

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES

February 28, 2012

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:03 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Tom Thomas, Dr. Fred Gattas, Glenn Bozar, and Sue Sundell. SAWCo's General Manager Charles Moorrees and Assistant Manager of Administration and Finance Teri Layton were also in attendance. Dr. Gattas presided.

1. Recognitions and Presentations: None.
2. Additions / Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Thomas moved and Ms. Sundell seconded to approve the meeting minutes of January 10, 2012 as presented. Motion carried.
5. Administrative and Financial Issues:

A. Asset Management – Mr. Moorrees passed out a spreadsheet with information on asset repair replacement costs for the committee to discuss. He stated that staff has been working on identifying the asset life of SAWCo's wells, reservoirs, boosters, and pipelines. Mr. Moorrees reviewed the spreadsheet figures with the committee.

Mr. Thomas inquired as to whether "well replacement" referred to rehabilitating a well or drilling a new well nearby. Mr. Moorrees clarifying that it meant drilling a new well.

B. Financial Plan – As a point of reference Mr. Moorrees pointed out that expenses decreased and revenues increased last year. On the revenue side, SAWCo has been able to sell additional water. On the expense side, SAWCo did not line the tunnel as budgeted and there was a credit assessment with Chino Basin Watermaster for the year.

Ms. Layton explained how staff calculated the figures for the Revenue and Expenditures Annual Projection on Current Rate spreadsheet.

Staff was directed to calculate the figures at 46, 47, and 48 cents for water consumption within entitlement and \$1.16, \$1.17, and \$1.18 for water consumption above entitlement. These figures are to be presented at subsequent committee meetings.

C. Cost of Living Adjustment – Mr. Moorrees reported that as suggested by the Committee last year, consideration of annual cost of living adjustments (COLA) would be determined by the Consumer Price Index (CPI) as calculated by the Bureau of Labor Statistics. Using the Bureau's 2010/2011 12-month change from December to December for both Urban Wage Earners and Clerical Workers provides for a more recent estimate of price change instead of using the annual average index as SAWCo resolved to use last year at this time. A 3.2% increase was shown when calculating the difference between the last two years.

Dr. Gattas presented figures he obtained that showed an increase of 2.2%. He felt that 2.4% was a reasonable adjustment.

There was some discrepancy in the months for the figures presented by Dr. Gattas and those that were included in the AFC packet. Mr. Thomas suggested a 2.5% salary adjustment and the committee agreed.

Mr. Thomas moved and Dr. Gattas seconded to a cost of living adjustment of 2.5% for staff's salary ranges. Motion carried.

D. *Water Rights Investigation Strategy* – Mr. Moorrees provided a brief chronology of the company's progress in addressing the water rights issue in Mt. Baldy. Staff was progressing steadily in meetings with the District Ranger & staff. Mr. Moorrees stated that most recently these open discussions came to a halt. With no desire at this time to engage in a lengthy legal battle with the USFS, staff discussed a different approach to the situation. Staff expressed a desire to address the committee for direction considering the proposed approach that to utilize a Public Relations firm to assist in surfacing the issue in a public light to garner public support. Dr. Gattas stated that SAWCo is paying legal fees already, why not get a legal opinion from general and special counsel. Mr. Moorrees stated that what was presented is part of the opinion of special counsel to consider rather than litigation with the USFS.

Mr. Thomas asked that a rough estimate on the costs and time line of engaging a public relations firm be presented at the next Board meeting to discuss this and other options in closed session.

E. *Email Billing* – Ms. Layton reported that staff sent out their most recent newsletter with a comment card inquiring as to whether customers would be interested in receiving their water bill via e-mail instead of having them mailed. Twenty cards were received back in which 12 customers responded yes and 8 customers responded no. The cost to implement the e-mail billing feature would cost SAWCo \$6,500. With such a small positive response to e-mail billing, staff decided not to implement the feature at this time. Ms. Layton wishes to look into a new billing software in the future and hopes that it might already include the option of e-mail billing.

F. *Personnel Update* – Mr. Moorrees reported that staff is looking at hiring a part-time general laborer. The possibility of the position becoming full time will be based on the performance of the individual hired.

The position allows the employee to work four days a week for a total of 32 hours. Holiday's and sick time will not be paid or acquired.

5. Closed Session: None.
6. Committee Comments and Future Agenda Items: None.

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Adjournment: The committee determined there was no further business and adjourned the meeting at 4:25 p.m.

Assistant Secretary
Charles Moorrees