

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

February 23, 2016

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:02 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Sue Sundell, Bob Cable, and Tom Thomas. Also in attendance were Justin Scott-Coe of Monte Vista Water District (MVWD), SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, and Administrative Specialist Kelly Mitchell. Ms. Sundell 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 Mr. Cable seconded to approve the meeting minutes of October 27, 2015 as presented. Motion carried.

Mr. Glenn Bozar entered the meeting at 3:03 p.m.

5. Administrative and Financial Issues:

- A. ***Employee Recognition Policy Amendment*** – Ms. Layton reported on the 2007 Board approved program for recognition of employee anniversaries. In 2014 this program was slightly altered to follow the IRS ruling regarding De Minimus fringe benefits. At that time it was discussed with the AFC that the current plaques and glass engraved sculptures were expensive and were not as well received as hoped. Mr. Bozar advised the AFC at that time that the company he worked for utilized Gifts-to-Give. Management reviewed the catalog rewards system Gifts-to-Give provides with SAWCo employees. Some employees wanted no change and others like the new rewards system. Management suggested giving each employee a choice at the time of recognition. Staff was in favor of this approach.

Ms. Layton then reviewed the anniversary program with the proposed changes underlined. Mr. Thomas suggested altering the 25 year anniversary to include a plaque, instead of a glass engraved sculpture, and a choice from the Emerald portion of the Gifts-to-Give catalog. Ms. Layton questioned whether the AFC wished to alter the 30 year anniversary gift as well to allow for a glass engraved sculpture and a choice from the Emerald catalog. The committee agreed with the suggestion.

Mr. Bozar inquired about anniversary recognition past year 30. Ms. Layton advised anniversary recognition past 30 years is decided at the pleasure of the Board. She stated SAWCo has an employee reaching 40 years of employment in 2016 and asked for recommendations on how to recognize the anniversary. Ms. Layton suggested a day off coupon, a luncheon, \$400.00 in the employee's paycheck and a personalized gift basket.

Ms. Layton advised the committee of Gifts-to-Give options to customize the gifts and the ability to only order one item without penalty. Ms. Layton then asked the AFC to recommend the Board approve amending the employee recognition rewards program to include a choice between the designated plaque, certificate, or glass engraved sculpture and

the designated reward catalog as well as the proposed anniversary reward for 40 years of service.

Mr. Bozar moved and Mr. Cable seconded to recommend the Board approve amending the employee recognition rewards program to include a choice between the designated plaque, certificate, or glass engraved sculpture and the designated reward catalog for 25 and 30 years of service as well as the proposed anniversary reward for Scott Weiland's 40 years of service. Motion carried.

**B. *Request for Water Rate and Fee Analysis*** – Mr. Moorrees stated that during the Board Budget Workshop in December 2015 it was identified that SAWCo needs to conduct a rate analysis for a proposed increase in current rates and/or a shareholder assessment due to a budget deficit. A decrease in water supply and deliveries accentuates the fact that SAWCo's fixed revenues do not cover fixed expenses and that a portion of the commodity rate subsidizes the Water Company's expenses.

Mr. Moorrees asked the committee to consider an assessment to finance the deficit prior to the preparation of a rate a fee analysis or whether the committee wished to recommend a monthly credit or issue a refund to the City of Upland for the \$494,494 owed. Also in question was whether or not the committee agreed with staff to seek proposals from qualified consultants to perform a rate and fee study with a subsequent budget appropriation within the costs of the consultant's proposal.

Mr. Thomas felt that if SAWCo is doing a rate study they shouldn't impose an assessment.

Mr. Cable stressed the need for a balance budget. He stated the shareholders in the Heights would most likely not have a problem with an assessment, however, they make up only 10% of the shareholdings in the company.

Mr. Bozar felt the committee needed to know what all the options are in the short term and long term.

Mr. Scott-Coe stated MVWD would be open to analysis that shows where expenses come from and how they equitably determine the rates charged. He acknowledged the uniqueness of SAWCo having many different types of shareholders with many different delivery methods.

The committee discussed the different options and possible scenarios to consider in altering the rate structure and fees.

Mr. Moorrees asked the committee to recommend a rate study and include assessments in the study.

Mr. Thomas moved and Mr. Bozar seconded to recommend the Board approve a rate study that includes the consideration of assessments. Motion carried.

Mr. Moorrees will initiate contact with the firms for the rate study.

6. Closed Session: None.

7. Committee Comments and Future Agenda Items: None.

February 23, 2016

Adjournment: The committee determined there was no further business and adjourned the meeting at 3:45 p.m.

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Assistant Secretary  
Charles Moorrees