

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

February 24, 2015

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:05 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Bob Cable, Glenn Bozar and Tom Thomas. Also in attendance were Gina Calderon and Allan Crecelius from Reward Strategy Group (RSG), SAWCo's General Manager Charles Moorrees and Office Assistant Kelly Mitchell. Mr. Cable presided.

1. Recognitions and Presentations: Mr. Moorrees introduced Ms. Gina Calderon and Mr. Allan Crecelius from RSG, SAWCo's consultant for the Classification and Compensation Study.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Bozar moved and Mr. Cable seconded to approve the meeting minutes of November 13, 2014 as presented. Motion carried.

Mr. Tom Thomas entered the meeting at 3:10 p.m.

5. Administrative and Financial Issues:

- A. ***Classification and Compensation Study*** – Mr. Crecelius gave a brief history about RSG and described how they gathered the appropriate information and analyzed it to give the recommendations provided in the study.

RSG utilized 13 organizations that were representative of the market place. Two of three mutual water companies provided data. No questionnaires were sent out; consultants visited the companies to interview staff. Not every position at SAWCo had a comparable position at the other organizations but the positions that did have matches as noted in the study.

Mr. Bozar inquired about the size, scope and service of the comparable agencies. Without this information he felt the comparisons were based on job title. Mr. Crecelius assured the committee that RSG compared job duties and skills not job titles within the comparable companies. He stated that SAWCo has to figure out what they want to pay, what they need to pay and what they can afford to pay for the positions in the company.

Mr. Thomas inquired if any of the comparable entities participated in CalPERS. Ms. Calderon with RSG replied only two of the companies did not participate in CalPERS.

Mr. Crecelius reviewed the Salary Survey Report & Recommendations prepared by RSG with the committee. He advised he would send a brief scope data for all of the comparable companies in the survey as well as a table that shows where SAWCo staff falls within the recommended ranges.

Mr. Moorrees reviewed the job descriptions with updates and suggested title changes.

Mr. Bozar requested the general manager provide a spreadsheet detailing the current salary range for each position in the company along with RSG's proposed salary range, as a side

by side comparison. RSG will provide the additional data requested to the general manager within a week.

There was consensus on the committee to meet once more to review the additional data and decide whether or not to recommend to the Board for adoption.

Mr. Crecelius and Ms. Calderon exited the meeting at 4:20 p.m.

- B. ***Amend Employee Handbook*** – Mr. Moorrees reported that SAWCo is proposing an update of its Employee Handbook to remove some restrictions on the use of available leave and to add a category for Reduced Schedule Leave to permit a reduction in weekly work hours for personal health issues.

SAWCo's current Employee Handbook was adopted in January 2008. When describing an employee's use of sick leave it specifies an employee can use sick leave for immediate family members who reside in the employee's home. Staff recommends replacing the existing language in the Employee Handbook with the following:

Sick leave will be granted upon the oral or written request of an employee for themselves or a family member for the diagnosis, care or treatment of an existing health condition or preventive care, or specified purposes for an employee who is a victim of domestic violence, sexual assault, or stalking. Family member is defined as the employee's child (including biological, foster or adopted child, stepchild, legal ward, child of a registered domestic partner or child of a person standing in loco parentis), spouse, parent (including biological, foster or adoptive parent, stepparent or legal guardian), registered domestic partner, grandparent, grandchild, and sibling (including stepfamily). The employee may use all of the paid time off they have available.

Although SAWCo does not have to comply with the Family Medical Leave Act (FMLA), the above language is consistent with its provisions.

Mr. Moorrees also informed the Board that beginning July 1, 2015 California employers must provide employees with one hour of paid sick leave for every 30 hours worked. SAWCo's current policy does not include sick leave for part time employees. The recommended change in policy for adopting sick leave accrual for part time employees is as follows:

Amend the employee handbook to provide sick leave for part time employees in accordance with the new sick leave law and modify the Division of Labor Standards Enforcement (DLSE) posting template to reflect the Company's sick leave provisions.

Mr. Moorrees also discussed with the committee the possibility of a Reduced Work Schedule for an employee. SAWCo's labor attorney recommended determining an employee's need for a reduced work schedule on a case by case basis rather than approve a specific policy for it. Employees not working 40 hours a week are classified as part-time and will accrue vacation on a pro rata basis.

There was consensus on the committee to recommend the Board approve the amendments to the Employee Handbook as presented and to accommodate a reduced work schedule for employees on a case by case basis with vacation accrual calculated on a pro rata basis.

- C. *Proposed Assessments and Rates*** – Mr. Moorrees advised that this agenda item was brought up to open dialogue on the topics. Mr. Bozar expressed concerns about the methodology used to determine any rate changes.

Ms. Mitchell exited the meeting at 4:32 p.m.

The committee requested data on current revenue to better determine whether or not assessments and/or rate changes are needed. Mr. Moorrees advised he would like to wait until mid-year budget review to get a better idea of what the deficit will be.

The committee continued to discuss the options with regards to assessments and rate adjustments. The topic will be revisited during the mid-year budget review in August.

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

Adjournment: The committee determined there was no further business and adjourned the meeting at 4:45 p.m.

Assistant Secretary
Charles Moorrees