubCategory 11 - Accounts Receivable:	292,910.58
BalSubCategory: 12 - Inventory		
10-00-00-12100-00000	Inventories-Materials & Supply	95,513.49
	Total BalSubCategory 12 - Inventory:	95,513.49
BalSubCategory: 13 - Prepaid		
10-00-00-13100-00000	Prepaid Insurance	8,868.75
10-00-00-13105-00000	PREPAID POSTAGE	369.00
	Total BalSubCategory 13 - Prepaid:	9,237.75
BalSubCategory: 14 - Investments		
10-00-00-14150-00000	P.V.P.A. Investment	1.00
	Total BalSubCategory 14 - Investments:	1.00
BalSubCategory: 15 - Property, Plant, & Equipment		
10-00-00-15100-00000	Land & Water Rights	924,864.03
10-00-00-15110-1507J	Work in Progress "Proj J"	41,133.01
10-00-00-15110-1601N	Work in Progress	7,005.42
10-00-00-15110-1602U	Work in Progress	116,562.21
10-00-00-15110-1701A	Work in Progress	7,820.41
10-00-00-15110-1801B	Work in Progress	14,957.91
10-00-00-15110-1802E	Work in Progress	1,336.67
10-00-00-15110-1803H	Work In Progress	46,559.01
10-00-00-15110-1804G	Work In Progress	80,173.10
10-00-00-15110-1805F	Work In Progress	1,086.42
10-00-00-15110-1806K	Work In Progress	7,419.55
10-00-00-15110-1807P	Work In Progress	299.06
10-00-00-15150-00000	Buildings & Site Improvements	1,745,708.81
10-00-00-15200-00000	Wells-Shafts, Bldgs, & Equip	4,868,275.22
10-00-00-15250-00000	Boosters-Bldgs & Equip	2,163,280.63
10-00-00-15300-00000	Reservoirs	1,635,164.98
10-00-00-15350-00000	Tunnels, Forebay, & Ponds	1,587,111.19
10-00-00-15400-00000	Spreading Works-Cucamonga Wash	54,859.53
10-00-00-15410-00000	Spreading Works-SanAntonio Wash	50,235.18
10-00-00-15450-00000	Pipelines	15,613,893.22
10-00-00-15500-00000	Autos & Equipment	377,943.30
10-00-00-15550-00000	Tools	76,492.47
10-00-00-15600-00000	Telemetry System	482,714.06
10-00-00-15650-00000	Office Equipment	488,936.41

Balance Sheet

As Of 07/31/2018

Account	Name	Balance
10-00-00-15990-00000	Accumulated Depreciation	-11,501,437.52
Total BalSubCategory 15 - Property, Plant, & Equipment:		18,892,394.28
BalSubCategory: 16 - Other Assets		
10-00-00-16100-00000	Documents & Studies	867,778.67
10-00-00-16990-00000	Accumulated Amortization	-549,614.91
Total BalSubCategory 16 - Other Assets:		318,163.76
Total Assets:		26,206,643.87
		<u>26,206,643.87</u>

Liability

BalSubCategory: 20 - Short-term less than 1 year		
10-00-00-20100-00000	Trade Accounts Payable	154,851.37
10-00-00-20115-00000	D&O Trade Accounts Payable	40,770.21
10-00-00-20260-00000	Sec.125/Cafeteria Plan Withhld	843.61
10-00-GN-20820-00000	Accrued Vacation Payable	20,404.60
10-00-OP-20820-00000	Accrued Vacation Payable	24,818.57
Total BalSubCategory 20 - Short-term less than 1 year:		241,688.36
BalSubCategory: 21 - Long-term more than 1 year		
10-00-00-21500-00000	Unclaimed Credits	244,974.77
Total BalSubCategory 21 - Long-term more than 1 year:		244,974.77
Total Liability:		486,663.13

Equity

BalSubCategory: 30 - Stockholder equity		
10-00-00-30200-00000	Contributed Capital - Ext. Fee	447,258.02
10-00-00-30210-00000	Contr. Property, Plant & Equip	2,404,270.37
10-00-00-30300-00000	Capital Account	1,500,000.00
10-00-00-30310-00000	Unissued Capital Stock	-861,100.00
10-00-00-30400-00000	Retained Earnings-Brd Designated	3,626,009.43
10-00-00-30410-00000	Retained Earnings-Unrestricted	18,110,869.96
Total BalSubCategory 30 - Stockholder equity:		25,227,307.78
Total Beginning Equity:		25,227,307.78
Total Revenue		2,697,042.87
Total Expense		2,204,369.91
Revenues Over/Under Expenses		492,672.96
Total Equity and Current Surplus (Deficit):		25,719,980.74
Total Liabilities, Equity and Current Surplus (Deficit):		<u>26,206,643.87</u>

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 7/31/2018	*Accumulated Yearly Service Fees	Accumulated Yearly Interest Earnings
					thru July	thru July
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 1,683,997.25	\$ 18.00	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 602,874.53		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.25%	\$694,836.88	\$	588.60
Local Agency Investment Fund	LAIF	N/A	1.66%	\$ 3,596,464.35	\$	41,047.89
Golden State Business Bank	12 Month C.D.	April 15,2019	0.40%	\$ 20,000.00	\$	46.46
TOTAL:				\$ 6,598,173.01		
TOTAL IN CD'S:				\$ 20,000.00		

