

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, June 19, 2018

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:02 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, and Jose Sanchez. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag
- 1. Recognitions and Presentations: Mr. Moorrees brought the Board's attention to the Conflict of Interest Policy form on the dais. He asked that each Director complete the form and submit it to the office.
- 2. Additions-Deletions to the Agenda: Mr. Moorrees noted a correction on the date range of Item 4F the information is through April 2018.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - 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.
 - E. Financial Statement
Comparative 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

Director Sanchez clarified that at the Organizational Meeting Director Filippi requested to move from the AFC to the PROC however, it was not determined at that time with whom he would swap committees. He felt Item 5E and Item 5F in the Organizational Meeting minutes should then reflect the committees staying the way they were presented as they were changed after the meeting took place. Director Elliott moved and Director Sundell seconded to approve the Consent Calendar with correction to Items 5E and 5F. Motion carried.

- 5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported on the PVPA meeting held the previous week. The City of Claremont Police Department notified PVPA that there was a homeless encampment on their property located near Padua. The camp was cleaned out at the end of the previous week. This is not the first time a homeless

encampment has been found on PVPA property. The last time one was found PVPA signed an authorization for Claremont Police to enter PVPA property to enforce the law by disbanding the encampment. The original authorization has expired therefore PVPA will submit another one for future use.

Holliday Rock is moving forward with their application with the City of Claremont. Holliday Rock has a mining operations in Upland that extend up to the Los Angeles county line. They would like to mine as close to the channel as possible which crosses the San Bernardino/Los Angeles County line into Claremont. The mining is considered a benefit as the cities receive a mining tax from Holliday Rock as well as the ability to capture more water in the pits.

A Los Angeles County tax measure called the Safe, Clean Water Program is a parcel tax for non-permeable ground that produces water runoff. Land that PVPA owns in Los Angeles County could be subject to this tax even though their ground is permeable as it is used for spreading water. The item goes up for a vote next week for possible inclusion on the November voting ballot. If the item passes there is a possibility of a rebate of all or most of the money going back to the parcels that are permeable and do not cause water run-off.

PVPA has an easement for spreading over old Pit 3 just north of the Sycamore Hills project. As part of the project more dirt is being added to the pit making it smaller. An amendment for the City of Upland with PVPA to allow that pit to be filled up was approved.

- B. Six Basins Representative Report** – Mr. Moorrees reported on the May 23rd Board meeting for Six Basins. During the meeting the Board approved Three Valleys Municipal Water District (TVMWD) selection of Jericho Systems, Inc. as the Programmatic Environmental Impact Report (PEIR) Consultant.

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

Darren Poulson provided an update on the MS4 Permittees Collaboration.

A Strategic Planning Session was held after the Board meeting to discuss the plan implementation.

SAWCo staff sent a letter to Watermaster advising them of the change in representation. Mr. Tommy Hudspeth will be the primary and Ms. Layton will be the alternate on the Board beginning July 1, 2018.

- C. Chino Basin Representative Report** – Ms. Layton reported the appeal is still pending. No Briefs have been filed. They are supposed to report to the court again on July 16th. It was previously reported to the Court that the Settlement Agreement would be completed by September. The final Settlement Agreement is nowhere in sight.

Previously, SAWCo staff agreed to a Term Sheet that the Six pack drew up. Staff told the Six pack they look forward to reviewing the draft agreement and will need the necessary time for legal counsel review and time to bring it to their Board for final approval.

The Six pack is attempting to have three items approved at the next Advisory Committee meeting. When the Six pack agreement was made they knew they needed to get the other Pools to agree to the terms. The items include the Exhibit "G" Transfer Rate Amendment, the Peace Agreement Paragraph 5.3 (e) Interpretation, and Amendments to the Judgment and CAMA in order to implement the settlement agreement regarding the appeal from the April 28, 2017 order.

The 40th Annual Report filing court hearing was moved from June 22nd to July 24th at 1:30 p.m. at San Bernardino County Superior Court.

