



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, June 19, 2018

5:00 p.m.

In the Upland City Hall Council Chambers

- Call to Order
- Salute to the Flag

1. Recognitions and Presentations: Conflict of Interest Forms

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 May 15, 2018
- B. Approval of Organization Meeting Minutes
Organization Meeting Minutes of April 10, 2018
- C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Meeting minutes of March 27, 2018.
- D. Administration and Finance Committee (AFC) Meeting Minutes
No meeting minutes to report.
- E. Financial Statement
Income Statement and Balance Sheet for April 30, 2018 and year-to-date.
- F. Investment Activity Report
Monthly Report of Investments Activity
- G. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec.]
- H. Prominent Issues Update
Status summaries on certain on-going active issues.
- I. Projects and Operations Update
Status summaries on projects and operations matters.
- J. Groundwater Level Patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
- K. Correspondence of Interest

5. Board Committee – Delegate Report:

A. PVPA Representative’s Report

Verbal report on activities at the Pomona Valley Protective Association that have an impact on the Company.

B. Six Basins Representative Report

Verbal report on activities at the Six Basins Watermaster that have an impact on the Company.

C. Chino Basin Representative Report

Verbal report on activities at the Chino Basin Watermaster that have an impact on the Company.

D. Cucamonga Basin Representative Report

Verbal report on activities at Cucamonga Basin that have an impact on the Company.

E. Administration and Finance Committee (AFC) Chairman’s Report

No meeting to report.

F. Planning, Resources, and Operations Committee (PROC) Chairman’s Report

Report on May 22nd meeting.

G. Executive Recruitment

Update status

H. Office Feasibility Study Ad Hoc Committee

No meeting to report.

6. General Manager’s Report on Activities

A. Water Conservation - Demand Management Measures

Adopt Demand Management Measures as presented

B. Red Hill Country Club

Approve Water Service Agreement for Red Hill Country Club

C. Santa Rosa Court and 24th Street Waterline

Award construction bid to C.P. Construction

D. Proposed Water Delivery Connection to City of Upland

Approve budget for the proposed water delivery connection at San Antonio Park

E. Project Status Report

Verbal report.

7. Closed Session:

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

8. Director’s Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, July 17, 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 No. Euclid Avenue.

POSTING STATEMENT: On June 14, 2018 a true and correct copy of this agenda was posted at the entry of the Company Office (139 No. Euclid Avenue), on the public bulletin board at 450 No. Euclid Avenue (Upland Public Library) and on the Company Website.

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, May 15, 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, and Jose Sanchez. Also in attendance were SAWCo's General Manager Charles Moorrees and Assistant General Manager Teri Layton. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions and Presentations: Mr. Moorrees recognized Mr. Peter Cherbak in attendance.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of April 17, 2018.
 - B. Planning, Resources and Operations Committee (PRCO) Meeting Minutes
No meeting to report.
 - C. Administration and Finance committee (AFC) Meeting Minutes
Meeting minutes of February 27, 2018.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for March 31, 2018 and year-to-date.
 - E. Investment Activity Report
Monthly Report of Investments Activity
 - F. Water Production
Bi-Monthly water production [months: 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
Water rights findings response to the State dated April 24, 2018

Mr. Moorrees pointed out an error in the spelling of a Director's name. Director Gerardi moved and Director Sanchez seconded to approve the Consent Calendar with name correction. Motion carried.

- 5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported the City of Pomona has performed contracted weed abatement for PVPA for many years and has begun their work for this year.

The City of Claremont is considering a solar power monogrid project. The only area big enough to perform the project would be on PVPA land. PVPA is waiting to hear word from the City of Claremont on what they propose to do. Holliday Rock is working towards a mining permit in the City of Claremont east of the channel.

PVPA is interested in acquiring Pit 6 from the City of Ontario for Six Basins. It was mined out by Vulcan Materials and is not being put to use. A letter to that fact has been sent to the City of Ontario.

There was discussion on the ability in California to call stormwater wastewater in order to get around Proposition 218. Los Angeles County is looking at taxing by parcel for water runoff. PVPA is attempting exemption from this due to the fact they recharge water.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the April 25th Board meeting for Six Basins. During the meeting the Board adopted the Task Order 2018-02 to perform the next steps in Strategic Plan implementation. This task order includes engineering work to support the Programmatic Environmental Report (PEIR) Program and evaluation of the response to Conjunctive water Management Scenarios using the groundwater model, performance of PEIR and supporting the selection of a CEQA consultant, and review of the draft and final PEIR and support services as needed at a cost of \$285,000.

Watermaster directed Counsel to send the letter to Robert Bowcock regarding the request by Vulcan Materials to intervene as a Party to the Six Basins Judgment. The letter states that the current judgment does not allow intervention by a non-producer in the groundwater basin. Until Vulcan Materials constructs resources capable of producing at least 25 acre feet per year (AF/yr) in the basin, there is no basis to intervene.

Watermaster staff introduced John Robinson who provided a brief summary of Three Valleys Municipal Water District (TVMWD) Grant Consulting Services for obtaining grants and low interest loans.

The next scheduled Six Basins meeting is on May 23, 2018.

- C. Chino Basin Representative Report** – Ms. Layton reported staff is still awaiting a draft settlement agreement. The Non-Agriculture Pool wants to add to the terms and talks are on-going. The Agriculture Pool is waiting for the draft agreement.

The Watermaster will be giving the court an update to keep the judge informed when filing the 40th Annual Report. The court hearing was moved from May 25th to June 22nd at the San Bernardino County Superior Court.

On April 24th staff attended the Optimum Basin Management Program update meeting where Watermaster presented the scope of engineering work.

Staff also attended the budget workshop meeting and noted that the budget was slightly reduced mainly due to the fact projects were moved out to be financed. All staff's questions were previously answered.

There is concern that the 600,000 AF storage cap is fast approaching. When the court issue is finalized, it is anticipated that a reduction in safe yield and a desalter replenishment obligation will remove this water. Watermaster is asking the parties to consider putting their anticipated amount in a Desalter Replenishment Obligation (DRO) account that would not be charged any losses but would not allow the parties to move the water back. Watermaster presented an agreement that the parties approved which will go to the Advisory committee this week and to the Board the following week. Watermaster is looking for 25,000 to 30,000 AF to move into this DRO account. The parties that expressed interest in preemptively making water available to Watermaster toward their expected replenishment obligation are: Cities of Ontario, Pomona, Chino Hills and Upland along with SAWCo, Jurupa Community Services District, CVWD, Fontana Union Water and WECWC.

D. Cucamonga Basin Representative Report – Mr. Moorrees stated a meeting is to be held tomorrow to review the draft memo with West End Consolidated Water Company (WECWC). Once the memo is approved by both parties it will be sent to Cucamonga Valley Water District (CVWD) to arrange a meeting with them. Mr. Moorrees will copy the Board on the agreed upon memo.

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

F. Planning, Resources, and Operations Committee (PROC) Chairman's Report – No meeting to report.

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

6. General Manager's Report on Activities:

A. Requests for Contributions – Mr. Moorrees stated this item is presented to re-authorize contributions to water programs previously approved by the Board in CY2011. The programs submitted for approval are the American Groundwater Trust, Water Education Foundation, and California Water Awareness Campaign. This item was presented to the AFC in April for discussion and there was consensus on the committee to recommend for Board approval.

Director Elliott moved and Director Sundell seconded to approve re-authorizing the General Manager to make continuing contributions to American Groundwater Trust (\$250/yr), Water Education Foundation (\$250/yr), and California Water Awareness Campaign (\$300/yr) as presented. Motion carried.

B. Citizens Patrol Contribution – Mr. Moorrees reported SAWCo received a request for a donation of funds from the San Antonio Heights Citizen's Patrol. SAWCo contributes annually to the Citizen's Patrol and in the past has donated \$1,000.

Mr. Moorrees recommended the Board agree with the AFC to authorize a \$1,000 monetary contribution to the San Antonio Heights Citizen's Patrol.

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

C. AB3057 [Quirk-Silva] as Amended – Mr. Moorrees explained AB3057 [Quirk-Silva] is a bill amending the California Revenue and Taxation Code to conform to the Federal Internal Revenue Code. SAWCo is exempt from Federal Income Tax but not from State Income Tax. This bill amends the taxation code to allow SAWCo to be state income tax exempt.

The request to support the bill with the associated letter was presented to the AFC on April 24th with consensus to recommend Board approval. Since then, the Assembly Committee on Revenue and Taxation voted 10-0 in support and now moves to the Assembly Appropriations Committee; hearing date is still pending. A revised letter for the Chair of the Assembly Appropriations Committee was included in the Board agenda packet.

There was consensus on the Board for the General Manager to send the letter of support as included in the Board agenda packet.

D. Conflict of Interest Policy – Mr. Moorrees explained that each year a form 990 is completed by staff and sent to the Internal Revenue Service (IRS). The IRS requires the company have a written Conflict of Interest Policy as is inquired about on the form 990. A distribution date for the policy must also be established.

Director Thomas suggested the June Board meeting for the distribution date. He also inquired whether or not the City of Upland attorney had any objections to the policy. Ms. Rosemary Hoerning,

Public Works Director for the City of Upland, advised their attorney did not have any concerns regarding the policy.

Director Elliott moved and Director Sanchez seconded to approve the Conflict of Interest Policy as presented with a distribution date coinciding with the June Board meeting. Motion carried.

- E. Workers Compensation Insurance** – Director Thomas stated SAWCo moved from a 10-month to a 12-month policy. Though there is a slight increase, the premium the policy is still a great deal.