2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTALS THIS YEAR
SOURCES													
CHINO BASIN													
Well #12 -inactive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Well #15 (Domestic)	0.00	0.00	0.00	0.33	0.18	0.18	0.07	0.00	0.00	0.00	0.00	0.00	0.763
Well #16 (Domestic)	9.56	1.19	6.41	26.79	14.25	58.15	76.26	80.89	0.00	0.00	0.00	0.00	273.489
Well#18-inactive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Subtotal	9.56	1.19	6.41	27.12	14.43	58.32	76.33	80.89	0.00	0.00	0.00	0.00	274.252
% of operating safe yield -fiscal year (2017 - 2018)	26%	26%	26%	28%	29%	34%	6%	13%	13%	13%	13%	13%	13%
CUCAMONGA BASIN													
Well #2	107.75	104.44	112.24	108.74	105.40	94.83	101.54	105.02	0.00	0.00	0.00	0.00	839.963
Well #3	34.49	25.71	81.46	145.63	112.14	127.99	138.74	142.61	0.00	0.00	0.00	0.00	808.770
Well#19-inactive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Well #22	12.05	17.12	7.07	39.95	34.00	58.46	86.78	59.64	0.00	0.00	0.00	0.00	315.075
Well #24	133.43	299.10	179.88	330.77	298.18	295.62	274.86	325.99	0.00	0.00	0.00	0.00	2137.828
Well #31	8.55	18.73	3.20	2.92	9.28	53.69	24.84	45.41	0.00	0.00	0.00	0.00	166.623
Well #32 (Domestic)	0.07	0.00	0.01	0.06	0.10	0.18	0.07	0.66	0.00	0.00	0.00	0.00	1.149
License Agmt for Upl. # 15 {SAWCo's Rts}	0.00	0.00	25.71	125.09	176.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	327.376
Subtotal:	296.34	465.10	409.57	753.17	735.69	630.77	626.83	679.33	0.00	0.00	0.00	0.00	4596.784
Upl. # 15 [WECWCo's Rts] (Memo only)	0.00	0.00	0.00	0.00	0.00	211.93	201.11	199.95	0.00	0.00	0.00	0.00	612.987
% of operating safe yield	7%	17%	26%	43%	59%	73%	87%	102%	102%	102%	102%	102%	102%
With additional 2,000AF based on 10 yr. average	5%	13%	19%	32%	44%	54%	65%	76%	76%	76%	76%	76%	76%
Current 10 year Average =	1559.45												
SIX BASINS [UCHB]													
Well #26	41.67	37.45	41.37	40.00	39.97	40.01	41.66	41.76	0.00	0.00	0.00	0.00	323.880
Well #27-A	44.97	40.47	47.49	43.86	43.21	40.95	35.48	35.29	0.00	0.00	0.00	0.00	331.716
Well 25-A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Subtotal:	86.63	77.92	88.86	83.86	83.18	80.95	77.14	77.06	0.00	0.00	0.00	0.00	655.596
7.17% of operating safe yield [CY2018 13,000]	9%	18%	27%	36%	45%	54%	62%	70%	70%	70%	70%	70%	70%
TOTAL PUMPED	392.53	544.21	504.83	864.14	833.30	770.04	780.29	837.27	0.00	0.00	0.00	0.00	5526.632
GRAVITY FLOW													
V screen	137.27	97.41	196.36	201.94	158.90	95.67	62.80	17.90	0.00	0.00	0.00	0.00	968.234
Subtotal	137.27	97.41	196.36	201.94	158.90	95.67	62.80	17.90	0.00	0.00	0.00	0.00	968.234
backwash from city treatment plant	0.58	0.53	0.61	0.56	0.53	0.53	1.35	0.00	0.00	0.00	0.00	0.00	4.685
San Antonio Tunnel (forebay)	199.49	184.84	208.64	202.09	189.68	164.29	159.39	148.80	0.00	0.00	0.00	0.00	1457.210
San Ant. Tunnel Connect to City	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Discharge to waste	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Total:	337.33	282.78	405.60	404.59	349.10	260.48	223.54	166.70	0.00	0.00	0.00	0.00	2430.130
Purchased Water - Upl. City to Dom. Sys.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Frankish & Stamm Tunnel to Res 1A Basin 6 - 6" me	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Frankish & Stamm Tunnel to Res 1A - memo only ba	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
TOTAL SUPPLY	729.86	827.00	910.43	1268.74	1182.40	1030.53	1003.83	1003.97	0.00	0.00	0.00	0.00	7956.762
Dom. Sys. - Base ***	46.48	46.48	50.61	50.61	75.84	75.84	101.29	101.29	0.00	0.00	0.00	0.00	548.440
Dom. Sys. - Supplemental	18.66	18.66	14.18	14.18	22.94	22.94	34.37	34.37	0.00	0.00	0.00	0.00	180.292
Dom Sys - Tier 3	15.37	15.37	7.63	7.63	10.44	10.44	21.29	21.29	0.00	0.00	0.00	0.00	109.460
Dom. Sys. - Del. to Upl.(24th/Campus)	88.66	84.98	96.55	107.42	74.61	77.43	54.84	45.26	0.00	0.00	0.00	0.00	629.754
Dom. Sys. -del. To Upl. (Well 16/15)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Tunnel meter to the city	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Discharge to waste	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Truck Loads - note only							1.83	5.50					
Well 32 Hydrant Meter - note only(started 8/6/18)								0.12					
Total in Dom. Sys.=	169.17	165.49	168.97	179.84	183.83	186.65	211.79	202.20	0.00	0.00	0.00	0.00	1467.946

A. Water Supply

Annual entitlement for CY2018 is currently at 12,000 AF.

Six Basins Production

As of August 31, 2018, the Water Company produced a total of 655.60 AF (70% of production rights). The OSY for CY2018 is 13,000 AF with the Water Company's annual production right is 932.10AF based on the CY2018 OSY of 13,000 (7.17%). This water is currently produced and delivered proportionately to the WFA for the City of Ontario and MVWD entitlement.

The Water Company spread a total of 167.15 AF in Six Basins to date.

Cucamonga Basin Production

As of July 31, 2018, the Water Company produced a total 4,596.78 AF [76% of the production rights based on the 10 year running average recharge]. A total of 203.95AF was recharged into Cucamonga Basin.

Chino Basin Production

The Water Company produced 275.25 AF to date in this calendar year 34% of OSY in the Chino Basin FY2017/2018 and 13 in FY2018/2019.

There has been no water recharged into Chino Basin in this calendar year to date.

Surface Water (San Antonio Creek)

Total flows to date are 968.23 AF.

San Antonio Tunnel

Tunnel flows to date are 1,457.21 AF 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

Summer Newsletter was mailed the end of June. Staff currently working on the Fall Newsletter which is scheduled to be mailed at the end of September.

Staff is communicating on "Facebook" with 168 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 developed 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 and 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.

April 9, 2018 staff received the State's findings and dismissed the Water Company's complaint based on the conclusion that the diversions are "insignificant". Staff responded to their findings on April 24, 2018. On May 4, 2018, staff held a telephone conversation with Mr. Victor Vasquez in response to our letter. Staff was advised that the State is closing out their file on the investigation. It does not appear that the State will respond to our last correspondence. Next step discussions to take place at next PROC meeting on September 25th.

F. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal - Parties are slowly coming together on final documents. Documents are expected to be posted to the Watermaster's ftp site along with comments. We are working with our legal counsel on comments and discussing issues with the City of Upland.

Court hearing regarding staying the Judgement has moved from September 14, 2018 to December 28, 2018 @ 1:30 pm.

Court Hearing re:40th Annual Report Filing – In the past Watermaster just filed the past annual reports. 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 was held on August 24, 2018 at 1:30pm.

Cucamonga Basin Report – A meeting with CVWD and WECWC was held on July 31st. Discussion and agreement to modernize Judgment to today's terms would be a good starting point. Commitment to meet regularly was made to address basin management issues. Next meeting will be held on October 4, 2018.

Six Basins

Board meeting on June 27, 2018.

Approved a “hold harmless” agreement between Watermaster and the Xerox Corporation for installing and monitoring of transducers at the basin monitoring wells.

The approved Three Valley’s Municipal Water District selection of Jericho Systems, Inc. as the Programmatic Environmental Impact Report [PEIR] Consultant.

Watermaster presented a draft letter supporting DWR Basin prioritization as presented by the State regarding the Sustainable Groundwater Management Act. The prioritization classified adjudicated basins as low priority.

Darron Paulson provided an update on the MS4 Permittees Collaboration.

