

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, October 15, 2019**

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, Jose Sanchez, Will Elliott, Bob Cable, Gino Filippi, Martha Goss, and Rudy Zuniga. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag
  
- 1. Recognitions and Presentations: None.
  
- 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 September 17, 2019.
  - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes  
Meeting Minutes of July 23, 2019.
  - C. Administration and Finance committee (AFC) Meeting Minutes  
No meeting minutes to approve.
  - D. Financial Statement  
Income Statement and Balance Sheet for August 31, 2019 and year-to-date
  - E. Investment Activity Report  
Monthly Report of Investments Activity
  - F. Water Production and Consumption  
Monthly water production and consumption figures.
  - G. Prominent Issues Update  
Status summaries on certain on-going active issues.
  - H. Projects and Operations Update  
Status summaries on projects and operations matters.
  - I. Groundwater Level patterns [Quarterly in January, April, July, and October]  
Tracking patterns of groundwater elevations relative to ground surface.
  - J. Correspondence of Interest
    - Chino Basin Watermaster Optimum Basin Management Program Update
    - SAWCo's letter response with comments on 2020 OBMP Update Technical memorandum #1
    - SAWCo's letter response with general comments on 2020 OBMP Update

Director Sanchez requested removal of Item 4F and Item 4J for comments.

Director Elliott moved and Director Cable seconded to approve the Consent Calendar sans Items 4F and 4J. Motion carried.

Director Sanchez noted Item 4F indicates the Holliday Rock Company going over their entitlement by roughly 60 acre feet (AF). He inquired as to why the company was over their entitlement.

Mr. Lee advised Holliday Rock Company is not held to an agreement like the three municipal shareholders. They are allowed to go over their entitlement and are charged the appropriate tier rates for overages. Field staff recently spoke with Holliday Rock Company staff about the amount of water they are using and were advised an additional pit was opened up and is in need of additional water in order to mine.

Director Sanchez then inquired about information indicating a SAWCo meter is registering 63 AF off. Mr. Lee replied the meter is at the bottom of an access hole. It will need to be stripped and new hardware installed. Staff is working with Civlitech Engineering to complete the required work.

Director Sanchez then thanked staff for the excellent letter presented in Item 4J. He noted his agreement with all points made.

Director Filippi inquired as to whether staff had received a response from Peter Kavounas. Mr. Lee advised staff had not received a response. Director Filippi stated he is hearing that staff might be being misled by Monte Vista Water District (MVWD). He suggested staff invite Mr. Kavounas to have a discussion with the SAWCo Board of Directors. Mr. Lee replied he would schedule tentatively for the November Board meeting.

Director Sanchez moved and Director Zuniga seconded to approve Item 4F ad 4J. Motion carried.

5. Board Committee – Delegate Report:

**A. Pomona Valley Protective Association (PVPA) Representative’s Report** – Director Thomas reported on the October PVPA meeting. Fencing has been installed around PVPA land north of Baseline in Claremont that is prone to homeless encampments.

Spreading of water has ended for the year with a total spread amount of 8,500 AF. Total rainfall for the year was calculated at slightly less than 34 inches which is considered above average. Director Thomas commented that one more year of above average rain fall will be greatly beneficial to the local water table.

Continued discussion took place about the possible establishment of the HR 2215 National Recreation Area. PVPA is attempting to get answers as to why portions of their land has been grouped in with the proposed area as there is no valid reason private land should be included in a recreation area.

The City of Pomona provides weed abatement for PVPA and recently had an increase in their fee schedule.

**B. Six Basins Representative Report** – Mr. Lee reported discussion took place about the boundaries for the National Recreation Area. Confusion as to what the actual boundaries are may be due to the local representative’s office looking at previous boundaries instead of current boundaries. Clarification is still being sought.

How the local cities are handling storm water management was also discussed during the last meeting.

**C. Chino Basin Representative Report** – Ms. Layton reported that SAWCo’s recharge application is on the agenda for the October Advisory Committee and Board meeting. Staff anticipates it will be approved, however, the water in storage for the collective is reaching a limit and a storage management plan is being discussed.

Staff has been participating in meetings to discuss a storage management plan that is acceptable to all parties. Much of the discussion has been in closed session. In the meantime, Watermaster has come out with a proposal and the parties are attempting to adjust it to make it acceptable to all parties. If acceptance is not achieved, another court battle may be ahead.

The revised assessment packages have gone through the Pool process and have been approved. SAWCo has a credit of \$7,821.08 and has asked Watermaster to apply it to their assessment for the current year.