Mr. Moorrees advised the renewal should have been presented to the Board at the April 17th meeting for approval; however, staff received the renewal after the Board meeting on April 18th. Therefore, it was presented to the AFC for review and/approval for the Board to ratify the decision at the May Board meeting.

Director Gerardi moved and Director Sanchez seconded to ratify the renewal of the Workers' Compensation Insurance three year program with Cal-Mutual JPRIMA The Zenith, a Fairfax Insurance Company for 5/1/2018 to 5/1/2019 at an annual premium of \$16,027. Motion carried.

- F. Domestic Shares Appurtenant to Land** – Mr. Moorrees reported Section 14300 became law in 1998 and applies to all mutual water companies requiring all their domestic shares be appurtenant to land.

This item was presented to the AFC who rejected the proposal. Legal counsel presented the information to staff as part of his due diligence though the final decision is left to the company.

Director Sundell moved and Director Sanchez seconded to agree with the AFC recommendation and reject making domestic shares appurtenant to land. Motion carried.

- G. 24th Street 6" Waterline Installation** – Mr. Moorrees stated this item was not included in the annual budget. Staff is requesting a budget appropriation to replace the existing 2" waterline on 24th Street east of Cliff Road with a 6" Ductile Iron Pipe waterline.

Including 24th Street with bids for the budgeted Santa Rosa Court Waterline replacement will provide economy of scale and reduce the cost to install.

Mr. Moorrees recommended the Board approve the 24th Street waterline installation and appropriate \$70,000 from Depreciation and Obsolescence Reserves.

Director Elliott moved and Director Gerardi seconded to approve the General Managers recommendation. Motion carried.

- H. 401K Change in Current Investment Platform** – Mr. Moorrees reported Mr. Mark McKeon, SAWCo's representative for Nationwide, presented staff the details on the Nationwide Flexible Advantage Program. Until recently, small Mutual Water Companies were ineligible to participate in this type of program. SAWCo's current plan is an 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 recommend the proposed change in investment platform as well as consensus with the AFC to recommend Board approval to change the current employee Nationwide 401K plan to the Nationwide Flexible Advantage Program.

Director Sundell moved and Director Sanchez seconded to approve the proposed change in the current employee Nationwide 401K plan to the Nationwide Flexible Advantage Program. Motion carried.

I. Project Status Report –

- **Santa Rosa Waterline and 24th Street Waterline Installation** – Selective bids to three construction companies; C.P. Construction, Norstar and T.E. Roberts, Inc. Pre-bid meeting is scheduled for May 25th with bid opening scheduled for June 8th with contract award on June 19th.
- **Edison Pond – New Sluice Gate Replacement** – Received the final design from the City of Pomona. Quoted cost from C.P. Construction is \$64,500 with contract pending signatures. After the signed contract is received a pre-construction meeting will be scheduled.
- **Holly Drive Reservoir** – Scheduled to begin site improvements towards the latter part of the year.
- **WFA Pipeline Connection** – SAWCo is coordinating the final plans and specifications with WFA staff. The item needs to be taken to WFA TAC and Board for approval.
- **Basin 6 Desilting** – Another notice of rejection without prejudice was received from the State Water Resources Control Board (SWRCB). Some items are missing from the San Bernardino County who will respond to the notice. Once the response is received by SWRCB Two issues were discovered and were presented back to the environmental consultant for correction.
- **Cucamonga Basin – Desilting Project at Crosswalls** – Preconstruction meeting is scheduled for May 23rd at the Chino Basin Water Conservation District. The division chief of Army Corps of Engineers has apologized for the delay in receiving the draft report. The draft permit has been received but the date needs to be altered. Once engineering has approved it they will change the date.
- **Water Rights Investigation – Activity** – Staff received a phone call from Victor Vasquez from the SWRCB. Staff asked that he respond to SAWCo letter response in writing.
- **Well 31 Biological Treatment** – MIH is installing the parts for the new testing filtration system.
- **Holly Drive Boosters** – Pending structural and mechanical engineering from TKE Engineering and subsequent quote from KSM Electric and HK. Staff has attempted to contact the president of the Holly Hills Homeowners Association but has not received a response.
- **SCADA Upgrade** – SCADA submittals expected by June 13th with approval by June 27th. Screen submittal by August 15th with approval by August 29th is expected. The equipment is set to be installed on October 3rd with start up on October 4th.
- **Forebay Surface Waterline** – The job walk with C.P. Construction took place the previous week. Construction should begin in the next week.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Thomas advised he had received an email from DeLoach & Associates. Mr. DeLoach has roughly 10 to 12 applicants and will be accepting more through the end of the month. Within the two weeks following the close of the job posting he will reduce the number of qualified applicants to the top 5. A special meeting may need to be called prior to the next Board meeting to move the process along. Director Thomas informed Mr. Moorrees that his services, as well as Ms. Layton's, may be needed to cover the General Manager's position after his retirement date until the new General Manager begins work. Mr. Moorrees was receptive to providing interim help.

Adjournment: Seeing no further business, the meeting was adjourned at 5:32 p.m.

The next Board Meeting will be held on Tuesday, June 19, 2018 at 5:00 p.m.

Assistant Secretary
Charles Moorrees

SAN ANTONIO WATER COMPANY
BOARD OF DIRECTORS ORGANIZATIONAL MEETING MINUTES

Tuesday, April 10, 2018

Immediately following the Annual Meeting of Shareholders of the Company, the Board of Directors met at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California at 6:40 p.m. Directors present were Tom Thomas, Will Elliott, Sue Sundell, Bob Cable, Jose Sanchez, and Gino Filippi.

- Call to Order
 1. Recognitions and Presentations: None.
 2. Additions-Deletions to the Agenda: None.
 3. Public Comments: None.
 4. Organizational Activities:

Director Tom Thomas assigned the General Manager, Charles Moorrees, as temporary chairperson.

It was moved by Director Elliott and seconded by Director Sanchez that Director Thomas hold the position of President. Motion carried.

Director Sundell moved and Director Filippi seconded the position of Vice President of the Board would be held by Director Elliott. Motion carried.

Director Cable moved and Director Sanchez seconded the position of Secretary/Chief Financial Officer would be held by Director Sundell. Motion carried.

Director Sanchez moved and Director Elliott seconded all items under Item 5 be voted under one motion. There was a request from Director Filippi to move from the AFC to the PROC. Staff agreed to look into trading his position on the AFC for a position on the PROC. Motion carried.

The following is the result of the above motions:

- A. President – Tom Thomas
 - B. Vice-President – Will Elliott
 - C. Secretary/Chief Financial Officer – Sue Sundell
5. Designations and Authorities:
- A. Representative to the Six Basins Watermaster – Tommy Hudpeth (primary) and Teri Layton (alternate) as representatives to the Six Basins Watermaster.
 - B. Representative to Chino Basin Pool and Advisory Committees – Teri Layton (primary) and Tommy Hudspeth (alternate) as representatives to the Chino Basin Pool and Advisory Committees.
 - C. Representative to Pomona Valley Protective Association (PVPA) – Tom Thomas (primary) as representative to the PVPA.
 - D. Assistant Secretary/Assistant Financial Officer – Assistant General Manager, Teri Layton as Assistant Secretary/Assistant Financial Officer.

- E. Representatives for the Administration and Finance Committee (AFC) – Director Sanchez, Director Sundell, and Director Cable. Director Sundell as chair of the committee.
 - F. Representatives for the Planning, Resources, and Operations Committee (PROC) – Director Filippi, Director Elliott, and Director Gerardi. Director Elliott as chair of the committee.
 - G. Company General Counsel –Tom McPeters, Esq.
 - H. Company Special Counsel – Fred Fudacz of the firm Nossaman LLP.
 - I. Company Auditor – Bowen, McBeth, Incorporated.
 - J. Company Depositories - That Citizens Business Bank, Local Agency Investment Funds (LAIF) and any other qualifying financial institution (FDIC insured) that conforms with the Company's Investment Policy is designated for and as a valid depository for Company funds;
 - K. Signatories for Company Checks, Withdrawals and Establishing Accounts – Any two (2) signatures, including that of the President, Vice President, Secretary/Chief Financial Officer, the General Manager or the Assistant General Manager are hereby authorized and required to sign checks, withdraw funds, and establish accounts on behalf of the Company with at least one Corporate Officer signing on any transaction greater than \$5,000, except for fund transfers between Company accounts or on routine payments for operations expense (e.g. electrical energy usage, taxes, et al.) and as otherwise granted under authority to the General Manager. In addition, the Accounting and Personnel Clerk has authority to transfer up to \$25,000 to facilitate payroll with provisions of internal accounting controls in place.;
 - L. General Manager's expenditure authority limitation is \$50,000.
[Note: Prior to October 20, 1997, the general manager's expenditure authority was limited to \$5,000. Due to the timely nature of certain repair needs, as well as the usual range of such costs, the Board acted to increase the expenditure authority limitation to \$50,000. This was done with the understanding that such necessary expenditures would be reported to the Board in a timely manner].
 - M. General Manager's authorized to execute professional service agreements.
[Note: On November 19th and December 17th of 2001, the general manager was authorized to approve and execute professional service agreements once they had been reviewed and approved by corporate counsel and after the Board's review and approval of funding. No such action may be taken on any agreement or amendment to an agreement that would cause the expenditure to exceed any prior Board approved funding authorization.]
6. Review of Director's Fiduciary Duties and Liabilities: Due to Mr. Tom McPeters, esq. absence no review was presented.
7. Conflict of Interest Rules for Directors: Mr. Moorrees advised he will be bringing a Conflict of Interest policy to the Board for approval.
8. Closed Session: None.

