

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, September 17, 2019

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:01 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Jose Sanchez, Will Elliott, Bob Cable, Gino Filippi, Martha Goss, and Rudy Zuniga. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Director Cable
- 1. Recognitions and Presentations: None.
- 2. Additions-Deletions to the Agenda: Mr. Lee requested removal of Item 6D, Request for Escrow Time Extension for Benson Avenue Property Sale. The Interim City Manager, Rosemary Hoerning, advised SAWCo she would be presenting for approval from the City of Upland Council a method that will allow escrow to close on the current agreed upon date of Friday, September 27, 2019.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of August 20, 2019.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes.
 - C. Administration and Finance committee (AFC) Meeting Minutes
Meeting Minutes of June 25, 2019.
 - D. Financial Statement
Income Statement and Balance Sheet for July 31, 2019 and year-to-date
 - E. Investment Activity Report
Monthly Report of Investments Activity
 - F. Water Production and Consumption
Monthly water production and consumption figures.
 - G. Prominent Issues Update
Status summaries on certain on-going active issues.
 - H. Projects and Operations Update
Status summaries on projects and operations matters.
 - I. Groundwater Level patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
 - J. Correspondence of Interest

Director Cable requested Item 4F be removed for discussion.

Director Elliott moved and Director Filippi seconded to approve the Consent Calendar sans Item 4F. Motion carried.

Before proceeding to discussion on Item 4F, Mr. Lee brought attention to Item 4G Prominent Issues Update where the announcement of the resignation of Water Utility Trainee Matthew Covington was stated. He also noted Item 4H regarding the Reservoir 7 project as it pertains to confined spaces. He apologized to Director Goss for erroneously stating at the previous Board meeting that there would not be any confined space in the project.

Director Cable noted Item 4F indicates the City of Upland going over their entitlement while San Antonio Heights Residents collectively stayed within their entitlement. He inquired as to why the City of Upland was over their entitlement.

Mr. Lee acknowledged that during the summer months the City of Upland has gone over monthly entitlement however, they are under their annual entitlement. SAWCo staff monitors the usage on their account and when usage equals entitlement for the year water delivery ceases.

Director Cable moved and Director Goss seconded to approve Item 4F. Motion carried.

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative’s Report – Director Thomas reported on the September PVPA meeting. Very little spreading is taking place. The majority of weed abatement has been completed. A sluice gate in the San Antonio Spreading Grounds has been repaired.

Roof construction on a PVPA building south of the San Antonio Dam used for monitoring water flow has been completed.

Unfenced PVPA land north of Baseline in Claremont prone to homeless encampments is in the process of having a chain link fence installed.

Continued discussion took place about the possible establishment of the National Recreation Area. Portions of PVPA’s land has been grouped in with the proposed area and they would like the boundaries redrawn.

B. Six Basins Representative Report – Mr. Lee reported the main focus of the most recent Six Basins meeting was groundwater modeling. More specifically, how the groundwater models for Six Basins and Chino Basin relate to one another. Grant money was received by Six Basins in order to tie the Six Basins groundwater model to the Chino Basin groundwater model.

Currently, Chino Basin is making changes to their groundwater model. Wildermuth Environmental, Inc. (WEI) mentioned they were using information from the Six Basins groundwater model and Cucamonga Basin water model as input for the Chino Basin groundwater model. Cucamonga Basin was unaware WEI was using information from their groundwater model for a separate basin. Clarification was provided on the reasons why WEI is using groundwater model information from other basins for Chino Basin.

C. Chino Basin Representative Report – Ms. Layton reported that SAWCo’s recharge application was approved by the Appropriate Pool on September 12, 2019. The application will be brought to the Advisory Committee and Board in October.

Watermaster held an assessment package workshop on August 28, 2019 and reviewed the changes from the court order. The revisions have resulted in some parties paying more and some parties receiving a refund. SAWCo will be receiving a refund.

D. Cucamonga Basin Representative Report – Ms. Layton reported the working group met on August 21st with Mark Wildermuth to discuss WEI utilizing the Cucamonga Basin groundwater modeling for Chino Basin parties’ benefit. SAWCo management gave its legal counsel permission to discuss the issue with Cucamonga Valley Water District’s (CVWD) legal counsel. The next meeting is scheduled for October 1, 2019 at 1:30 p.m.

Basin 6 restoration project partial reimbursement in the amount of \$60,000 has been received from CVWD.