With respect to Mr. Moorrees retirement, the Board was advised of Mr. Moorrees last meeting as the Water Company’s representatives with Mr. Tommy Hudspeth being the primary representative on the Board and Ms. Teri Layton as the alternate representative. The President of the Board, Mr. Darron Poulson graciously presented a token of appreciation for Mr. Moorrees service on the Board.

A Strategic Planning Session was held after the meeting on the plan implementation.

- Establish PEIR baseline assumption based on CY2013-2017 and 5-year dry period of CY2012-2016. Watermaster to send out draft PEIR assumptions to parties for review and comment.
- Update Groundwater Model.
- Golden State plans 2 new wells in the Claremont Heights
- TVMWD plans for new well in the Claremont Heights

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.
5. SB 606 & AB 1668 Signed into law in June, establishing statewide water efficiency standards and a framework for the implementation of the new standards, which must be in place by 2022.
 - o Establishing an indoor water use goal of 55 gallons per day per person until 2025, 52.5 gallons from 2025 to 2030 and 50 gallons beginning 2030.
 - o Creating incentives for water suppliers to recycle water
 - o Requiring both urban and agricultural water suppliers to set annual water budgets and prepare for drought.

DWR has scheduled three sessions in early September to take public comments on their “draft” legislation.

6. AB3057 – California Water Not-For-Profit Tax Rules for Mutual Water Companies Proposed amendment to the California Revenue and Taxation Code to conform to federal income tax law by exempting not-for-profit mutual water, mutual ditch, or Irrigation corporations from California income taxes and franchise fees beginning on or after January 1, 2018.

Status:

5-25-18 Bill in Committee on Appropriations, held under submission.

7. SB 998 (Dodd) - This was the most onerous bill passed by the legislature that CalMutuals opposed this year. SB 998 requires water systems, including mutual water companies, with more than 200 connections, to grant delinquent customers a 60 day grace period. If it is signed by the Governor, it will also severely limit water utilities in assessing late fees or reconnection charges on delinquent customers who fall under Federal poverty standards.

We will have more detailed information as the guidelines are set for implementation of SB 998 if Governor Jerry Brown signs it before the end of September.

8. SB 845 (Monning) - CalMutuals successfully opposed SB 845 that would have imposed a “voluntary” meter tax on our shareholders and customers. The measure failed in the Assembly. Funds collected were to help disadvantaged communities, mostly in the Central Valley, meet operational and management costs. The bill included a convoluted “opt-out” provision that would have allowed customers to decline the voluntary tax.

1. Meter Replacement

[CY2018 Budget \$12,000]

62 meters are budgeted to replace the old Sensus “multi-jet meters” that have been in place for 15 years with the new Sensus Mag Meters. 15 meters have been replaced to date.

2. Water Delivery Connection to the City of Upland

[CY2018 Budget \$14,145]

Construct connection at the San Antonio Park. Construction pending DDW approval of the City’s permit amendment.

3. Holly Drive Booster

[CY2018 Budget \$290,000]

TKE completed engineering plans for the building, foundation, walls and piping.

Quote from KSM for the Electrical/Mechanical is \$33,351.

Quote from HK Construction for the structural is \$50,240

TKE Engineering provided structural and mechanical engineering.

Underground piping modifications are currently being done by JK Welding.

Obligated to date	CY2018	
\$25,800	5,958	TKE Engineering
\$33,351		KSM/Electrical & Mechanical
		HK Construction/Structural
		J.K. Welding/Pipeline
	5,958	= Total to Date

First phase of pipeline installation began Wednesday, August 8, 2018.

4. SCADA System Upgrade

[CY2018 Budget \$100,000]

Staff coordinated the upgrade with TESCO and the Company’s IT Consultant [Inland Productivity.

The schedule for the upgrade is as follows:

- ✓ Approved software submittals 6/27/18
- Pending
- SCADA Screens submittal [8/15/18 Delayed. Tent. 9/14/18]
- SCADA Screens approval by 8/29/18 [Delayed]
- Equipment Installation by 10/3/18
- Startup 10/4/18 to 10/10/18

Obligated to date	CY2018	
\$90,000		TESCo
		= Total to Date

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 6th Street in Ontario from the Company’s Well 12 site on 6th Street north of the freeway to the Company’s site on Council Avenue on the south side.

Due to the Water Company's prior rights, the waterline relocation project will be at no cost to the Water Company with reimbursement 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.

The project was scheduled to advertise for Design/Build contractor in December 2017. The design/build contractor is anticipated to be on board in August 2018. Pending appraiser for Temporary Construction Easement along the frontage of SAWCo's Well 12 on Sixth Street.

6. Reservoir 7 Rehabilitation/Design

[CY2017 Budget \$826,500]

A kick off meeting was held with CivilTec Engineering on July 17, 2018. Construction is slated for October/November of this year. Pending plan submittal for review.

Obligated to date	CY2017	CY2018	
\$51,230	\$ 5,140		Harper & Associates
\$62,750			CivilTec Engineering
\$ 7,150			GeoCon - Geotechnical
			CST – Aluminum dome
	\$ 5,140	\$ 5,140	= Total to Date

7. 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.

Obligated to date	CY2016	CY2017	CY2018	
\$ 34,560	\$ 9,000		N/A	CEDG
Task 2 – Pre Design	16,000	7,000		
	\$ 25,000	32,000		= Total to Date

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 17th 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.

8. WFA Pipeline Connection– [Carry over]

[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].

In coordination with the WFA staff the plans and specs are being finalized by CivilTec Engineering. Pending WFA TAC/Board approval and DDW permit amendment.

Obligated to date	CY2017	CY2018	
\$ 30,895	\$ 1,290	\$ 1,290	Civiltec Eng.
	\$ 4,375	\$ 5,665	= Total to Date

9. Holly Drive Reservoir– [Carry over]

[CY2018 Budget \$196,124]

Engineering design and environmental documents 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.

Site Improvements budgeted for CY2018 with subsequent phase to construct two 120,000 gallon reservoirs. Phase construction of site improvements in this calendar year and tank construction in subsequent years. Staff received a budgetary quote from Superior Tank for a 128,436 gallon bolted tank in the amount of \$99,890.

Environmental review and documentation. The AB-52 process is dependent on the Tribe being able to get their input to the Lead Agency. The State Board will act as the “lead agency”. Once the conclusion of the tribal cultural resources is drafted, it will be included in the Initial Study and circulated 30 days for public comment period.

Obligated to date	CY2016	CY2017	CY2018	
\$ 74,500	\$ 62,000	\$ 43,856	1,558	TKE Engineering
\$ 45,070				Add’l Structural Eng. reqmt.
	\$ 62,000	\$ 43,856		= Total to Date

10. 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

Received 401 Certification on August 30, 2018.

SBCFCD Permit

Pending City of Upland Haul Route Approval.