D. Cucamonga Basin Representative Report – Mr. Moorrees stated a memo was sent to all of the parties involved to schedule a meeting.

Ms. Layton stated she spoke with John Bosler with Cucamonga Valley Water District (CVWD) who confirmed he received the memo and plans to meet with SAWCo. His schedule has been full but will schedule a meeting with our staff in the future.

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 items presented at the PROC are included in the General Manager’s Report.

G. Executive Recruitment – Director Thomas advised the pool has been narrowed to four candidates who will go through the interview process on July 18th. The process has taken longer than expected; more will be discussed on the topic during the closed session of the meeting.

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

6. General Manager’s Report on Activities:

A. Water Conservation – Demand Management Measures – Mr. Moorrees reported as part of SAWCo’s Urban Water Management Plan (UWMP), staff previously utilized the California Urban Water Conservation Council (CUWCC) for their Best Management Practices (BMPs) and Demand Management Measures (DMM). In February of 2017, the Board approved SAWCo not signing on with CUWCC on the premise that staff would develop its own DMMs/BMPs to present for Board adoption.

The UWMP identified 14 DMMs established by the Department of Water Resources (DWR) that are to be evaluated. A list of the DMMs staff proposes using for the next UWMP was included in the Board report. The 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. SAWCo currently utilizes DMMs by employing a part-time Conservation Coordinator, metering all service connections, performing public education and outreach, distribution system asset management for water loss, a wholesale supplier assistance program, assistance programs for SAWCo domestic customers, and by having an established water shortage contingency plan.

Mr. Moorrees recommended the Board adopt the draft DMMs as presented to be a part of SAWCo’s Water Conservation Program in promoting water use efficiency.

Director Elliott moved and Director Sundell seconded to approve adopting the draft DMMs as presented to be included as part of SAWCo’s Water Conservation Program. Motion carried.

B. Red Hill Country Club – Mr. Moorrees reported that in April he presented a letter to the Board from Red Hill Country Club (RHCC) requesting consideration for how they are billed. The Board agreed to look into the request at the committee level. The PROC reviewed the request and it appeared the only viable option was a modified version of the service agreements SAWCo currently has with its municipal water shareholders. SAWCo’s legal counsel drafted an agreement for RHCC. Mr. Moorrees reviewed certain portions of the agreement with the Board.

Mr. Moorrees recommended the Board consider approving the Water Service Agreement as presented and recommended by the PROC with comments as appropriate.

Director Filippi inquired whether 5 years was adequate or normal. Mr. Moorrees affirmed that it was a standard term agreement.

Director Sanchez noted an error in the number of shares listed for RHCC on the agreement. Mr. Moorrees advised he would correct the error before getting signatures.

Director Sanchez moved and Director Elliott seconded to approve the Water Service Agreement with RHCC with correction. Motion carried.

- C. Santa Rosa Court and 24th Street Waterline** – Mr. Moorrees stated the Santa Rosa Court waterline project is a Water Master Plan project. The 24th Street Waterline project was approved by the Board during the May Board meeting. Staff bid both projects at the same time for cost savings.

Selective bids were advertised to C.P. Construction, Norstar Plumbing & Engineering, and T.E. Roberts. C.P. Construction submitted the low bid. Staff made errors in estimating costs and the lowest bids for both projects total \$54,330 and was more than budgeted.

Director Sanchez was concerned about the dramatic increase in costs for this project from the previous waterline project in 2016. Mr. Moorrees noted costs for certain items such as asphalt had increased

Director Sanchez questioned whether SAWCo would ever reject all bids and start the bidding process over. Mr. Moorrees replied these are good contractors who have been vetted and regularly provide good bids. More discussion followed regarding the bidding process and vetting of contractors.

Director Sundell moved and Director Elliott seconded to 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. Motion carried.