Adjournment: There being no further business the meeting was adjourned at 6:42 p.m.

Assistant Secretary

MINUTES OF THE SAN ANTONIO WATER COMPANY
PLANNING, RESOURCES, and OPERATIONS COMMITTEE
March 27, 2018

An open meeting of the Planning, Resources, and Operations Committee (PROC) of the San Antonio Water Company (SAWCo) was called to order at 2:59 p.m. on the above date at the company office located at 139 N. Euclid Avenue, Upland, California. Committee members present were Will Elliott, John Gerardi, Jose Sanchez and Tom Thomas. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, Senior Administrative Specialist Kelly Mitchell, and Accounting/Personnel Specialist Salena Holley. Mr. Elliott presided.

1. Recognitions and Presentations – Mr. Moorrees introduced the Committee members to SAWCo's new Accounting/Personnel Specialist Salena Holley.
2. Additions-Deletions to the Agenda – Mr. Moorrees informed the Committee he is attempting to solicit bids for replacing the surface waterline at the Forebay. He will present this information at the next Board meeting.

Mr. Mark Campbell, General Manager of Red Hill Country Club (RHCC) entered the meeting at 3:00 p.m.

3. Public Comments – None.

The Committee moved to Item 5B on the agenda due to Mr. Campbell's attendance at the meeting.

5. Planning and Operational Issues:

B. Red Hill Country Club - Mr. Campbell spoke to the Committee about RHCC's situation with owned and leased water shares, and exceeding entitlement as it pertains to their request for special consideration regarding how they are billed their entitlement to water.

Director Elliott suggested directing staff to look into alternative ways for shareholders with more than 100 shares in the Water Company to take delivery and/or be billed for their water usage.

There was consensus on the Committee to have SAWCo staff present options at the May PROC meeting for possible adoption.

Mr. Campbell exited the meeting at 3:15 p.m.

4. Approval of Committee Meeting Minutes:

A. Regular Committee Minutes of January 23, 2018 – Mr. Gerardi moved and Mr. Sanchez seconded to approve the meeting minutes of January 23, 2018. Motion carried.

5. Planning and Operational Issues:

A. General Liability Insurance and Cyber Liability – Mr. Thomas explained SAWCo has signed up for a three year program with this being year two of the program. The cost increased slightly due to the addition of cyber liability. Cyber Liability Insurance in the past has been provided through a separate policy with Philadelphia Insurance Companies. That policy will be cancelled if the JPRIMA proposal is accepted.

Mr. Gerardi moved and Mr. Sanchez seconded to recommend the Board ratify and receive and file the General Liability renewal as presented by EPIC at the annual premium of \$27,547. Motion carried.

C. Well 31 Pilot Biological Treatment - MIH – Mr. Moorrees explained the MIH Pilot Biological Treatment Plant was successful but the final product cost exceeded SAWCo's current tier 1 rate structure in cost per acre foot. Since the Evoqua post treatment was a major cost factor in the product cost, MIH would like to test another post treatment system that could reduce capital costs by 30%. In order to test this post treatment system MIH will need an additional 60 days at the well site. During that time MIH will cover the cost and any additional power costs at the site.

Mr. Moorrees asked the PROC to recommend the Board approve a 60 day extension to MIH for the existing Pilot Plant to remain at SAWCo's Well 31 site to test another post treatment alternative.

Mr. Sanchez moved and Mr. Gerardi seconded to approve the General Manager's request. Motion carried.

D. Water Company Facility Tour – Mr. Moorrees presented the draft itinerary for the SAWCo Facility Tour to be held on March 30th. There are currently eight people scheduled to attend and seven spots still available.

The committee affirmed the itinerary presented.

6. Planning and Operational Update -

A. Project Status Report –

- **Cucamonga Crosswalls** – The draft Nationwide permit is expected by the end of the week.
- **Basin 6 Desilting** – Staff is waiting for the last permit which is from the Regional Water Quality Control Board.

7. Basin Issues and Updates

- **San Antonio Canyon Watershed** – The Watershed CleanUp day is typically held the Saturday after Independence Day but most likely will be held this year on the Saturday after Labor Day.
- **Six Basins** – Mr. Moorrees reported the next meeting will be held tomorrow and will include the adoption of the Annual Report and the request from Vulcan Materials to intervene in the basin.

- ***Cucamonga Basin*** – Staff drafted a technical memo for review by the involved parties. The memo and comments will be used as talking points when meeting with Cucamonga Valley Water District to discuss modernizing the judgment.
- ***Chino Basin*** – Ms. Layton advised there was a Budget Distribution Meeting held today. The budget was reduced by \$3,000,000.00 largely due to projects.

A court date is scheduled for April 13th for the presenting of the Annual Report.

The parties will likely ask the court for an extension on the appeal and give either the terms of or a draft agreement.

8. Committee's Comments and Future Agenda Items: – Mr. Thomas inquired about a pump for the Tunnel if it collapses. Mr. Moorrees replied that item is included in the Water Master Plan. Electrical at the site needs to be reconnected in order for the pump to operate.

Adjournment: –The meeting was adjourned at 3:40 p.m. Motion carried.

Assistant Secretary
Charles Moorrees



San Antonio Water Company, CA

Item 4E
Income Statement
Group Summary

For Fiscal: 2018 Period Ending: 04/30/2018

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	29,966.22	57,663.52	172,972.49
1215 - Domestic Water Income (Supplemental)	306,135.00	306,135.00	21,990.36	50,956.81	255,178.19
1220 - Domestic Water Income (Tier 3)	150,000.00	150,000.00	25,119.22	73,937.78	76,062.22
1230 - Domestic Water Income (Readi/Chrg)	201,333.00	201,333.00	33,119.15	66,415.08	134,917.92
1235 - Domestic Water Availability Charge (WAC)	60,480.00	60,480.00	9,812.07	19,673.60	40,806.40
1245 - Municipal Water Income (Base)	2,732,080.00	2,732,080.00	302,493.51	865,176.80	1,866,903.20
1268 - Municipal Water Income (Readi/Chrg)	79,800.00	79,800.00	6,650.00	26,600.00	53,200.00
1274 - Misc Water Income (Base)	234,192.00	234,192.00	14,309.06	38,143.39	196,048.61
1275 - Misc Water Income (Supplemental)	256,363.00	256,363.00	21,660.54	51,754.19	204,608.81
1276 - Munnicipal Water Availability Charge (WAC)	493,536.00	493,536.00	39,690.00	158,760.00	334,776.00
1280 - Misc Water Income (Tier 3)	3,000.00	3,000.00	4,353.69	11,961.93	-8,961.93
1288 - Misc Water Income (Readi/Chrg)	23,500.00	23,500.00	1,900.00	7,970.00	15,530.00
1290 - Misc Water Availability Charge (WAC)	44,592.00	44,592.00	1,922.00	7,688.00	36,904.00
1295 - Dormant Water Availability Charge (WAC)	14,722.00	14,722.00	8,986.69	18,067.62	-3,345.62
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	540.00	1,470.00	2,530.00
1410 - Late/Re-establishment Fee	6,181.00	6,181.00	1,130.00	2,155.00	4,026.00
1420 - Return Check Fee	167.00	167.00	0.00	50.00	117.00
1430 - Stock Certificate Storage and Handling Fee	100.00	100.00	20.00	40.00	60.00
SubCategory: 40 - Shareholder Revenue Total:	5,040,817.01	5,040,817.01	523,662.51	1,458,483.72	3,582,333.29
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	1,623.00	1,623.00	0.00	1.02	1,621.98
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	47.25	203.77	596.23
1753 - Ground Lease Income	55,000.00	55,000.00	4,300.88	17,203.52	37,796.48
1755 - Interest Earned	27,000.00	27,000.00	13,316.57	24,462.97	2,537.03
SubCategory: 42 - Non-Shareholder Revenue Total:	89,423.00	89,423.00	17,664.70	41,871.28	47,551.72
Category: 4 - Income Total:	5,130,240.01	5,130,240.01	541,327.21	1,500,355.00	3,629,885.01
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	218,213.00	218,213.00	17,385.75	78,041.51	140,171.49
2235 - Repairs to Facilities and Equipment	751,167.00	751,167.00	6,898.87	65,094.01	686,072.99
2265 - Power-Gas & Electric (utilities)	587,293.00	587,293.00	56,996.28	201,523.92	385,769.08
SubCategory: 50 - Operating Facilities Total:	1,556,673.00	1,556,673.00	81,280.90	344,659.44	1,212,013.56
SubCategory: 51 - Operating Activities					
2475 - Customer Service	72,327.00	72,327.00	6,957.56	37,107.01	35,219.99
2498 - Conservation	30,000.00	30,000.00	2,763.47	8,761.16	21,238.84
SubCategory: 51 - Operating Activities Total:	102,327.00	102,327.00	9,721.03	45,868.17	56,458.83
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	88,586.00	88,586.00	7,287.46	27,239.89	61,346.11
2210 - O & M - All Other	3,201.00	3,201.00	-200.00	278.08	2,922.92
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	538.00	1,712.69	8,240.31
2565 - Depreciation/Amortization	974,807.00	974,807.00	71,239.33	285,261.09	689,545.91
2715 - Property Taxes	221,456.00	221,456.00	0.00	109,306.51	112,149.49
2805 - Water Resource Mgmt.	269,037.00	269,037.00	1,635.31	37,262.25	231,774.75
SubCategory: 52 - Other Operating Expense Total:	1,611,397.00	1,611,397.00	80,500.10	461,060.51	1,150,336.49
Category: 5 - O & M Expense Total:	3,270,397.00	3,270,397.00	171,502.03	851,588.12	2,418,808.88