Obligated to date	CY2015	CY2016	CY2017	CY2018	
\$ 47,940	\$ 14,869	\$17,227	\$1,440	\$13,389	Altum Group/Baker Int.
\$ 5,000	\$ 4,127		\$5,530		TKE – Project Mgmt.
\$ 7,200	\$ 0	\$0			CHJ/Terracon –Geotech.
	\$ 117				Plan Check
			\$54,398		RWQCB 401 Permit
	\$ 26		\$ 144		Reimbursable
			\$ 5,000		DFW Stream Bed Alt. Permit
	\$19,139	\$ 17,227	\$ 66,512	\$116,312	= Total to Date

11. Cucamonga Crosswalls Repair & Desilt – [Carry over]

[CY2018 Budget – \$103,232]

A pre-construction meeting was held on May 23, 2018 at the Chino Basin Water Conservation District. Staff received the final permit from San Bernardino County Flood Control District.

GRB Equipment was issued a Notice to Proceed to begin work on July 16, 2018 with a 5-year completion date of July 16, 2023.

Conservation project signage has been erected at the entrance to Holliday Rock on 20th Street and on each side of the Cucamonga Dam.

Residential notices were sent out on July 10, 2018 to residents within the 500 foot radius of the project.

The pre-construction environmental bird clearing survey performed by the Company's environmental consultant (Baker International) on July 13, 2018. GRB began mobilizing on July 16 and began grubbing on July 18 and desilting process behind the crosswalls.

Obligated to date	Previous Years	CY2015	CY2016	CY2017	CY2018	
\$ 26,920		\$ 35,524	\$ 12,952	\$4,243	\$ 7,410	Altum Group
\$ 50,040		\$ 10,305	\$ 33,972	\$1,525	\$ 1,277	TKE/Proj. Mgmt. /Noise Monitoring
\$103,700					\$ 3,245	Baker International
\$23,425						ECORP. – On-call Archaeologist
			\$ 90,000			RWQCB fee
			\$ 96			Reimbursable
\$100,385	\$ 62,286	\$ 34,537	\$ 137,020	\$5,768	\$ 252,542	= Total to Date

12. Well 31 Biological Treatment Pilot – Requested 60-day extension to pilot a new filtration system that would reduce cost as much as 30%. There has been a delay in DDW approval to begin the new pilot that would start the 60-day trial. On August 9, DDW approved MIH to begin their small scale pilot protocol for a 60-day trial.
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]

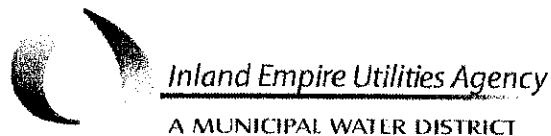
The watershed overlies both San Bernardino and Los Angeles Counties within the Angeles National Forest. There are many permitted public and some private uses within the canyon, and the canyon stream flow is a source of water supply for downstream communities.

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. The Board approved extending the current agreement with Mt. Baldy Ski Area to December 31, 2035. 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.

The 14th Annual Watershed Clean Up Day event was held on September 8, 2018.

CY2018 COMPLETED PROJECTS:

- Santa Rosa Waterline & 24th Street Waterline [Budget \$135,000]
C.P. Construction \$189,000
- Transfer Switch/V-Screen and Tunnel Shaft 6 [Budget \$7,000]
KSM \$8,048.
- Truck mounted crane [Budget \$8,000]
\$9,011.39
- Forebay Overflow & Riser [Budget \$30,000]
Norstar Plumbing \$17,800
- Forebay Surface Waterline [Budget \$180,000]
C.P. Construction \$85,200
- Edison Pond Sluice Gate [Budget \$70,000] (Pending Trash Gate)
C.P. Construction \$51,000 [\$15,440 Pomona Share]



6075 Kimball Avenue • Chino, CA 91708
 P.O. Box 9020 • Chino Hills, CA 91709
 TEL (909) 993-1600 • FAX (909) 993-1985
 www.ieua.org

August 23, 2018

Teri Layton
 San Antonio Water Company
 139 N. Euclid Ave
 Upland, CA 91786

Re: IEUA – Meter Equivalent Unit (MEU) Charge

Dear Ms. Layton:

Thank you for allowing the Inland Empire Utilities Agency (IEUA) to meet with the San Antonio Water Company (SAWCO) Board of Directors on July 17, 2018, to discuss the monthly MEU charge applicable to customers within your service area. As previously noted, costs associated with IEUA's regional water resources program are collected through an annual MEU charge. All parcels located within SAWCO's service area are required to pay the MEU charge.

The attached invoices for \$1,843.38 are for the \$0.99 per MEU per month charge for the period July 1, 2018 through September 30, 2018, for all water meter accounts active as of January 1, 2018, within the SAWCO service area boundary.

If you should have any questions or require additional information, please feel free to contact me at 909-993-1645.

Sincerely,

Craig Proctor
 Source Control/Environmental Resources Supervisor
 Inland Empire Utilities Agency

Water Smart – Thinking in Terms of Tomorrow

Steven J. Elie
 President

Michael E. Camacho
 Vice President

Jasmin A. Hall
 Secretary/Treasurer

Paul Hofer
 Director

Kati Parker
 Director

Halla Razak
 General Manager



Invoice

CUSTOMER NO: 20920

**SAN ANTONIO WATER COMPANY
ATTN: TERI LAYTON, ASST. MGR.

139 NORTH EUCLID AVENUE
UPLAND, CA 91786**

**INVOICE NUMBER: 90022751
INVOICE DATE: 08/27/2018
SERVICE PERIOD: 07/01/2018 to 09/30/2018
DATE DUE: 09/21/2018**

Reference:

ITEM	SERVICE	METER READINGS			BILLING UNIT	BILLING UNITS CONSUMED	CHARGE PER BILLING UNIT	NET AMOUNT
		METER	CURRENT	PRIOR				
10	Meter Equivalent Unit Charge - JUL 2018				MEU	1,862	\$0.99	\$1,843.38
11	Meter Equivalent Unit Charge - AUG. 2018				MEU	1,862	\$0.99	\$1,843.38
12	Meter Equivalent Unit Charge - SEP. 2018				MEU	1,862	\$0.99	\$1,843.38

RECEIVED
AUG 30 2018
San Antonio Water Company

Please Pay From This Invoice **TOTAL DUE \$5,530.14**

Rate Res 2017-6-7,15, WW, MWD WFA

Payment Terms: Due 25 Days After Invoice Date

Remit To: P.O. Box 2650 Chino Hills, CA 91709
TEL (909) 993-1600 FAX (909) 606-7364

TOLLE AZALEA & ROSE COMPANY



1420 North Campus Avenue
Upland, CA 91786
(909) 949-2442
Email: Mike@TolleNursery.com

August 31, 2018

Mr. Charles Moorrees
San Antonio Water Company

Re: Property at corner of 20th St. & Campus Avenue, Upland

Dear Mr. Moorrees,

Tolle Azalea & Rose Co., Inc. will not be extending our current lease on the property mentioned above.

We thank you for the opportunity to lease the property.

