

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, April 20, 2021

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was held virtually and called to order at 5:00 p.m. on the above date. Directors present were Tom Thomas, Will Elliott, Rudy Zuniga, Bob Cable, Martha Goss, Kati Parker, and Bill Velto. Also in attendance were SAWCo's General Manager Brian Lee. Director Thomas presided.

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 March 16, 2021
 - B. Approval of Organizational Meeting Minutes
Organizational Meeting Minutes of April 6, 2021.
 - C. Planning, Resources and Operations Committee (PROO) Meeting Minutes
No meeting minutes to report.
 - D. Administration and Finance committee (AFC) Meeting Minutes
Meeting minutes of January 26, 2021.
 - E. Financial Statement
Income Statement and Balance Sheet for February 28, 2021.
 - F. Investment Activity Report
Monthly Report of Investments Activity.
 - G. Water Production and Consumption
Monthly water production and consumption figures.
 - 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. Conservation Program Update [Quarterly in January, April, July, and October]
Update on SAWCo's existing water conservation programs
 - L. Correspondence of Interest:

Mr. Lee pulled Item 4B for discussion. Director Velto has asked that his stipend checks be issued to another entity to avoid conflict of interest. After speaking with SAWCo's legal counsel, Mr. Lee discovered all Directors can divert their stipend to an organization of their choice, however, for tax purposes it is still considered a payment to the Director themselves and will need to be claimed on personal tax returns.

Director Elliott moved and Director Zuniga seconded to approve the Consent Calendar as presented. Motion carried with Director Velto and Director Parker abstaining from Item 4A.

Assistant General Manager of SAWCo, Teri Layton, joined the meeting.

5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported on the most recent PVPA meeting. The Draft Annual Audit Report and the Monthly Spread Report were reviewed. No spreading of water is occurring due to lack of rain. The National Recreation Area bill is somewhat on hold for now as the new Senator in charge is brought up to speed.

Director Thomas as Vice President of PVPA, PVPA President Bill MacDonald, and PVPA attorney John Schatz recently spoke with the new Claremont City Manager. They advised him of some of PVPA's current issues regarding land and the proposed recharge basin.

PVPA has also recently updated their website to be more informative.

Director Thomas called for the record to show former SAWCo Director Jose' Sanchez and current City of Upland Public Works Director Braden Yu as present.
 - B. **Six Basins Representative Report** – Ms. Layton informed the Board about the Six Basins meeting held on March 24th. The issue of the Six Basins Judgment prohibiting the transfer of groundwater rights to non-Parties was discussed. The Judgment does, however, permit the pumping of groundwater by a Party for sale to a non-Party for use outside of the Six Basins.

Currently being implemented by Puente Basin Water Authority (PBWA) is a project to rehabilitate an old well. The City of La Verne will need to be able to lease its water rights to PBWA who is not a party to the Judgment in order for the project to be green lighted. The Six Basins Board approved having their legal counsel send a letter to the City of La Verne and PBWA requesting they amend their agreement to what the judgment permits.

The Six Basins Board also approved the Annual Report for 2020.

- C. **Chino Basin Representative Report** – Mr. Lee reported a tentative ruling was issued by the judge that the Appropriative Pool is not responsible for the payment of the Agricultural Pool’s legal fees if they are not a direct result of the Chino Basin Watermaster’s actions. An appeal is anticipated. A final ruling is expected at the end of next week.
- D. **Cucamonga Basin Representative Report** – Ms. Layton reported a Request for Qualifications (RFQ) was released for future groundwater geotechnical expertise. The parties have been meeting with several interested consultants. A short list of qualified consultants will be provided a Request for Proposal (RFP) once vetted by the parties.

The group last met on April 6th. The Terms of Reference document is going through the committees at Cucamonga Valley Water District (CVWD) prior to signatures.

The group will meet again on May 4th.

Director Thomas advised that in a special meeting the City of Upland Public Works Director was appointed General Manager of West End Consolidated Water Company (WECWCo) by the Upland City Councilmembers.

- E. **Administration and Finance Committee (AFC) Chairman’s Report** – Items discussed at the May AFC meeting are included in the General Manager’s Report on Activities.
- 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. **Reservoir 9 Pipeline Paving Change Order** – Mr. Lee reported he met with the contractor, design engineer and some concerned residents a few weeks ago regarding the final condition of the street. The original project included 10,000 square feet (sq. ft.) of paving which ended up being far short of what is needed in order to finish the project due to larger, wider trenches being necessary to lay the pipeline. At this point an additional 30,000 sq. ft. of paving is needed which accounts for \$70,000 of the change order.

In addition, Mr. Lee has asked the contractor to provide a bid for a slurry seal over the entire street which will seal the cracks and provide longevity to the street. Total amount for slurry seal is \$30,000.

Mr. Lee requested the Board authorize him to execute a construction change order with Downing Construction for a not to exceed amount of \$100,163.31.

Director Cable informed Mr. Lee the current condition of the south side of the street is about an inch too low. He asked that Mr. Lee be certain the street is level prior to slurry seal.

Director Velto moved and Director Goss seconded to approve the change order with Downing Construction to include both paving and slurry seal for a total of \$100,163.31. Motion carried unanimously.