Income Statement

For Fiscal: 2018 Period Ending: 04/30/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	181,060.00	181,060.00	18,253.99	58,252.45	122,807.55
2130 - Development/Water Svc. App.	2,300.00	2,300.00	52.72	123.01	2,176.99
2325 - Payroll Taxes	67,797.00	67,797.00	5,296.22	23,231.48	44,565.52
2355 - Worker's Compensation Insurance	15,853.00	15,853.00	2,404.00	4,302.73	11,550.27
2385 - Benefit Pay (Vac., sick, etc.)	136,744.00	136,744.00	7,439.95	50,609.17	86,134.83
2415 - Benefit Insurance (Pension, Life, Medical, Vision etc)	231,805.00	231,805.00	15,956.61	67,751.46	164,053.54
2430 - Benefit Administrative Services	1,675.00	1,675.00	0.00	0.00	1,675.00
SubCategory: 60 - Personnel Total:	637,234.00	637,234.00	49,403.49	204,270.30	432,963.70
SubCategory: 61 - Other					
2445 - Office/IT Support	75,000.00	75,000.00	2,591.75	17,523.34	57,476.66
2505 - Directors Fees & Expense	33,611.00	33,611.00	4,469.33	12,462.91	21,148.09
2535 - Liability Insurance	35,394.00	35,394.00	27,815.00	27,815.00	7,579.00
2595 - Communication	41,239.00	41,239.00	1,697.63	7,432.77	33,806.23
2625 - Dues & Publications	3,700.00	3,700.00	31.25	785.25	2,914.75
2655 - Outside Services	70,747.00	70,747.00	366.76	12,999.93	57,747.07
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	43,485.70	111,648.84	130,683.16
2790 - Human Resources Expense	59,430.00	59,430.00	3,998.78	17,012.80	42,417.20
2865 - All other	50,414.00	50,414.00	1,186.13	5,095.38	45,318.62
SubCategory: 61 - Other Total:	616,567.00	616,567.00	85,642.33	220,176.22	396,390.78
Category: 6 - G & A Expense Total:	1,253,801.00	1,253,801.00	135,045.82	424,446.52	829,354.48
Total Surplus (Deficit):	606,042.01	606,042.01	234,779.36	224,320.36	381,721.65

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	606,042.01	606,042.01	234,779.36	224,320.36	381,721.65
Total Surplus (Deficit):	606,042.01	606,042.01	234,779.36	224,320.36	381,721.65



Account	Name	Balance
Fund: 10 - 10		
Assets		
BalSubCategory: 10 - Cash		
<u>10-00-00-10100-00000</u>	Petty Cash	250.00
<u>10-00-00-10200-00000</u>	Checking Account	1,206,055.40
<u>10-00-00-10300-00000</u>	Savings-Money Market	194,621.75
<u>10-00-00-10400-00000</u>	Savings-CD Accounts	20,000.00
<u>10-00-00-10415-00000</u>	D&O Checking Account	795,219.35
<u>10-00-00-10438-00000</u>	Depre/Obsolescence Res (LAIF)	3,579,479.45
	Total BalSubCategory 10 - Cash:	5,795,625.95
BalSubCategory: 11 - Accounts Receivable		
<u>10-00-00-11100-00000</u>	Accounts Receivable-Domestic	114,014.02
<u>10-00-00-11200-00000</u>	Accounts Receivable-Municipal	363,509.70
<u>10-00-00-11250-00000</u>	Accounts Receivable-Misc.	44,263.29
<u>10-00-00-11260-00000</u>	Accounts Receivable - Dormant	9,560.61
<u>10-00-00-11275-00000</u>	Contra Accounts Receivable - Unapplied C	-11,376.69
<u>10-00-00-11300-00000</u>	Accounts Receivable-Other	121.30
	Total BalSubCategory 11 - Accounts Receivable:	520,092.23
BalSubCategory: 12 - Inventory		
<u>10-00-00-12100-00000</u>	Inventories-Materials & Supply	88,353.53
	Total BalSubCategory 12 - Inventory:	88,353.53
BalSubCategory: 13 - Prepaid		
<u>10-00-00-13100-00000</u>	Prepaid Insurance	8,868.75
<u>10-00-00-13105-00000</u>	PREPAID POSTAGE	369.00
	Total BalSubCategory 13 - Prepaid:	9,237.75
BalSubCategory: 14 - Investments		
<u>10-00-00-14150-00000</u>	P.V.P.A. Investment	1.00
	Total BalSubCategory 14 - Investments:	1.00
BalSubCategory: 15 - Property, Plant, & Equipment		
<u>10-00-00-15100-00000</u>	Land & Water Rights	924,864.03
<u>10-00-00-15110-1507J</u>	Work in Progress "Proj J"	41,133.01
<u>10-00-00-15110-1601N</u>	Work in Progress	5,548.59
<u>10-00-00-15110-1602U</u>	Work in Progress	115,337.88
<u>10-00-00-15110-1701A</u>	Work in Progress	6,724.92
<u>10-00-00-15110-1801B</u>	Work in Progress	88.50
<u>10-00-00-15150-00000</u>	Buildings & Site Improvements	1,745,708.81
<u>10-00-00-15200-00000</u>	Wells-Shafts, Bldgs, & Equip	4,834,924.56
<u>10-00-00-15250-00000</u>	Boosters-Bldgs & Equip	2,163,280.63
<u>10-00-00-15300-00000</u>	Reservoirs	1,635,164.98
<u>10-00-00-15350-00000</u>	Tunnels, Forebay, & Ponds	1,541,204.14
<u>10-00-00-15400-00000</u>	Spreading Works-Cucamonga Wash	54,859.53
<u>10-00-00-15410-00000</u>	Spreading Works-SanAntonio Wsh	50,235.18
<u>10-00-00-15450-00000</u>	Pipelines	15,613,893.22
<u>10-00-00-15500-00000</u>	Autos & Equipment	368,931.91
<u>10-00-00-15550-00000</u>	Tools	73,859.94
<u>10-00-00-15600-00000</u>	Telemetry System	482,714.06
<u>10-00-00-15650-00000</u>	Office Equipment	488,397.67
<u>10-00-00-15990-00000</u>	Accumulated Depreciation	-11,291,245.97
	Total BalSubCategory 15 - Property, Plant, & Equipment:	18,855,625.59
BalSubCategory: 16 - Other Assets		
<u>10-00-00-16100-00000</u>	Documents & Studies	888,104.50
<u>10-00-00-16105-1502S</u>	Work in Progress - Docs	278,869.97

Balance Sheet

As Of 04/30/2018

Account	Name	Balance
<u>10-00-00-16990-00000</u>	Accumulated Amortization	-837,484.26
	Total BalSubCategory 16 - Other Assets:	<u>329,490.21</u>
	Total Assets:	<u>25,598,426.26</u>
		<u><u>25,598,426.26</u></u>

Liability

BalSubCategory: 20 - Short-term less than 1 year		
<u>10-00-00-20100-00000</u>	Trade Accounts Payable	88,266.66
<u>10-00-00-20260-00000</u>	Sec.125/Cafeteria Plan Withhld	-4,735.81
<u>10-00-GN-20820-00000</u>	Accrued Vacation Payable	20,404.60
<u>10-00-OP-20820-00000</u>	Accrued Vacation Payable	24,818.57
	Total BalSubCategory 20 - Short-term less than 1 year:	<u>128,754.02</u>
BalSubCategory: 21 - Long-term more than 1 year		
<u>10-00-00-21500-00000</u>	Unclaimed Credits	18,044.10
	Total BalSubCategory 21 - Long-term more than 1 year:	<u>18,044.10</u>
	Total Liability:	<u>146,798.12</u>

Equity

BalSubCategory: 30 - Stockholder equity		
<u>10-00-00-30200-00000</u>	Contributed Capital - Ext. Fee	447,258.02
<u>10-00-00-30210-00000</u>	Contr. Property, Plant & Equip	2,404,270.37
<u>10-00-00-30300-00000</u>	Capital Account	1,500,000.00
<u>10-00-00-30310-00000</u>	Unissued Capital Stock	-861,100.00
<u>10-00-00-30400-00000</u>	Retained Earngs-Brd Designated	3,626,009.43
<u>10-00-00-30410-00000</u>	Retained Earnings-Unrestricted	18,110,869.96
	Total BalSubCategory 30 - Stockholder equity:	<u>25,227,307.78</u>
	Total Beginning Equity:	<u>25,227,307.78</u>
Total Revenue		1,500,355.00
Total Expense		<u>1,276,034.64</u>
Revenues Over/Under Expenses		<u>224,320.36</u>
	Total Equity and Current Surplus (Deficit):	<u>25,451,628.14</u>

Total Liabilities, Equity and Current Surplus (Deficit): 25,598,426.26

Item 4F

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 4/30/2018	Accumulated Yearly		thru Mar	thru April	thru Mar
					Service Fees	Interest Earnings			
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 1,206,055.40	\$	1,053.85			N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 795,219.35					N/A
Citizens Business Bank	Pref. Money Mkt	N/A	0.25%	\$194,621.75	\$				373.47
Local Agency Investment Fund	LAIF	N/A	1.66%	\$ 3,579,479.45	\$				24,062.99
Golden State Business Bank	12 Month C.D.	April 15, 2019	0.40%	\$ 20,000.00	\$				26.51
TOTAL:				\$ 5,795,375.95					
TOTAL IN CD'S:				\$ 20,000.00					

A. Water Supply

On December 19, 2017 the Board determined to maintain the existing annual entitlement into CY2018 at 12,000 AF due to prospects of another dry year.