- E. **Administration and Finance Committee (AFC) Chairman's Report** – Director Sanchez reported the item from the most recent AFC meeting is on this meeting's agenda. He stated in the coming months the Committee will begin reviewing reporting and financial policies. These items include investment policy and possibly financial performance ratios for the future.
- 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. **Proposed Policy for On-line Payment Transaction Charge** – Mr. Lee stated SAWCo has offered the ability for shareholders to pay their water bills on the SAWCo website free of processing fees for several years. SAWCo is charged a \$1.25 fee per transaction from its billing software company. In addition, the online payment processing company charges SAWCo a percentage of the amount paid online by the shareholder. With an estimated loss of \$4,300 per year for this convenience, SAWCo is now looking at charging a convenience fee to help recover the costs they are incurring.

Originally staff proposed charging a flat \$3.00 per transaction convenience fee that would allow SAWCo to recover most but not all of the charges they incur per transaction. During the August AFC meeting the Committee moved to recommend the Board support staff charging the flat fee. Since that meeting staff has learned its billing software does have the capability of charging the \$1.25 per transaction fee as well as the percentage per transaction fee individually to each online payer. As such, staff would like to change their recommendation to allow charging each online payer the total fees the company incurs to receive their online payment.

Mr. Lee advised that California law states companies are not allowed to charge processing fees for credit card transactions. However, that law has been ruled unconstitutional in California as well as two other states. There currently is no law against convenience fees.

Director Thomas reported he encounters fees when making online payments.

Director Sanchez advised staff should inquire with legal counsel about the fact that convenience fees tend to be fixed fees whereas if the fee is tied directly to the cost of the transaction it will fluctuate.

Mr. Lee replied an inquiry with SAWCo's billing software company found that other companies are charging fees tied directly to the cost incurred by the online or credit card transaction.

Director Sanchez moved to modify the recommendation to authorizing SAWCo to recover the cost of the online credit card payment transaction as opposed to a flat \$3.00 fee. Director Elliott seconded the motion.

Director Filippi inquired how shareholders would be notified of the change.

Mr. Lee replied staff is looking at implementing the charge in January 2020 and the item will be mentioned in the winter newsletter and on SAWCo's website and social media site. Notification of fees will also come in the form of an online pop-up seen prior to allowing the shareholder to authorize the online payment.

The Board took the motion to vote and it carried unanimously.

- B. **Six Month Review of 9/80 Schedule** – Mr. Lee reminded the Board of their February 2019 approval to modify SAWCo's operating hours to a 9/80 work schedule. With the approval of the schedule change, staff was to report back to the Board after the sixth month mark. As of this date staffs response has been extremely positive to the modification and only one public complaint, in the

form of a voicemail, has been received. As of close of August, Operations and Maintenance labor expenses are about 10% below budget.

Mr. Lee brought to the attention of the Board that a portion of staff had interest in the 4/10 plan where operation hours are four days a week, ten hours per day. The Board discussed what the 4/10 plan would look like for the Company and felt it not a good option.

C. Shareholder Letter Regarding Replacement of Key Facilities – Mr. Lee brought the Boards attention to a letter addressed to both the Board and himself regarding the replacement of key office facilities. A draft response letter was included in the Board Packet for approval.

Director Cable commented that inquiries or comments from shareholders or the public that involve an as yet to be approved project can be handled solely by the General Manager as part of day-to-day operations. Unless the item is addressed to the Board, the directors shouldn't dictate what the General Manager's responses are to these types of inquiries. The Board slows down the progress of the water company if it begins to micromanage.

Director Thomas advised he would like to be made aware of these types of letters. He suggested placing the likes of them on the Consent Calendar in the future.

Director Filippi encourage Mr. Lee to reach out to Mr. Scheu in person.

Director Goss reminded of the discussion about providing a tour of the facilities needing replacement. She felt if shareholders could see the deficiencies of these sites they'd better understand the need for replacement.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Cable advised that Director Goss' area of expertise is in the waterproofing and sealing business. He encouraged the Board and staff to make good use of her expertise as they currently do with the areas of expertise of other Board members.

Director Goss expressed her gratitude towards Mr. Lee for coordinating the meeting with the engineer for the Reservoir 7 change order to address her concerns.

Director Thomas commented he and SAWCo staff attended a luncheon in honor of Chad Herron's 30th work anniversary. He mentioned there are now three field employees with over 30 years of experience with SAWCo.

Director Thomas advised that friends from the City of Upland's Sister City of Mildura, Australia will be in town on the day of SAWCo's next Board meeting. Director Thomas has invited them to attend the meeting along with the many other events they will be attending during their stay.

Mr. Lee brought the attention of the Board to the dais where information on an upcoming Inland Empire Utilities Agency Breakfast and a solar panel grand opening. If there was any interest in attending either one of the events, the Board members were advised to get in contact with Ms. Mitchell.

Adjournment: Director Thomas adjourned the meeting at 5:28 p.m.

Assistant Secretary
Brian Lee