Sincerely,

A handwritten signature in black ink that reads "Mike Tolle". The signature is written in a cursive, flowing style.

Mike Tolle
Tolle Azalea and Rose Co.

Agenda Item No. 6A

Item Title: Compensation Policy

Purpose:

To present a policy to provide an annual process for determining compensation to evaluate the Executive and his/her performance and ask for his/her input on matters of performance and compensation and to approve compensation for other highly compensated employees as well as compensation for Directors.

Issue:

To ensure that the backup information provided on Form 990 correctly addresses Part VII and Schedule J – Reporting Executive Compensation compliance.

Manager's Recommendation:

That the Board agree with the AFC's recommendation to adopt the compensation policy as presented.

Background:

The IRS Form 990 is the reporting form that federally tax-exempt organizations must file with the IRS each year at the close of the tax year. This form allows the IRS and the general public to evaluate a nonprofit's operations. Schedule J is used to report compensation information for Directors and highest compensated employees and practices.

Resolution 97-12-01 established the Director's fee at \$100 per meeting. Resolution 2001-12-01 was adopted establishing the fee for each official meeting set at \$250 with a monthly maximum of \$750 effective January 2002. Resolution 2005-12-01 amended the previous resolution increasing the monthly maximum to \$1,000 effective January 2006.

The executive's (General Manager) performance and compensation is evaluated annually by the AFC or personnel committee as assigned and presented to the Board for final approval.

On April 28, 2015, the Board approved the Class & Compensation Study and employee job positions as prepared by RSG consultants.

The Assistant General Manager's performance is evaluated annually by the General Manager with compensation in accordance to the adopted merit increase. This matrix was established in the RSG report and illustrates how salaries are to be determined within the proposed ranges utilizing performance-based merit salary increases.

The draft policy was presented to the AFC on August 28 with recommendation for the Board to adopt the policy.

Proposed Draft Compensation Review Policy
(General Manager and Directors Compensation)

1. The Compensation of the General Manager and Directors shall be reviewed by the Board of Directors annually at such times as it deems appropriate.
2. Any materials considered by the Board of Directors in arriving at Compensation shall be noted in the minutes of the meeting.
3. The review may be separate for each of the General Manager and Directors.
4. The minutes shall specifically include a finding that the Compensation finally arrived at is deemed reasonable.

Impact on the Budget:

None.

Previous Actions:

None.

Item Title: Stock Certificate Policy

Purpose:

To present a policy to change the practice with respect to Pledges on the Water Company's Stock Certificate.

Issue:

A pledge of stock commonly occurs when an individual obtains a loan and pledges shares of stock to the lender as collateral for the loan. The Water Company's current stock certificate identifies references and names Pledges in good faith as a negotiable instrument; however, a valid Pledge Agreement has never been filed with the Water Company with the associated stock.

Manager's Recommendation:

That the Board agree with the AFC recommendation to adopt the policy to change the practice with respect to Pledges on the stock certificate.

Background:

A stock pledge is the transfer of stocks against a debt. It is an agreement by the debtor that pledges the stock as a security against the debt. The Water Company's current policy allows a pledge named and signed on the Stock Certificate. Any transfer or sale of stock requires the consent or endorsement of the named pledge. This task has been cumbersome to staff in dealing with stock transfers that named a pledge that no longer exists.

Proposed Policy With Respect to Pledges

1. The form of stock certificate will be changed to eliminate any reference to a Pledgee on the front and back of the stock certificate.
2. A Pledgee may still be recognized, but only if there is a Valid Pledge Agreement filed with the Company in the words and form of a Pledge Agreement approved by the Company.
3. Where a valid Pledge Agreement is filed, the stock certificate will be stamped with the following legend:

“Sale or transfer of the share(s) is restricted by a valid Pledge Agreement on file.”

4. The principal reason for the change in practice is that the prior practice did not produce a valid Pledge of the shares or shares. In order to be a valid Pledge, there must be a valid Pledge Agreement. Pledge Agreements have never been filed with the Water Company when requesting a Pledgee be named on the stock certificate.

Agenda Date: September 18, 2018

The practice of naming pledge on a stock certificate ceased being a practice utilized by lenders since the early 1960's. Pledgees are no longer requests to be named on a stock certificate.

The draft policy was presented to the AFC on August 28 with recommendation for the Board to adopt the policy.

Impact on the Budget:

None.

Previous Actions:

None.

Agenda Item No. 6C

Item Title: Policy for the Transfer of Shares

Purpose:

To present a policy to change the practice with respect to transfer of shares.

Issue:

There currently is no guidance for shareholders with respect to Transfer of Shares. The burden currently falls on the Water Company to sort out issues with legal counsel. This policy places the burden of proof directly on the persons requesting the transfer of shares.

Manager's Recommendation:

That the Board agree with the AFC recommendation that the Board adopt the policy to change the practice with respect to the transfer of shares as presented.

Background:

Without clear guidance with respect to the transfer of shares, persons requesting the transfer places the burden of proof on the Water Company which requires extensive research by staff and legal counsel. The proposed policy offers guidance with respect to these transactions and will relieve the time and expense in processing the request.

Proposed Policy

(Transfer of Shares)

1. Purpose. The purpose of this Policy is to provide guidance to Shareholders with respect to the requirements of the Company for the Transfer of Shares.
2. The Basic Principal. Shares can be transferred by an Assignment of Shares executed by the registered holder or holders of the Shares as reflected in the Company records.
3. Joint Tenants. Shares registered in the names of a husband and wife or others as joint tenants, where one of them is deceased, can be transferred upon presentation to the Company of a Certified copy of the Death Certificate of the deceased person or persons
4. Deceased Shareholders - Others. In all other circumstances with respect to Deceased Shareholder's proof of ownership shall be provided in one or more of the following ways:
 - A. Order of Probate Court (Showing distribution of the Share or Shares);
 - B. Order of Superior Court (showing distribution of the Share or Shares in a divorce proceeding);
 - C. Probate Code Section 13100 (advising of collection, receiving or transferring property to successor of decedent if gross value of decedent's real and

personal property does not exceed \$150,000 and if 40 days have elapsed since the death of the decedent);

D. Probate Code Section 13500 (advising of no administration necessary when spouse dies without a will leaving property that passes to the surviving spouse under Section 6401 or dies with a will and leaves property to the surviving spouse).

E. Opinion of Member of State Bar of California that the person or persons is the Owner of the Share or Shares free and clear of any claim by other person or persons. The Opinion shall be unqualified. The Opinion shall be based on the "more likely than not" standard. The Opinion shall describe the information, documents and records reviewed in the process of forming the Opinion.

5. Burden of Proof. The Burden of Proof shall be upon the person or persons requesting transfer of the Share or Shares. The Company shall be the final authority with respect to determining whether the Burden of Proof has been met with respect to any alleged fact that may be in dispute.