Six Basins Production

As of May 31, 2018, the Water Company produced a total of 420.45AF (45% of production rights). The OSY for CY2018 has been reduced to 13,000 AF reducing the Water Company's annual production right to 932.10AF. This water is currently delivered to the WFA for the City of Ontario and MVWD entitlement.

The Water Company spread a total of 142.70AF in Six Basins to date.

Cucamonga Basin Production

As of May 31, 2018, the Water Company produced a total 2,659.86AF [59% of OSY and 44% based on the 10 year running average recharge]. A total of 178.42AF was recharged into Cucamonga Basin.

Chino Basin Production

The Water Company produced 58.72AF in this calendar year but 29% of OSY in the Chino Basin FY2017/2018.

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 791.87AF.

San Antonio Tunnel

Tunnel flows to date are 984.74AF for the domestic system.

B. Facilitating Sale of Inactive Shares to Interested Buyers

There is a total of 1/4 shares going from dormant to active this transfer period.

C. Communication and Information Activities

Staff currently working on Summer Newsletter that will mail out the end of June.

Staff is communicating on "Facebook" with 165 friends liking our page. Communication is posted regularly.

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

E. San Antonio Creek Canyon - Water Usage

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

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

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

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

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

It appears that Mt. Baldy insists on pursuing their rights to water and that SHIA will depend on the USFS. The four private lots in SHIA at the intersection of Mt. Baldy Road 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.

F. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal -

- We are still waiting to see a draft settlement agreement.
- Non-Ag is wanting to add to the terms and talks are still going on.
- Ag is waiting for the draft agreement

Court hearing regarding staying the Judgement is still scheduled on September 14, 2018 @ 1:30 pm.

Court Hearing re:40th Annual Report Filing – Watermaster will be giving the court an update to keep the judge informed when filing the 40th annual report. The court hearing was moved from May 25, 2018 to June 22, 2018 at 1:30pm at San Bernardino County Superior Court.

Storage Cap nearing 600K - There is concern that we are approaching the 600K storage cap. When the court issue gets finalized, it is anticipated a reduction in safe yield and a desalter replenishment obligation will remove this water. Watermaster is asking the parties to consider putting their anticipated amount in a Desalter Replenishment Obligation account that would not be charged any losses but would not allow you to move the water back. Watermaster presented an agreement and the parties approved the agreement and it will now go to the Advisory this week and to the Board next week. Watermaster is looking for 25k to 30k to move into this DRO account. The parties that expressed interest in preemptively making water available to Watermaster toward their expected replenishment obligation are: Cities of Ontario, Pomona, Chino Hills and Upland along with SAWCo, Jurupa, CVWD, Fontana Union Water and WECWC.

Staff sent letter to WM advising them of the change in representative for Mr. Tommy Hudspeth as the alternate on the Appropriative Pool Committee as Ms. Teri Layton continues as the primary beginning July 1, 2018.

Cucamonga Basin Report – Management met with CVWD and WECWC to discuss modernizing the Judgment and our next steps in Cucamonga Basin management. Staff sent the talking point memo to the parties for review and possible meeting dates.

Six Basins

Board meeting on May 23, 2018.

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

Holliday Rock presented proposal to expand their existing mining pits to just east of the San Antonio Channel.

Darron Paulson provided an update on the MS4 Permitees Collaboration.

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

Staff sent letter to WM advising them of the change in representative for Mr. Tommy Hudspeth as the primary and Ms. Teri Layton as the alternate on the Board beginning July 1, 2018.

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.
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. The Assembly Committee on Revenue and Taxation voted 10-0 in support and now moves to the Assembly Appropriations Committee; hearing date is still pending.

1. Holly Drive Booster

[CY2018 Budget \$290,000]

Pending completion of engineering design for structural and mechanical. Once obtained, staff will obtain quotes for electrical and mechanical work from KSM and structural from HK construction.

TKE Engineering is providing structural and mechanical engineering.

Obligated to date	CY2018	
\$25,800	5,958	TKE Engineering
		KSM
		HK Construction
	5,958	= Total to Date

2. Forebay Surface Waterline

[CY2018 Budget \$180,000]

C.P. Construction was awarded the project to replace the existing 32" steel waterline from Mountain Avenue to the Forebay in the amount of \$85,200. Project is under construction.

Obligated to date	CY2018	
\$85,200		C.P. Construction
		= Total to Date

3. 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:

- SCADA submittal by 6/13/18
- Submittal approval by 6/27/18
- SCADA Screens submittal 8/15/18
- SCADA Screens approval by 8/29/18
- Equipment Installation by 10/3/18
- Startup 10/4/18 to 10/10/18

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

4. Santa Rosa Waterline & 24th Street Waterline

[CY2018 Budget \$135,000]

In-house waterline design and contract specs are complete pending. Submitted for selective bids to C.P. Construction, Norstar Plumbing & Engineering, T.E. Roberts. Low bidder on June 8 was C.P. Construction in the amount of \$189,330. The project is presented to this Board Item 6C for award and additional budget appropriation.

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.

6. Reservoir 7 Rehabilitation/Design

[CY2017 Budget \$826,500]

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

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

Staff was able to locate construction drawing for the 1958 reservoir in its archives. With the drawing and response from LAWDP regarding vertical clearance requirements from the overhead transmission lines staff was able to confirm the use of a non-supported clear span aluminum dome based on the confirmed reservoir diameter at a revised budget estimate from CST at \$396,000.

Pending proposal by CivilTec Engineering to provide engineering services to prepare plans & specifications, administration and inspection. This project is slated for construction in October/November of this year.

Obligated to date	CY2017	CY2018	
\$51,230	\$ 5,140		Harper & Associates
CivilTec Eng.			
	\$5,140		= Total to Date

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

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

Construct new sluice gate to replace failing existing "wood" gate structure intake from stream flow. Pomona's engineer prepared the engineering design for two alternatives for the structure. Staff recommended the proposal to remove and replace the existing gate in place.

C.P. Construction was awarded the project in the amount of \$64,700 and is pending material delivery.

Obligated to date	CY2017	CY2018	
\$64,700	\$		C.P. Construction
			= Total to Date

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

[CY2017 Budget \$176,000]

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

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

\$ 34,560	\$ 9,000		N/A	CEDG
Task 2 – Pre Design	16,000	7,000		
	\$ 25,000	32,000		= 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.

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

[CY2018 Budget – \$110,000]

On October 30, 2017, the Water Company received a letter from the DDW regarding the BIN Classification determination from BIN 2 to BIN 1. The project is now dependent on approval by the WFA Board to construct the connection for delivery. All of the current JPA members are also entity shareholders [Upland, Ontario, MVWD, Chino and latest shareholder, Chino Hills].

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

Obligated to date	CY2018	
\$	\$ 0	
	\$0	= Total to Date

10. Holly Drive Reservoir– [Carry over]

[CY2018 Budget \$196,124]

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

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

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

Staff received a budgetary quote from Superior Tank for a 128,436 gallon bolted tank in the amount of \$99,890.

Obligated to date	CY2016	CY2017	CY2018	
\$ 74,500	\$ 62,000	\$ 43,856	1,558	TKE Engineering
\$ 45,070				10/17/17 Add'l Eng. .
	\$ 62,000	\$ 43,856		= Total to Date

11. Basin 6 Desilting – [Carry over]

[CY2018 Budget – \$266,000]

Environmental Document - Initial Study

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

Army Corps Nationwide permit

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

CDFW Streambed Alteration Agreement Notification

Received Streambed Alteration Permit.

RWQCB 401 Permit

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

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

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

[CY2018 Budget – \$103,232]

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

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

A pre-construction meeting was held on May 23, 2018 at the Chino Basin Water Conservation District. Staff anticipates the permit from San Bernardino County Flood Control District by the time of this report. A pre-construction environmental bird clearing survey will be performed by the Company's environmental consultant (Baker International) 5 days prior to construction.

13. Water Rights Investigation [See Prominent Issues]

14. San Antonio Canyon Watershed

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

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

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

The next watershed cleanup day is proposed to be held the weekend after the Labor Day weekend.

CY2018 COMPLETED PROJECTS:

1. Installed transfer switch at the V-Screen and at Tunnel Shaft 6.
2. Installed truck mounted crane
3. Forebay Overflow & Riser

Agenda Item No. 6A

Item Title: Water Conservation – Demand Management Measures

Purpose:

To adopt staff's recommendation for the Company's Demand Management Measures (DMMs) as part of the Company's Water Conservation Program.

Issue:

The Water Company's first preparation of the Urban Water Management Plan (UWMP) in CY2005 required development of Best Management Practices (BMPs) and DMMs. At that time the Water Company was able to join the California Urban Water Conservation Council (CUWCC) and refer to the Council's BMP's and DMMs as part of the UWMP. As a retailer, IEUA picked up the cost for the Water Company's membership. In the CY2010 preparation of the UWMP the Water Company is classified as a "wholesaler" in which it was no longer subsidized by IEUA.

In February 2017, the Board approved the Water Company not signing on with the CUWCC on the premise that staff would develop its own DMMs/BMPs to present to the Board for adoption.

Manager's Recommendation:

That the Board comments and/or adopt the draft DMMs as presented to be a part of its Water Conservation Program in promoting water use efficiency.

Background:

BMP's are voluntary efficiency measures that are intended to save a quantifiable amount of water, either directly or indirectly, and can be implemented within a specified timeframe.