The Rules and Regulations are intended to be a one stop for parties to know what has been decided in court. There have been some court decisions made since the last update. Unfortunately, this also starts a legal battle of words on how it is presented. Staff is uncertain if it will be approved at the upcoming Advisory and Board meetings.

Paragraph 36 of the Restated Judgment states the Pool or Advisory Committee members may receive compensation for attending meetings in an amount not to exceed \$25.00 for each meeting for a maximum of up to \$300.00 during any one year. When the Peace Agreement was completed, the agreement was made that the unproduced Agricultural water would be transferred to the Pool for “land-conversions” and early transfers on an annual basis. As part of the agreement, the Pool would pay all assessments and expenses. The Agricultural Pool made a decision to increase their compensation to \$125 per meeting and Watermaster paid them this amount on a “gentlemen’s” agreement between the Pool Officers at the time. Currently, Watermaster is attempting to amend the Judgment to reflect this past practice as well as remove the annual cap. SAWCo staff does not have a problem with increasing the stipend but believes not having an annual cap is not good business sense. The parties don’t want to fight in court due to legal expenses. SAWCo will be voting no at the Advisory Committee meeting based on principle but does not intend on fighting the issue in court.

The Agricultural Pool wishes to amend their pooling plan but are looking at amending more than Paragraph 36. The Agricultural Pool is adding in language that is in the Peace Agreement which requires the Appropriate Pool to pay the Agricultural Pool’s assessment packages. The Appropriate Pool has reserved the right to make comments on the amendments.

**D. Cucamonga Basin Representative Report** – Ms. Layton reported the working group met on October 1<sup>st</sup>.

Cucamonga Valley Water District (CVWD) offered to make some changes to the Terms of Reference to make it more acceptable to SAWCo and West End Consolidated Water Company (WECWC). SAWCo hopes to have the changes completed and finalized by the November meeting. Following finalization, staff plans to meet with CVWD staff to finalize project figures and consider invoicing.

Discussion about the unauthorized use of the Cucamonga Model for Chino Basin modeling was discussed and CVWD is taking the lead on this issue with participation by the whole group.

Staff attempted to put all comments together regarding modernizing the Judgment and saw this as a time-consuming task that may be better left to a consultant. TKE, who is attending the meetings on WECWC’s behalf, offered to speak with Acting City of Upland Manager and Public Works Director, Rosemary Hoerning, about taking on this task.

SAWCo’s General Manager will be sending a letter and transfer of water to CVWD for overproduction in 2018 shortly.

The next meeting is scheduled for November 5, 2019 at 1:30 p.m.

Director Thomas suggested a meeting with the CVWD Board and SAWCo Board when a draft version of the Revised Judgment has been generated.

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

**F. Planning, Resources, and Operations Committee (PROC) Chairman’s Report** – Director Elliott stated the Committee discussed the Geographical Information System (GIS) project which is covered in the General Manager’s Report on Activities.

- G. Office Feasibility Study Ad Hoc Committee** – Mr. Lee reported the Committee met to review the Statement of Qualifications (SOQ) submitted by architects for the project. A rough sketch for a possible floor plan was also reviewed.

Director Thomas reported on a meeting held earlier in the day with a few members of the Board of Directors and a few shareholders that had questions about the office and yard relocation project.

Director Goss was appreciative of the perspectives and possible options those that attended the meeting presented.

Director Sanchez stated he believed it to be SAWCo's obligation to now explore both the original intention of building new facilities on vacant SAWCo property as well as the alternative options presented at the meeting.

6. General Manager's Report on Activities:

- A. Conservation Programs Update** – Mr. Lee stated the conservation program is available but is more of a passive program. Should a shareholder contact staff regarding conservation needs they are made aware of any programs SAWCo offers to assist them.

- B. Award of Contract for Geographical Information System** – Mr. Lee advised this item was presented to the PROC who then recommended the item be brought to the full Board of Directors for discussion and possible recommendation and approval.

A GIS is being sought to allow for field staff to highlight corrections and obtain accurate information in the field on an ongoing basis. This data will be used to update and ensure accurate system maps. The budgeted amount for a GIS in 2019 is roughly \$30,000 for the consultant's time. An estimated additional \$10,000 for equipment and software is also expected.

Staff reached out to five companies; two engineering firms and three firms specializing in GIS. SAWCo received only two proposals by the required deadline. The two proposals received offered two vastly different approaches to the project. One firm proposed a robust and costly system while the other firm custom tailored their proposal to SAWCo's current needs.