6. Removal of Pledgee. Shares with a Pledgee can be issued without the Pledgee upon presentation of the Deed of Trust securing the loan made at the time of acquisition of the Share or Shares and a copy of the recorded Deed of Re-conveyance or other conclusive evidence that the beneficiary of the Deed of Trust has deceased, or in the case of an entity or financial institution that the loan secured by the Deed of Trust has been refinanced and a new Deed of Trust replaced as record.

7. Cash Bond. Company may at its sole and complete discretion require that as a condition of transfer of a Share or Shares a Cash Bond be posted up to the estimated fair market value of the Share or Shares, the transfer to be held for a period of 60 full calendar months. The amount of the bond shall reflect the amount of legal risk to the Company of making the transfer based upon the evidence presented. The Cash Bond, without interest, shall be returned to the person posting it, if no claim has been filed with the Company claiming ownership of the Share or Shares transfer. If such a claim is filed prior to the transfer in the 60 calendar months, the Cash Bond shall continue to be held until the claim is finally resolved.

8. Lost Certificate Bond. Company may (require) at its sole and complete discretion require (or waive) the requirement contained in the Bylaws to post a Lost Certificate Bond with respect to any transfer of Shares pursuant to this Policy.

9. Reasonable Assistance. Reasonable assistance will be provided to those transferring Shares under this Policy, but such assistance shall not include the preparation of legal forms, or obtaining data from the courts. The Company will decide in its sole and complete discretion how much assistance to provide in any given circumstance.

10. Exception. In exceptional circumstances, where substantial justice could not otherwise be achieved, but without substantial legal risk to the Company, Company may approve the transfer of a Share or Shares that do not comply with this Policy. The transfer will not be approved unless all reasonable efforts have been made to comply with the Policy. Any approved transfer will be subject to Board approved conditions as may be

Agenda Date: September 18, 2018

imposed by Company. Such conditions may be more detailed and lengthy than those otherwise set forth in the Policy. Any approved transfer pursuant to this exception shall be at the sole and complete discretion of the Company.

The draft policy was presented to the AFC on August 28 with recommendation for the Board to adopt the policy.

Impact on the Budget:

None.

Previous Actions:

None.

Agenda Item No. 6D

Item Title: Nationwide 401K Investments

Purpose:

To provide additional information on making the platform change to the Nationwide Flexible Advantage Program and options that the Board may want to consider.

Issue:

Discuss concerns with impacts of termination and surrender fees associated with making the transfer to the new platform.

Manager's Recommendation:

That the Board agree with the AFC recommendation to consider options for participation in the Nationwide 401K platform as deemed appropriate.

Background:

Until recently, small Mutual Water Companies were ineligible to participate in this type of program. The Water Company's current plan is a group annuity that provides some protection for principle investments and beneficiaries but carries associated fees which reduce the interest gained relative to current investments in the market place.

The Nationwide Flexible Advantage Program provides more investment flexibility, in person and online education and tools, lowers overall cost and provides a higher return on investments. It also provides target maturity funds from multiple funds, self-directed brokerage accounts, professionally managed accounts for participants, and fixed investment choices. There was consensus with staff to consider the proposed change in investment platform.

At the April AFC meeting, Mr. McKeon of Raymond, Reeves & Stout, LLC the third party administrator for the Company's 401K plan presented information on the new platform for the Water Company's 401K Plan for consideration. The notable differences in the existing plan to the new plan is the savings of over 1% in commission fees but has no death benefit. The new plan is through the same investment company SAWCo currently uses but on a different platform. There are no transfer fees for moving to the new program and with roughly \$1.75 million in the account, employees in the program will experience an annual savings of roughly \$17,500. Employees will also now be able to utilize a website that allows them to set a target retirement date, designate funds, etc. The AFC recommended this item for ratification at the Board to move forward with making this change.

In May, Staff presented the proposed change to the Board. The Board approved the proposed change in the employee Nationwide 401K Plan to the Nationwide Flexible Advantage Program.

Upon reviewing the contracts with Nationwide, staff had a few questions and concerns as follows:

1. The contract and fee was based on 10 employees, \$1.8 million investment for fee of 1.01%
 - a. Staff questioned how much the fee would change since we now have a staff of 7 employees with 6 soon to be eligible and a reduced investment amount.
 - b. Answer given: With moving only penalty free participants in new platform would result in the fee lowered to .40% from .45%.

2. Termination fee was understood to come into play only if San Antonio Water Company was to move the funds.
 - a. It was explained there would be a termination fee if 15% or more employees would leave in a year and/or a certain amount of funds withdrawn.
 - b. If only the employees who do not have surrender fees were to move their money, then they would remove this termination fee. All new money would be in the new platform and once the employees reached the number of required years, they could then move their money over. Each year “penalty free” money can come over into new platform.

3. The employees would like to move their money without surrender fees. Nationwide representative Logan Meyer explained under the old or current plan, employees must meet the following requirements in order to move their money without payment of surrender fees:
 - Age 59 ½ and 5 years of participation in the contract or;
 - After 15 years participation in the contract

Below is the surrender fees that the individual would need to pay or the company could elect to pay if they chose to move their old monies into the new platform. The penalty free amount is the amount that the employee could move over into the new platform today without fees.

Employee	Contingent Deferred Surrender Charge	Penalty Free
1	0.00	0.00
2	0.00	0.00
3	0.00	0.00
4	0.00	0.00
5	0.00	0.00
6	\$2,287.31	\$13,343.60
7	\$1,516.06	\$10,478.68
8	\$2,135.67	\$21,123.63

9	\$2,389.07	\$ 3,325.58
10	\$ 367.36	\$ 76.15
TOTAL	\$8,695.47	

Impact on the Budget:

\$8,695.47 cost if the AFC recommends that the Company pay the surrender fees

Previous Actions:

Change in platform ratified by the Committee in April.

Agenda Item No. 6E

Item Title: Vacation Policy

Purpose:

To present consideration for amending the vacation policy to allow accrued use within the first year of employment.

Issue:

Current policy requires the employee to complete 1 year of employment before being able to utilize accrued vacation.

Manager's Recommendation:

That the Board agree with the AFC recommendation amending the current employee vacation policy to the Board with respect to ability to use accrued vacation without completing 1 year of employment.

Background:

According to current policy the Company grants regular full-time employees paid vacation for time to rest and relax away from work or to address other personal needs. Vacation may be used for any planned or unplanned absence.

Vacation time-off benefits are accrued during the first year of employment in accordance to the following schedule:

Full-time employees hired after June 1, 1999:

<u>Completed Years of Employment</u>	<u>Vacation Days Per Year</u>
1-4	10
5-15	15
16 or more	20

Although vacation time-off benefits begin accruing during the first year of employment, an employee is not eligible to utilize vacation until completion of 1 year of service. If an employee were to leave before a year's service, the accrued vacation time would be paid out.

The proposed amendment was presented to the AFC on August 28 with recommendation for the Board to approve the change in policy.

Impact on the Budget:

None.

Previous Actions:

None.

Purpose:

To approve the record disposal presented by staff in accordance with the adopted retention schedule and Record Management Policy.