DMM's are effective strategy used to reduce the quantity of water required to accomplish a specific task; reducing losses through use; increasing ability of the system to operate during droughts shows goals of greater water use efficiency

The CUWCC's BMP reports were utilized for the Water Company's first UWMP and were considered acceptable or equal to the DMM's for the purpose of AB 1420 which was a condition for water management grants or loans made to urban water suppliers which has since sunset. The DMMs correspond to fourteen BMPs listed in the CUWCC's MOU for loan and grant funding eligibility purposes. The CUWCC's BMP reporting will still be available for those that would like to utilize it but no changes or updates, etc. will be made in the future. CUWCC plans to refocus away from MOU/BMP's to other activities.

The UWMP Act identifies 14 DMMS that was established by the Department of Water Resources (DWR) that are to be evaluated in each UWMP as follows:

1. Water survey programs for single-family residential and multifamily residential Customers.
2. Residential plumbing retrofit
3. System water audits, leak detection, and repair.
4. Metering with commodity rates for all new connections and retrofit of existing connections.
5. Large landscape conservation programs and incentives.
6. High-efficiency washing machine rebate programs
7. Public information programs.
8. School education programs
9. Conservation programs for commercial, industrial, and institutional accounts
10. Wholesale agency programs
11. Conservation pricing.
12. Water conservation coordinator.
13. Water waste prohibition.
14. Residential ultra-low-flush toilet replacement programs

These 14 DMMs correspond to the 14 BMPs listed in the CUWCC MOU that signatory water suppliers commit to implement as part of their urban water conservation programs.

Staff presents the following DMMs currently being utilized by the San Antonio Water Company for adoption.

DMMs	Current or Proposed Action	Status	Scheduling/Tracking/Monitoring
Conservation Coordinator	SAWCo has funded a Part-time water conservation specialist	Ongoing	Time and resources spent on tracking various aspects of the Water Use Efficiency Program.
Metering	Install meters to all service connections both residential and commercial	Ongoing	All residential and commercial services are metered, read monthly and billed bi-monthly for water delivered.
Public Education and outreach	Educate shareholders to conserve water	Ongoing	Staff continues to update information on the Company's website, Facebook, quarterly newsletters, bill inserts, etc. Participates with IEUA regionally to promote and provide water efficient programs. Participate in events in the area such as The Water Fair and Pancake Breakfast
Distribution System Asset Management for water Loss	Water Production Analysis	Ongoing	Staff monitors and audits monthly water Supply and Delivery of water. Any Differences over 5% would be investigated and repairs made as needed. The Company's yearly average of unaccounted for water is under 5%.

DMMs	Current or proposed action	Status	Scheduling/Tracking/Monitoring
Wholesale Supplier Assistance Program	Toilet installation program thru "Bottom Line" Solutions	Ongoing	Our wholesale agencies our provided toilets with installation for their customers. Agencies will provide name and contact information and contractor "Bottomline Solutions" will contact to set up appointment to remove old toilet and install new UHET toilet. Haul away old toilet as well.
Assistance Programs for SAWCo domestic customers	The Water Company provides onsite leak detection assistance for customers	Ongoing assistance provided	If a leak is suspected and the customer has exhausted all efforts to locate the leak(s), a 3 rd party contractor will be utilized to locate leak and repair. SAWCo will pay for leak detection and a portion of the repair for domestic customers.
Water Shortage Contingency Plan [Resolution No. 2006-06-03]	Established Stages for reduction in water use	Ongoing	Voluntary year around stage, Moderate Shortage Stage, High Shortage Stage, Severe Shortage Stage reductions in water supply & shareholder entitlements.

This report was not presented to the PROC.

Previous Actions:

In February 2017, the Board approved withdrawal from the CUWCC and its respective DMMs.

Impact on the Budget:

Budgeted for Water Conservation.

Item Title: Red Hill Country Club

Purpose:

To approve a Water Service Agreement (WSA) for Red Hill Country Club's (RHCC).

Issue:

RHCC desires to receive their entitlement at the Tier 1 rate to reduce their cost. At the May PROC meeting it was recommended that the Board approve the attached WSA for RHCC to enable use of their entitlement without monthly restrictions and Tier 2 charges.

Manager's Recommendation:

That the Board approves the Water Service Agreement as presented as recommended by the PROC with comments as appropriate.

Background:

On April 17, 2018 there was consensus with the Board to explore water service agreement options as a way for RHCC to reduce their Tier 2 rate consumption costs other than purchasing or leasing additional shares. RHCC currently owns 116.75 shares and leases an additional 101.50 shares.

Basis for entitlements currently distributed as follows:

The amount of water the Water Company is able to produce is prorated among the outstanding shareholdings. There is no "excess" water available.

A base rate as for water delivery was established based on the cost to provide the water service. A tiered rate was established for those that used water in excess of their entitlement.

Rates were adopted to finance operating and capital reserves which used to be financed through shareholder assessments.

Historically, distribution of available water was divided equally per month/share with no monthly carry over. Due to a winter and a summer season, a lesser distribution was established in the winter months and a greater amount established for the summer months. Subsequently, a spring and fall entitlement was established. Due to increase usage in the domestic service area, monthly entitlements were increased based on the majority users to minimize increase in tier rates which are now established as shown below:

- There are currently 7 monthly entitlements
 - ✓ December- February = 5,005 CF/share
 - ✓ March = 5,740 CF/share
 - ✓ April & November = 6,396 CF/share
 - ✓ May = 7,872 CF/share
 - ✓ June = 9,676 CF/share
 - ✓ July-September = 10,906 CF/share
 - ✓ October = 8,856 CF/share

Red Hill CC

With drop in annual water supply beginning CY2013 through CY2017, RHCC incurred total Tier 2 cost of approximately \$98,493.

The actual amount of water RHCC needs to sustain their turf depends on many variables including the species of turf and prevailing climate. RHCC has implemented many water conservation measures in effort to reduce their water consumption such as eliminating 24 acres of grass in the rough and utilizing a warm season Bermuda grass that has less of an evaporative demand. Any deficit in rainfall is supplemented with irrigation water supplied by the Water Company.

Upon review of several scenarios with staff, the only viable scenario for ease of administration is the current municipal water service agreements. As such, on May 22, staff presented the PROC the following terms for developing a Water Service Agreement with RHCC that are consistent with similar terms of the existing municipal water service agreements as follows:

- ❖ No monthly carry over restrictions on entitlement delivery.
 - ✓ RHCC may receive water above the established monthly entitlement distribution
- ❖ Water shall be delivered at the Tier 1 rate
 - ✓ RHCC shall pay to Water Company for and with respect to each billing cycle of the Term, the usual and normal charges for water as determined in accordance with the operating procedures and practices of Water Company, including rates and charges.
- ❖ RHCC shall not use more than their annual entitlement.
 - ✓ Water shall not be delivered to RHCC in any calendar year in excess of the sum of the Entitlement. Any entitlement not delivered to RHCC for and with respect to any calendar year of the Term shall be lost and forever gone. RHCC's Entitlement shall not be carried over from one calendar year to a succeeding calendar year.
- ❖ The above shall be based on water being available.
 - ✓ Water delivered to RHCC is via 16th Street Wells in the Cucamonga Basin and is contingent on well production with respect to groundwater levels and lowered delivery due to well maintenance intervals
- ❖ The agreement will have a term of 5 calendar years.
 - ✓ If for any reason this the agreement is not mutually renewed at the end of the 5 year term, the service agreement will terminate.

These terms were approved by the PROC. Legal counsel drafted the attached Water Service Agreement for Board approval to be in effect on July 1, 2018.

Impact on the Budget:

In CY2017, the Tier 2 revenue from RHCC was \$61,004.

Previous Actions:

In April 2018, the Board approved staff pursue developing a Water Service Agreement with RHCC to discuss with the PROC.

"DRAFT"

WATER SERVICE AGREEMENT

(Red Hill Country Club)

June 19, 2018

THIS WATER SERVICE AGREEMENT ("**Agreement**") is made by and between San Antonio Water Company, a mutual water company ("**Water Company**") and the Red Hill Country Club ("**RHCC**").

Recitals

A. RHCC owns **One Hundred Sixteen and three quarter** (16.75) share of the common stock of Water Company and is the Lessee of an additional One Hundred and 1 point Five (101.5) shares thereof.

B. RHCC is entitled to take delivery of water from Water Company in the amount of its entitlement from time to time in accordance with its Articles of Incorporation, Bylaws and operating procedures and in proportion to its shares as a percentage of all issued shares applied to the total amount of water determined to be available by Water Company ("**Entitlement**").

C. RHCC has requested the water company to limit its water charges to Tier 1 rates for all water deliveries during the term of this Agreement, and Water Company has agreed to the request, based upon fairness and equitable considerations.

Agreements

1. Recitals. The Recitals are true and correct and are incorporated in this Agreement.

2. Term. The term of this Agreement is five (5) calendar years, namely 2018, 2019, 2020, 2021, and 2022. The Term shall commence at 12:00 a.m. on July 1, 2018 and shall, without action by any party, terminate on December 31, 2022 at 11:59 p.m. If, for any reason this Agreement is not renewed at the end of this term or any subsequent term, the parties shall promptly negotiate in good faith to reach mutual agreement on a new water service agreement.

3. Payment for Water.

(a) RHCC shall pay to Water Company for and with respect to each billing cycle of the Term, the usual and normal charges for water as determined in accordance with the operating procedures and practices of Water Company, including rates and charges, except as provided in (b) hereof.