- B. **Financial Reporting** – Mr. Lee explained staff and selected Board members have been working with now the former AFC Chair, Mr. Sanchez, for over a year on the draft financial reports presented. A first draft was brought to the AFC earlier in the year. These presented have been updated following comments from the Committee. Next, staff will need to ensure the reports can be generated through SAWCo’s financial software company.

Director Goss thanked Mr. Sanchez for all his hard work in getting these reports revised and in front of the Board for approval. Mr. Sanchez emphasized these reports should allow for staff to be hands-off so that the reports are auditable. The point of having these reports is for better transparency and ease of understanding.

No action was needed. Staff will contact SAWCo’s financial software company about getting these reports generated through the software.

- C. **Reserve Fund Targets** – Mr. Lee advised SAWCo currently has four reserve funds with desired amounts based on recently approved policies. He stated the only action needed in the near future is

a transfer of funds from the Operating Reserve Fund into the Depreciation & Obsolescence Reserve account.

Director Thomas mentioned he was contacted by a local bank regarding SAWCo funds held in a certificate of deposit. A discussion followed about the reason for the CD and the possibility of moving the funds to a different banking institute.

Director Thomas asked that the transfer of funds from the Operating Reserve to the Depreciation & Obsolescence Reserves be added to the next AFC agenda.

- D. Buy Back Policy for Vacation and Sick Leave** – Mr. Lee reported this item was presented to the AFC at both the January and March meeting. They are recommending SAWCo allow for vacation pay buyback so long as the employee has used the equivalent amount of vacation hours during the calendar year with a minimum of 40 hours of vacation remaining on the books. Ms. Layton clarified that yes, 40 hours of vacation must remain on the books before allowing employees to cash in up to half the number vacation hours taken during the year. The buyback would take place once a year in November.

Mr. Lee stated that, regarding sick leave buyback, the recommendation is a 50% payout upon retirement. Mr. Sanchez commented the AFC did not want staff to use up all their sick leave once they have built up the equivalent of a workday. He felt that having the payout upon retirement encouraged staff to have additional sick hours on the books for emergencies.

Director Goss moved and Director Elliott seconded to approve the proposed vacation leave buyback and sick leave payout policy as presented. Motion carried unanimously.

- E. Salary Table Adjustment** – Mr. Lee advised this item is an annual look at the Consumer Price Index (CPI) as it relates to staff salary ranges. The percentage change from January 2020 to January 2021 indicate a 2.4% change. As such, Mr. Lee recommended the Board approve adjusting SAWCo's salary tables upward 2.4% based on the 2020 to 20201 change in the Riverside/San Bernardino/Ontario CPI for Urban Wage Earners and Clerical Workers.

Director Thomas clarified that approving the change in salary range does not automatically raise staff salaries, it simply changes the pay ranges. Should someone be at the base rate prior to a pay range adjustment they would be moved to the base rate after the adjustment. Any other changes in salary would be that of merit increases during staff member's annual review.

Director Parker moved and Director Goss seconded to approve the AFC recommendation to adjust SAWCo's salary tables upward 2.4% based on the 2020 to 20201 change in the Riverside/San Bernardino/Ontario CPI for Urban Wage Earners and Clerical Workers. Motion carried unanimously.

- F. Workers Compensation Insurance** – Director Thomas pointed out the various classes and their respective rates. He explained the increase in the payroll was higher in the higher rated class which contributes to the premium being up just over \$2,000, however, the net rate went down slightly. Director Thomas felt it to be a good proposal.

Director Goss recommended the item go out for a second bid. She cited the class increases of up to 55.5% as reason to seek additional bids.

Director Thomas stated the rate for the high rated class was lower than the previous year and the increases to the other classes are considered nominal.

The possibility of bringing the item to bid was discussed. It was determined the item should not go out to bid as the current quoted numbers are already available and would not be a fair bidding process.

Director Elliott moved and Director Velto seconded to approve the automatic renewal of the Workers' Compensation with Cal-Mutual JPRIMA The Zenith, a Fairfax Insurance Company for 5/1/2021 to 5/1/2022 at an annual premium of \$15,371. Motion carried unanimously.

- G. Honor Past Directors Gino Filippi and Jose' Sanchez** – Mr. Lee revealed custom personalized certificates to be presented to former Directors Gino Filippi and Jose' Sanchez.

Director Thomas suggested a presentation to the two former Director's at the June Board meeting as Mr. Sanchez will be in town and there is a strong possibility it will be the first in-person meeting in over a year.

- H. COVID Response** – Mr. Lee stated the plan is to open the office to the public beginning May 1st with modified hours and three staff members working in office. The number of staff working in office will increase to four by the end of May. Board and Committee meetings would also return to in-person in May.

There was discussion about an appropriate start date for in-person meetings and whether a hybrid format of in-person and GoToMeeting could be used.

The consensus was for staff to work with City of Upland staff to determine whether a hybrid format of in-person and virtual meeting is possible for May's Board meeting. If a hybrid format is unavailable, meetings will continue virtually for May and transition to in-person in June.

7. Closed Session: None

8. Director's Comments and Future Agenda Items: Director Thomas advised the next Board meeting is scheduled for Tuesday, May 18th at 5 p.m.

Adjournment:

With no further business to discuss the meeting was adjourned at 5:54 p.m.



Assistant Secretary
Brian Lee