Issue:

Does the Board agree with the AFC to dispose the files as presented based on the approved retention schedule?

Manager's Recommendation:

That the Board agree with the AFC to approve the disposal of files presented pursuant to the adopted retention schedule and Record Management Policy.

Background:

In 2007, San Antonio Water Company (SAWCo) hired ITIQ Solutions, a consultant, to establish a policy for the proper management of its office files from creation to destruction.

On June 19, 2012 the Board approved the Record Management Policy.

The policy states under Record Destruction 2.0:

- 2.1 Three to six months after year-end, the Office Assistant will proceed with destruction of all files that have exceeded their recognized holding period and have been approved by the Board for destruction.
- 2.2 A listing of file categories to be destroyed will be circulated to the Board prior to destruction for review and comment. The actual listing of records destroyed will be maintained permanently for future reference.

Attached is a listing of the files to be destroyed. If approved by the committee it will proceed to the Board for approval on the Consent Calendar.

Impact on the Budget:

Not a budgeted item. Approximate cost for shredding is \$350 from Operations budget.

Previous Actions:

None.

Certificate of Records Destruction

1) Records Destroyed by: Kelly Mitchell	2) Date of Destruction: 2018	
3) Division/Department/Title: Senior Administrative Specialist	4) Location:	5) Phone No. (& ext.) 909-982-4107

6) Records to Be Destroyed

a) Schedule and Records Series No.	b) Records Series Title	c) Date Range (mo/yr)	d) Location	e) Type	f) Method of Destruction
45	Timecards	Jan - Dec 2006	shed	File Box	Shred
45	Timecards	Jan - Dec 2008	shed	File Box	Shred
45	Timecards	Jan - Dec 2009	shed	File Box	Shred
34	Cancelled Checks	11/5/08 - 5/12/09	shed	File Box	Shred
34	Deposits/Bank Statements	5/18/09-11/30/09	shed	File Box	Shred
34	Cancelled Checks	7/1/10-1/19/11	shed	File Box	Shred
31	Deposits/Bank Statements	1/20/11-7/20/11	shed	File Box	Shred
67	Insurance Policies	2003-2007	shed	File Box	Shred
31	Bank Statement Deposits	Jan - Dec 2007	shed	box	Shred
34	Cancelled Checks	Jan - Dec 2007	shed	File Box	Shred
29	Accounts Payable	Jan - Dec 2010	shed	File Box	Shred
29	Accounts Payable	Jan - Dec 2009	shed	File Box	Shred
45	Timecards	2007	shed	File Box	Shred
51	Sample Reports/Water	2005-2006	shed	envelopes (2)	Shred
31,34	Bank Statements, Deposits & Cancelled Checks	2004-2005	safe	File Box	Shred
31,34	Bank Statements, Deposits & Cancelled Checks	2004-2005	safe	File Box	Shred
30	Tier Reports	4/2003 - 7/2005	safe	File Box	Shred
32	Billing Adjustments	2009-2010	shed	File Plastic Tub	Shred
32	Irrigation Reports	2009-2011	shed	File Plastic Tub	Shred
45	Vacation Accumulation	2003	shed	File Plastic Tub	Shred
3	Clipboard	2013-2014	shed	File Plastic Tub	Shred
53	Correspondence	2010-2015	shed	File Plastic Tub	Shred
57	Employment Applications	2012	safe	File Plastic Tub	Shred
32	Account Rec Detail and Past Dues	2003		Binder	Shred
32	Domestic Billing Register	2003-2004		Binder	Shred
30	Accts. Rec Ledger	2009		Binder	Shred
64	Weekly Staff Meeting Notes	2007-2011	shed	File Box	Shred
64	Memo/Stenopad	2010, 2011, 2012, 2014	shed	File Box	Shred

32	Misc Billing	2006	shed	File Box	Shred
72	Work Orders	2012-2013	shed	File Box	Shred
67	Policies of Insurance - Blue Shield	2002		File Box	Shred
44	Options	2009		File Box	Shred
	T-shirt Ordr & IT Comp Notes,Website dvlpmnt	2009		File Box	Shred
	Asset Training Notes	2009			Shred

Signature

Date

Title

Agenda Item No. 6G

Item Title: CY2018 Mid-Year Budget Review

Purpose:

To provide the mid-term financial status and end of the year projections of the Company as it relates to budgeted Revenues and Expenditures for CY2018.

Issue:

The first year of new water rates and Water Availability Charge that went into effect on July 1, 2017 and impact on the Water Company's revenues.

Manager's Recommendation:

That the Board agree with the AFC to receive and file the staff report on mid-year revenues and expenditures.

Background:

The mid-year budget vs. actual report is presented for review of revenue and expenses for June 30, 2018 year to date.

Notable changes are addressed in the following report. Note that CY2018 budget was based on staff's end of the year projections. In most cases unless otherwise noted, we used the actual CY2017 year to date expense as a basis for our projection of revenues and expenses.

Review of the mid-year budget will show different variances in each category. Some variances are in the positive and others are in the negative. The bottom line variances are listed below with the big changes noted for ease of understanding.

Revenue

- 1215 – Domestic Water Income Supplemental (Tier 2) – Budget overstated. Projected negative variance <\$110,570> due to a portion of supplemental spills over into the new Tier 3 use.
- 1220 - Domestic Water Income (Tier 3) - \$66,608 projected positive variance. May reduce somewhat based on increase in entitlement in August/September.
- 1245 – Municipal Water Income Base – Line item budget overstated. Initially based on proposed entitlement increase to 13,000AF. Approved entitlement for CY2018 is 12,000AF.
- 1274 - Misc. Water Income (Base) – \$91,151 Negative variance. Some of the variance due to line item budget overstated based on 8% increase entitlement from 12,000AF to 13,000AF.
- 1275 - Misc. Water Income (Supplemental) – \$57,318.72 Negative variance. Budget overstated due to a portion of supplemental spills over into the new Tier 3 use.

- 1276 - Municipal Water Availability Charge – \$17,256 negative variance due to budget included Upland's lease shares.
 - 1280 - Misc. Water Income (Tier 3) – \$21,304 positive variance due to supplemental (Tier 2) spill over into Tier 3.
 - 1290 - Misc. Water Availability Charge – \$21,528 negative variance due to budget included lease shares which should have been identified in the line item for Dormant shares (next line item).
 - 1295 - Dormant Water Availability Charge – \$39,302 positive variance. Budget based on 153.35 inactive (dormant) shares. Actual dormant shares for first 6 months is 564. This line item will fluctuate based on auctioning shares.
- Total Revenue: \$15,645 positive variance (Note: \$200,000 pending Sale of Stored Water - Line item 1300.