(b) RHCC shall pay for all water taken by as provided in (a) hereof, except that, from and after July 1, 2018, RHCC shall pay the Tier 1 rate, and not the Tier 2 rate. "Entitlement" for the purposes of this subparagraph and for no other purpose, shall mean the amount that results from dividing Water Company's total production from all sources for the calendar year by the average number of shares owned and leased by RHCC for and with respect to the calendar year.

4. Complete Agreement/Amendment. This Agreement constitutes the entire agreement between the parties and supersedes all agreement, representations, warranties, statement, promises and understandings, whether oral or written, with respect to the subject matter thereof, and neither party shall be bound by nor charged with any oral or written agreements, representations, warranties, statement, promises or understandings not specifically set forth in this Agreement. This Agreement may not be amended, altered, or modified except in writing signed by Water Company and RHCC.

5. Attorneys' Fees. Should any party to this Agreement, or its successor in interest, commence any litigation against any party hereto, or their respective representatives, arising out of the interpretation of any provision of this Agreement or the rights and duties of said parties hereunder, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its or their attorneys' fees and court costs in such litigation which shall be determined by the court in such litigation, or in a separate action brought for that purpose. Any such legal action shall be litigated in San Bernardino County, California.

6. Validity. In the event that any provision of the Agreement shall be held to be invalid or unenforceable, such partial invalidity shall not affect in any respect whatsoever the validity or enforceability of the remainder hereof.

7. Survival of Rights. Except as may be provided herein to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties' signatory hereto and their respective successors and assigns.

8. Governing Law. This Agreement has been entered into in the State of California, and all questions with respect to it and the rights and liabilities of the parties thereunder, shall be governed by the laws thereof.

9. Waiver. A breach or default by any party hereto in the performance of the obligations hereunder shall not be deemed or construed to be a consent or waiver by the party, whether or not notice of such breach or default has been given to the offending party and notwithstanding the duration of said breach or default. The giving of consent by RHCC of Water Company in any one instance shall not limit or waive the necessity to obtain the other's consent in any further instance.

10. Remedies in Equity. The parties acknowledge and represent that damages at law are an inadequate remedy for any breach or threatened breach of this agreement. The parties may enforce this Agreement by specific performance, injunction or other equitable remedy. Nothing contained in this Agreement shall be construed to limit or affect any rights the parties may have at law, by statute or otherwise against the other party for a breach or threatened breach of any provision thereof.

11. Further Assurances. Each party hereto agrees to do all acts and things to make, execute and deliver such written instruments, as shall from time to time be reasonable required to carry out the terms and conditions of this Agreement.

12. No Assignment or Delegation. RHCC shall not be entitled to assign this Agreement or any rights under it to any other person or entity, or to delegate any of its responsibilities hereunder to any other person or entity without the written consent of Water Company having been first obtained, which Water Company may withhold in its absolute discretion for any reason satisfactory to it.

END OF AGREEMENT
SIGNATURE PROVISIONS FOLLOW

The parties have executed this Water Service Agreement to be effective on and as of July 1, 2018.

SAN ANTONIO WATER COMPANY

RED HILL COUNTRY CLUB

By: _____

By: _____

Tom Thomas, President

Its: _____

ATTEST:

ATTEST

By: _____
Sue Sundell, Secretary

Approved as to form:

By: _____
Thomas H. McPeters
General Counsel

WATER SERVICE AGREEMENT

(Red Hill Country Club)

June 19, 2018

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END OF AGREEMENT

SIGNATURE PROVISIONS FOLLOW

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SAN ANTONIO WATER COMPANY

RED HILL COUNTRY CLUB

By: _____
Tom Thomas, President

By: _____
Its: _____

ATTEST:

ATTEST

By: _____
Sue Sundell, Secretary

Approved as to form:

By: _____
Thomas H. McPeters
General Counsel

Agenda Item No. 6C

Item Title: Santa Rosa Court and 24th Street Waterline

Purpose:

To award project to the lowest responsible bidder and appropriate funds.

Issue:

Staff prepared plans and specs for selective bids to replace substandard pipelines within Santa Rosa Court (Water Master Plan) and 24th Street in the San Antonio Heights.

Staff requested bids from the following contractors:

C.P. Construction, Norstar Plumbing & Engineering, and T.E. Roberts.

The lowest responsive bid came from C.P. Construction.

	Bid Amount	CY2018 Budget	Variance
Santa Rosa Court	\$ 98,570	\$ 65,000	<\$ 33,570>
24 th Street	\$ 90,760	\$ 70,000	<\$20,760>
Total =	\$189,330	\$135,000	<\$54,330
10% Contingency	\$ 18,933		
Total =	\$208,263		<\$73,263>

Low bid came in higher than budgeted. Total cost with construction contingency requires an additional budget appropriation of \$73,263.

Manager's Recommendation:

That the Board 1) award to C.P. Construction in the amount of \$189,330 with a 10% Construction Contingency of \$18,933 for a total of \$208,263, and 2) recommend additional budget appropriation of \$73,263 to cover budget variance and, 3) appropriate funds from Depreciation and Obsolescence Reserves.

Background:

Original estimate to replace the waterline in Santa Rosa Court was budgeted at \$65,000 and the 24th Street waterline budgeted at \$70,000.

Staff opened bids on June 8, 2018 at 10 am with the bid breakdown shown on the attached spreadsheet. Staff received sealed bids from Norstar Plumbing & Engineering, C.P. Construction and the newest contractor on our shortlist T.E. Roberts.

C.P. Construction came in as the apparent lowest responsible bidder for the combined waterline projects at \$189,330.

Since the next PROC is not until July 24, this project is submitted directly to the Board for award

Impact on the Budget:

Additional budget appropriation of \$73,263 from D&O Reserves.

Previous Actions:

Approved CY2018 budget for Santa Rosa waterline and 24th Street waterline.

SAN ANTONIO WATER COMPANY
 139 N. EUCLID AVENUE, UPLAND, CA 91786
 TELEPHONE: (909) 982-4107 FAX: (909) 920-3047

Bid Breakdown
 Sheet 1

Opinion of Probable Cost: \$135,000 [Santa Rosa Court = \$65,000/24th Street = \$70,000]

ITEM 6C

Date: June 19, 2018

Item #	Description	QTY	Unit	C/P Construction		Norstar Plumbing & Eng.		T.E. Roberts	
				Unit Price	Total	Unit Price	Total	Unit Price	Total
1	CO#1802-E Santa Rosa Court waterline Furnish & install 6" Ductile Iron Pipe (Class 350), including 14 ga. Coated copper wire, excavation, bedding, and related work.	330	LF	69.00	22,770.00	110.00	36,300.00	\$ 125	41,250.00
2	Furnish & install 6" x 1" service (Short side) and connect to existing meter including, 14 ga. Copper wire, excavation, bedding, and related work per Std. Dwg. 11 using copper tubing Type K with compression fittings.	3	LF	1,350.00	4,050.00	1,900.00	5,700.00	\$ 3,400	10,200.00
3	Furnish & install 6" x 1" service (Long side) and connect to existing meter including, 14 ga. Copper wire, excavation, bedding, and related work per Std. Dwg. 11 using copper tubing Type K with compression fittings.	1	EA	2,450.00	2,450.00	2,400.00	2,400.00	\$ 6,700	6,700.00
4	Furnish & install 6" x 1 1/2" service (Long side) and connect to existing meter including, 14 ga. Copper wire, excavation, bedding, and related work per Std. Dwg. 11 using copper tubing Type K with compression fittings.	2	EA	4,750.00	9,500.00	4,500.00	9,000.00	\$ 7,800	15,600.00
5	Furnish & install 6" x 1 1/2" service (Short side) and connect to existing meter including, 14 ga. Copper wire, excavation, bedding, and related work per Std. Dwg. 11 using copper tubing Type K with compression fittings.	4	EA	3,850.00	15,400.00	3,400.00	13,600.00	\$ 4,000	16,000.00
6	Furnish & install 6" hydrant installation, 6" RW valve, 6" D.I.P., per Std. Dwg. 15 with break off check valve, including excavation, bedding, thrust block and related work per Note 7.	1	EA	9,500.00	9,500.00	10,000.00	10,000.00	\$ 14,500	14,500.00
7	Furnish & install 12" x 6" Hot Tap including, 6" RW valve, valve can & lid, excavation, bedding, fittings, thrust block and all related work.	2	EA	7,500.00	15,000.00	4,500.00	9,000.00	\$ 4,500	9,000.00
8	Furnish & install 4" blind flange per Note 4 including and related work.	2	LS	950.00	1,900.00	750.00	1,500.00	\$ 1,200	2,400.00
9	Remove & salvage existing blow-off per plan Note 3 and all related work	1	EA	1,000.00	1,000.00	750.00	750.00	\$ 1,200	1,200.00
10	Remove & salvage existing 4" valve per plan Note 2 and all related work	1	EA	1,000.00	1,000.00	400.00	400.00	\$ 1,200	1,200.00

SAN ANTONIO WATER COMPANY
 139 N. EUCLID AVENUE, UPLAND, CA 91786
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Bid Breakdown
 Sheet 2

Opinion of Probable Cost: \$135,000 [Santa Rosa Court = \$65,000/24th Street = \$70,000]