Mr. Lee advised the Board he is friends with a principal of WSC Engineering, however, his recommendation is based on the preference for a budget conscious consultant and as such recommended utilizing WSC Engineering for the creation of SAWCo's Facility GIS Database.

Director Thomas thanked Mr. Lee for being upfront about his relationship with WSC Engineering and felt there are pluses to having a relationship with the firm as it can be a way to better keep the project on track.

Director Filippi questioned the possibility of WSC Engineering advising SAWCo after the fact that some of the items on the other firm's extensive list are actually needed.

Mr. Lee replied he does not foresee any consultant advising the Company they should have done something additional. He informed the Board of his background in computers and advised it would be difficult for a consultant to sneak something by him when it comes to technology. At some point in the future, staff plans on having a complete GIS with more extensive capabilities but is looking to start small and add on in the future.

Director Elliott moved and Director Goss seconded to authorize the General Manager to execute a contract with WSC Engineering in the amount of \$40,000; \$30,000 for capital expenditures and \$10,000 for associated hardware and software, for the creation of a Company Facility GIS Database. Motion carried.

**C. Award of Contract for Architectural and Landscape Consulting Services** – Mr. Lee advised the Board that staff reached out to five architectural firms and placed the Request for Qualifications for architectural and landscape consulting services on SAWCo's website. SAWCo received two SOQ's from architectural firms. The SOQ's were reviewed and discussed by the Ad Hoc Office and Yard Relocation Committee. The Committee felt Claremont Environmental Design Group (CEDG) was a better fit for the vision SAWCo has for its future office and yard facilities.

Director Thomas commented the other firm's anticipated costs would likely be more than double that of CEDG and their portfolio didn't include projects tailored to the area but appeared more stock or routine.

Mr. Lee recommended the Board authorize the General Manager to execute a time-and-material contract with Claremont Environmental Design Group (CEDG) with a not-to-exceed amount of \$290,000.

Director Filippi stated SAWCo should be looking at all options when considering new office and yard facilities. He felt the contract with CEDG was premature and that all options should be explored to determine whether or not this is the best route. He encouraged the Board to be mindful of the concerns of SAWCo shareholders.

Director Sanchez suggested the other avenues mentioned previously, such as purchasing a site with existing facilities that is suited for SAWCo's needs or tearing down the current office and rebuilding, should be looked into as well. He felt SAWCo should investigate all the options available to it going forward.

There was discussion on whether or not the current proposed contract includes investigating the additional options presented.

Director Sanchez moved and Director Goss seconded to approve the contract with the caveat that it provides for the investigation of other commercial properties, the utilization of SAWCo's existing office and yard facilities, and the building of office and yard facilities on the 17<sup>th</sup> Street and Benson Avenue location as well as assessing total needs and comparing them to what is available in the market place.

Director Elliott expressed his concern over the scope of the contract. He suggest the item be referred back to the Ad Hoc Office and Yard Relocation Committee to compile a better articulated motion for the Board to consider.

There was consensus on the Board to table the item to allow the Ad Hoc Office and Yard Relocation Committee to work with the architect to better define the scope of the contract. The revised contract is then to be presented at the next Board meeting for approval.

**D. Annual Meeting of Pomona Valley Protective Association (PVPA)** – Director Cable moved and Director Elliott seconded to recommend and approve Director Thomas to carry the proxy to vote all SAWCo shares in the PVPA. Motion carried with Director Thomas abstaining.

7. Closed Session: At 5:42 p.m. the Board of Directors and Mr. Lee went into closed session for the General Manager's Annual Review, Goals and Objectives under subdivision 9b) of Section 54957, CGC.

At 6:11 p.m. the Board of Directors reconvened and Director Thomas advised that because Mr. Lee's annual review was completed by the Ad Hoc Personnel Committee comprised of a portion of the Board, more time would be given to the remaining Board members to make additional comments to be incorporated in the final document. A 7% wage increase was approved by the majority Board of Directors retroactive to Mr. Lee's employment anniversary date.

8. Director's Comments and Future Agenda Items: Director Thomas advised that friends from the City of Upland's Sister City of Mildura, Australia are in town. A small tour of SAWCo facilities will be provided as well as a barbeque event held at Director Thomas home. The 50<sup>th</sup> Annual Celebration of the sister cities will be held at the Cooper Museum at the end of the week.

Adjournment: Director Thomas adjourned the meeting at 6:12 p.m.

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Assistant Secretary  
Brian Lee