Expenses

- 2175 – Facility Related Field Labor - \$28,597 negative variance. Field labor response to facility failures Well 24 motor, W27A and Booster 1AC, Shaft 6 MIOX cell, Booster & Res 1 SCADA.
- 2235 – Repairs to Facilities & Equipment - \$285,063 positive variance. Basin 6 budget \$266K is estimated at 50% of actual cost,
- 2475 – Customer Service - \$31,139 negative variance. Response new tiered rates and Water Availability Charges.
- 2280 – Purchased Water - \$44,357 positive variance as there was no need to purchase water as of this report.
- 2565 – Depreciation/Amortization - \$46,143 positive variance. Pending Holly Drive Booster, Res 7, Sluice Gate, Santa Rosa and 24th St. waterline.
- 2595 – Communication - \$23,575 negative variance. Pending budgeted Website Update \$10K and History & Facility DVD.
- 2775 – Accounting & Legal Expense - \$94,166 increase in legal regarding Mt. Baldy Water Rights investigation.

The mid-year budget was presented to the AFC on August 28 with recommendation for the Board to receive and file.

Impact on the Budget:

Projected positive variance even without successful sale of \$200,000 of stored Water from Six Basins.

Previous Actions:

None.

CY2018 Budget Projects

PROJECTS IN PROGRESS	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Holly Drive Reservoir - TKE has completed the revised site layout and wall profiles based on the new tank layouts. Pending comments on environmental work [AB52 Tribal consultation] which affects associated structural changes.	\$196,124		\$196,124	\$1,558	\$43,856	D&O	6/1/2017	Dec-18
TKE Engineering			\$0		\$105,856			
Sub-Total =	\$196,124	\$0	\$196,124	\$1,558	\$43,856			
WFA Pipeline Connection - Pending the WFA Board approval to construct the physical connection. Staff is working with CivilTec and coordinating final plans & specifications with the WFA staff. .	\$110,000		\$110,000	\$1,290	4375	D&O	5/6/2016	Dec-18
			\$0					
Sub-Total =	\$110,000	\$0	\$110,000	\$1,290	\$197,943			
Basin 6 Desilting Pending SBCFCD Permit. Contract C.P. Construction SWRCB 401 application under 21 day public review. Anticipate work to begin with C.P. Construction in early October. TKE Engineering - Project Management CHJ Geotechnical Evaluation	\$266,000 \$6,300	\$0	\$266,000 \$0 \$0 \$6,300	\$1,635	\$19,184	Carry-over Facilities Facilities	03/04/15	Rev. date 10-1-18
Sub-Total =	\$266,000	\$0	\$266,000	\$1,635				
Cucamonga Basin - Desilting project at crosswalls Altum Group/Baker International - Environmental Document TKE - Project Mgmt. & Noise Monitoring Contract executed with GRB Equipment. Pre-Construction meeting held on May 23, 2018. Pending Nesting Bird clearing survey 5 days prior to construction. GRB issued Notice to Proceed July 16, 2018 with 5-year completion July 16, 2023. Residential Notices sent out the week of July 9, 2018. Work began on the Crosswalls on July 16.	\$103,232		\$103,232 \$0	\$14,882	\$0 \$4,243 \$1,525	Carry-over Facilities	07/16/18	07/16/23
Sub-Total =	\$103,232	\$0	\$103,232	\$14,882	\$5,768			
Water Rights Investigation- Activity 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 submitted response to the State's findings on April 24, 2018. Pending next steps.					\$69,745 \$1,575 \$9,900 \$765	Legal	06/10/10 [Since 1910]	On-going
Sub-Total =		\$0	\$0	\$0	\$81,985			
Office Relocation Feasibility Study Property was appraised at \$1.7million. Committee on hold until the City is in receipt of funds via application to SRF Funding which is anticipated by fall of CY2018.	\$176,000		\$176,000	\$7,000	\$25,000	Facility	07/23/15	7/1/2018 ON HOLD
Sub-Total =	\$25,000		\$176,000	\$7,000				
Well 31 Biological Treatment - End product cost currently not compatible with current rate structure MIH was approved 60 Day extension to try an alternative filtration system; the pilot was delayed pending DDW approval.1. On August 9, DDW approved MIH to begin their small scale pilot protocol for a 60-day trial. Request the Board approve the extension as a result of the delayed DDW response.	\$4,200,000			\$0		Facility	09/13/16	HOLD
Sub-Total =			\$0	\$0				

PROJECTS IN PROGRESS	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Water Delivery Connection to City of Upland - Pending City's permit amendment application approval from DDW to begin construction.	\$14,145		\$14,145	\$0		D&O	1/1/2018	Dec-18
			\$0		\$0			
Sub-Total =	\$14,145	\$0	\$14,145	\$0	\$0			
Holly Drive Boosters -In ground piping installation complete. Demo existing vault structure. Mechanical/Electrical installation KSM. Pending structural installation by HK Construction.	\$290,000		\$290,000	\$5,958		D&O	1/1/2018	Dec-18
			\$0		\$0			
Sub-Total =	\$290,000		\$290,000	\$5,958	\$0			
SCADA Upgrade from Iconics to Clear Scada / Tesco - Tesco coordinated software upgrade with the Company's IT provider (Inland Productivity). SCADA Submittal approved 6/27, SCADA Screen pending. Equipment installation 10/3, Start up 10/4.	\$100,000		\$100,000	\$0		D&O	1/1/2018	Nov-18
			\$0		\$0			
Sub-Total =	\$100,000	\$0	\$100,000		\$0			
Res 7 Rehabilitation - Engaged with CivilTec Engineering to prepare Design/specifications, administration, inspection for constructing aluminum dome. Terracon to perform geotechnical boring at the site. 50% plan review submittal as of this report.	\$180,000		\$180,000			D&O	6/1/2017	Dec-18
Harper & Associates					\$5,140			
CivilTec Engineering			\$0		\$0			
Sub-Total =	\$180,000	\$0	\$180,000	\$0	\$5,140			
TOTAL =	\$1,434,356			\$25,323				

CY2018 PROJECTS COMPLETED	Capital	Expense	Total	YTD	Previous Year	Budget Placement	Start Date	End Date
Transfer switch at V-Screen & Shaft 6 - KSM.	\$7,000		\$7,000	\$8,048		D&O	2/5/2018	Mar-18
Truck mounted crane - Phonix	\$8,000		\$8,000	\$9,011		D&O		
Forebay Overflow & Riser - Norstar Construction	\$30,000		\$30,000	\$17,800		D&O	3/6/2018	May-18
Edison Pond - New Sluice Gate Replacement -C.P. Construction [\$15,440 is Pomona's share] Pending trash rack from South Bay Foundry.	\$70,000		\$70,000	\$51,000		D&O	3/16/2016	Jul-18
Forebay Surface Waterline - C.P. Construction	\$180,000		\$180,000	\$85,200		D&O	4/1/2018	Jul-18
Santa Rosa Waterline and 24th Street waterline installation - C.P. Construction. Waterline installation complete. Pending compaction testing and paving.	\$189,000	0	\$189,000	\$189,000			7/23/2018	8/6/2018
			\$0		\$0			
Sub-Total =	\$484,000	\$0	\$484,000	\$385,382				