ITEM 6C

Date: June 19, 2018

Item #	Description	QTY	Unit	Unit Price	Total	C/P Construction		Norstar Plumbing & Eng.		T.E. Roberts	
						Unit Price	Total	Unit Price	Total	Unit Price	Total
11	Flush, pressure test, and disinfect water line per specifications and related work.	1	LS	6,000.00	6,000.00			3,000.00	3,000.00	\$ 4,400	4,400.00
12	Pavement Repair :AR 4000 min. 3" thick per SBDO County T-Cut Trench requirements.	400	EA	25.00	10,000.00			65.00	26,000.00	\$ 44	17,600.00
Sub-Total Santa Rosa Bid =						\$98,570.00		\$117,650.00			\$140,050.00
CO#1805-F 24th Street Waterline											
1	Furnish & install 6" Ductile Iron Pipe (Class 350), including 14 ga. Coated copper wire, excavation, bedding, and related work.	640	LF	69.00	44,160.00			100.00	64,000.00	\$ 113	72,320.00
2	Furnish & install 6" x 1" service and connect to existing meter including, 14 ga. Copper wire, excavation, bedding, and related work per Std. Dwg. 11 using copper tubing Type K with compression fittings.	3	LF	1,350.00	4,050.00			2,400.00	7,200.00	\$ 5,700	17,100.00
3	Furnish & install 6" hydrant installation, 6" RW valve, 6" D.I.P., per Std. Dwg. 15 with break off check valve, including excavation, bedding, thrust block and related work per Note 7.	1	EA	9,500.00	9,500.00			10,000.00	10,000.00	\$ 16,400	16,400.00
4	Furnish & install 12" x 6" Hot Tap including, 6" RW valve, valve can & lid, excavation, bedding, fittings, thrust block and all related work.	1	EA	7,500.00	7,500.00			4,500.00	4,500.00	\$ 5,800	5,800.00
5	Furnish & install 6" elbows per plan detail and all related work.	2	EA	650.00	1,300.00			600.00	1,200.00	\$ 1,900	3,800.00
6	Remove & salvage existing blow-off per plan and all related work.	1	EA	1,000.00	1,000.00			750.00	750.00	\$ 1,200	1,200.00
7	Remove & salvage existing 2" valve per plan Note 2 and all related work	1	EA	1,000.00	1,000.00			300.00	300.00	\$ 1,200	1,200.00
8	Flush, pressure test, and disinfect water line per specifications and related work.	1	LS	6,000.00	6,000.00			3,000.00	3,000.00	\$ 4,400	4,400.00
9	Pavement Repair :AR 4000 min. 3" thick per SBDO County T-Cut Trench requirements.	650	EA	25.00	16,250.00			55.00	35,750.00	\$ 41	26,650.00
SUB-TOTAL 24th Street Waterline Bid =						\$ 90,760		\$ 126,700			\$ 148,870
TOTAL SANTA ROSA CT AND 24TH STREET BID =						\$189,330.00		\$244,350.00			\$288,920.00

Agenda Item No. 6D

Item Title: Proposed Water Delivery Connection to City of Upland

Purpose:

To approve the proposed water delivery connection and respective budget for construction.

Issue:

Maximizing water delivery from the domestic lower zone to the City of Upland resolved reservoir equilibrium issues; however, it created back up in Tunnel flows and domestic water overflow into irrigation.

Manager's Recommendation:

That the Board approve the proposed water delivery connection to the City of Upland and appropriate \$14,145 from Depreciation and Obsolescence Reserves.

Background:

The Water Company's lower pressure zone is served by the Tunnel flow at the Forebay, Reservoir #7 at Mountain Avenue on the west side and Reservoir #12 at 26th Street on the east side. Water levels with the reservoirs should "float" on the hydraulic grade line of the pressure zone it serves. This is an issue with the lower zone reservoirs and was raised in the Water System Master Plan.

Working with CivilTec Engineering to resolve this issue a ground level survey was performed to confirm relative high waterline elevations of the Forebay, Res 7 and Res 12. Staff observed that maximizing water delivery to the City of Upland via the existing interconnection at 24th Street and Campus Avenue resolved much of the "float" issue with the lower zone reservoirs; however, it caused water to back up into the Tunnel at the Forebay and caused unnecessary overflow of domestic water into the irrigation system.

As a remedy to balance out maximum water flow delivery while maintaining equilibrium with the lower zone storage reservoirs, staff proposes to develop an additional water delivery connection to the City on the west side of the Company's distribution system. This will allow reduced flow delivery at the 24th & Campus Connection increasing flows out of the Tunnel and thereby equalizing flows with respective reservoir levels. It will also eliminate loss of domestic water into the irrigation system.

The connection is proposed at the Water Company's connection with the City at the San Antonio Park off of Foreman north of 24th Street that currently provides a one way emergency supply from the City of Upland to the Water Company. Staff proposes to utilize this connection to provide reciprocal water delivery from the Water Company to the City of Upland (See the Water Company's plan attached). Staff met with Upland Field Operations at the site who has reviewed the plan as proposed and concurs with this connection.

Staff estimates the cost as follows:

Labor/welding:	\$ 4,000
Materials:	\$ 8,300
15% Contingency:	\$ 1,845
Total	=\$14,145

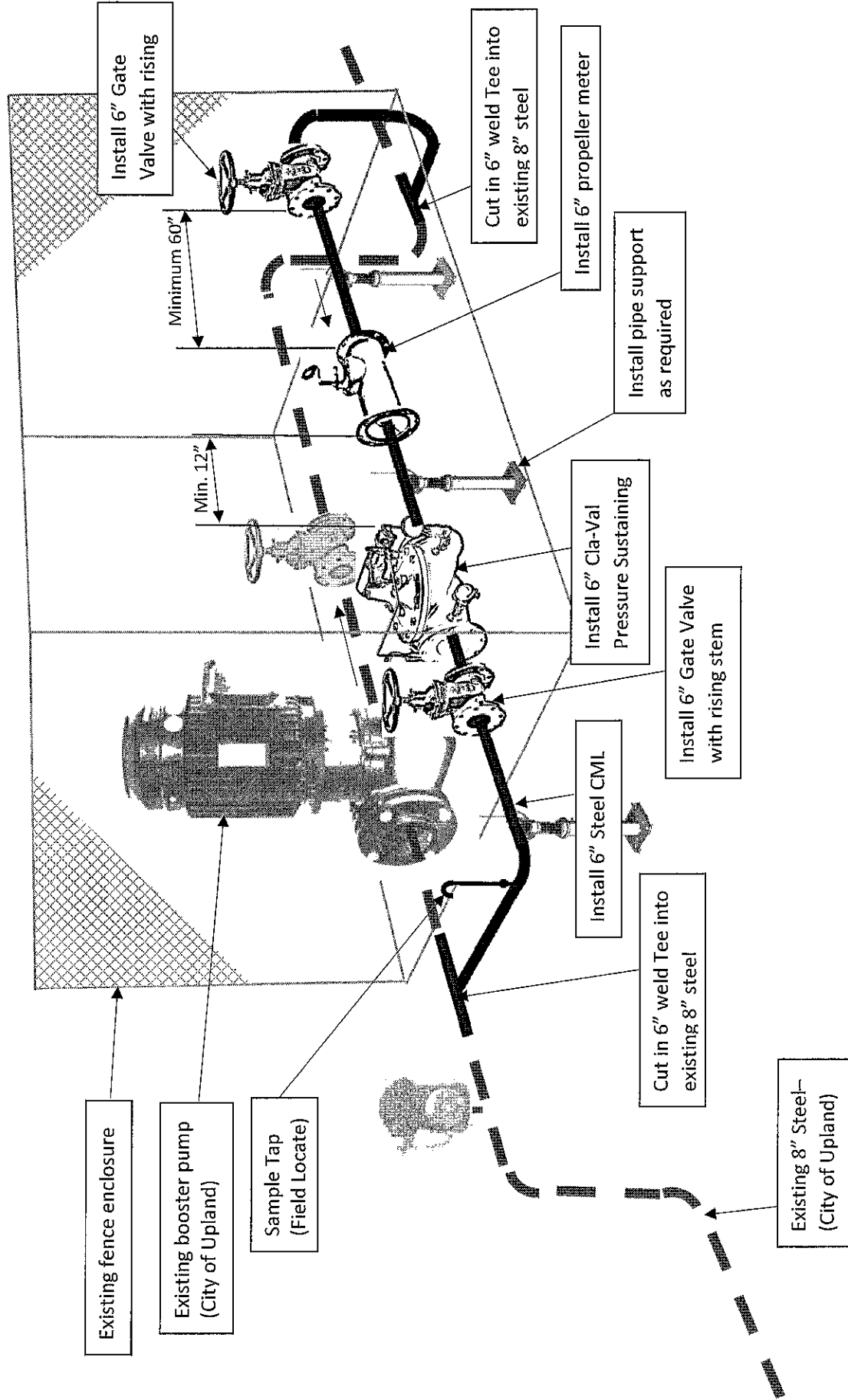
Impact on the Budget:

Additional budget appropriation of \$14,145 from D&O Reserves.

Previous Actions:

None.

Item 6 D



Existing fence enclosure

Existing booster pump
(City of Upland)

Sample Tap
(Field Locate)

Install 6" Gate Valve with rising

Minimum 60"

Min. 12"

Cut in 6" weld Tee into existing 8" steel

Install 6" propeller meter

Install pipe support as required

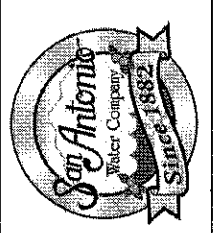
Install 6" Cla-Val Pressure Sustaining

Install 6" Gate Valve with rising stem

Install 6" Steel CML

Cut in 6" weld Tee into existing 8" steel

Existing 8" Steel (City of Upland)



Proposed by pass connection at San Antonio Park
 SAWCo to City of Upland
 May 18, 2018