- D. Proposed Water Delivery Connection to City of Upland** – Mr. Moorrees explained that the issue with the inability to “float” the water levels of the reservoirs on the hydraulic grade line of the pressure zones between the Forebay, Reservoir 7, and Reservoir 12 is included in the Water System Master Plan. Staff had Civiltec Engineering verify the high waterline elevations of all three facilities. 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 and 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 SAWCo. Staff proposes to utilize this connection to provide reciprocal water delivery from SAWCo to the City of Upland. Staff met with Upland Field Operations at the site who have reviewed the plan as proposed and concurs with this connection. Estimated cost to add the connection is \$14,145.

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

Director Sanchez inquired as to why the connection is for only 6 inches. Mr. Moorrees replied that is the current connection size is 6 inches. If the size is increased the costs would increase as well.

Director Sanchez moved and Director Elliott seconded to approve the proposed water delivery connection to the City of Upland and appropriate \$14,145 from Depreciation and Obsolescence Reserves. Motion carried.

E. Project Status Report –

- **Edison Pond – New Sluice Gate Replacement** – Staff presented pictures of the work in progress. The City of Pomona provided the engineering design for the project and C.P. Construction performed the work. The project should be completed by the end of the week.
- **Forebay Surface Waterline** – Staff presented pictures of the work in progress. This project is also expected to be completed by the end of the week.
- **Holly Drive Reservoir** – TKE Engineering is nearing completion on the site plans. Drawings and specifications should be ready in two weeks' time. The project should be ready to go out to bid by the beginning of August.
- **Holly Drive Boosters** – Final structural sizing and foundation footings nearing completion. Draft plans by TKE Engineering are expected on Thursday. The president of the Homeowners Association has received a copy of the plans so that the local residence impacted by this project are aware of what is proposed.
- **Basin 6 Desilting** – Staff is still awaiting the 401 permit. 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.
- **WFA Pipeline Connection** – Civiltec Engineering is working with WFA on the requirements from the Department of Drinking Water for the connection and sampling points.
- **Water Rights Investigation – Activity** – A response was sent to the state board. A phone call was received by the state board in which staff asked they respond in writing.
- **SCADA Upgrade** – Submittal approval expected by the end of June.
- **Reservoir 7 Rehabilitation** – Staff is awaiting an engineering proposal from Civiltec Engineering. Staff hopes to begin this project by the fall.
- **Cucamonga Basin – Desilting Project at Crosswalls** – Staff received the permit from San Bernardino County Flood Control District and will meet with the contractor later in the week to review timelines before proceeding. Notifications will be sent to residents within a 500 foot radius of the project. Four signs will be posted in the area with information pertaining to the project. A bird clearing study will be done five days prior to the start of the project. TKE Engineering will be providing a matrix of all the conditions and regulations for the permit to make certain no action items are missed.

Mr. Moorrees also further informed the Board about the automobile accident that took place on Thursday of the previous week in the street outside of SAWCo's office building. A stolen sedan hit the fence surrounding SAWCo's office parking lot and caused a lot of damage. The individuals in the vehicle fled the scene. Police were called and made a report. Staff is planning to prosecute the offenders. SAWCo's insurance adjuster will be taking a look at the damage tomorrow.

Over the weekend a man entered SAWCo's office parking lot through the damaged fence and attempted to break and enter the shed. Damage was done to the outside of the building that will need repair. A temporary chain link fence was placed over the damaged area of the parking lot to prevent any additional attempted break-ins.

7. Closed Session:

Mr. Moorrees and the Board went to closed session at 5:49 p.m. to discuss personnel issues [subdivision 9b) of Section 54957, CGC] and returned from closed session at 5:59 p.m.

Director Thomas stated the Board agreed to extend Mr. Moorrees' contract with some modifications to benefits and the amount of time needed for notification of termination of the contract.

8. Director's Comments and Future Agenda Items:

Adjournment: Seeing no further business, the meeting was adjourned at 6:02 p.m.

The next Board Meeting will be held on Tuesday, July 17, 2018 at 5:00 p.m.

Assistant Secretary
Charles Moorrees