

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

May 31, 2011

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 Dr. Fred Gattas, Sue Sundell, Glenn Bozar, and Tom Thomas. SAWCo's General Manager Charles Moorrees and Assistant Manager of Finance and Administration Teri Layton were also in attendance. Dr. Gattas presided.

1. Recognitions and Presentations: None.
2. Additions / Deletions to the Agenda: Dr. Gattas requested that Item 5D and Item 5E be moved to after Item 6B.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes – Dr. Gattas moved and Ms. Sundell seconded to approve the meeting minutes of March 29, 2011. Motion carried.
5. Administrative and Financial Issues:

A. Proposed Project Development in CY2011 – Mr. Moorrees reported on projects for consideration. He stated that the Planning, Resources, and Operations Committee (PROC) approved as presented and is now presented to the AFC for budget appropriation to plan and design for they are not currently budgeted for in the current year.

Mr. Moorrees went on to explain the following projects to the committee for planning and design:

1. Pipeline installation for Chino Basin recharge in the amount of \$50,000,
2. Frankish & Stamm Tunnel Pipeline to connect to Company's irrigation system in the amount of \$50,000,
3. Pipeline installation and connection to Water Facilities Authority (WFA) in the amount of \$50,000,

Mr. Moorrees recommended the AFC approve a Capital Improvement Budget to plan and design the aforementioned projects.

Dr. Gattas moved and Mr. Bozar seconded to approve the general managers recommendation. Motion carried.

B. Citizens Patrol Request for Contribution – Mr. Moorrees reported that SAWCo received a request from the Citizens Patrol for a donation of funds. In the past, the Water Company made contributions annually to the Citizen's Patrol ranging from \$500 to \$750, and last year \$1,000 as authorized by the Board.

Mr. Moorrees recommended the AFC makes a recommendation of contribution to the Citizen's Patrol for Board approval.

Dr. Gattas requested quarterly incident reports from the Citizens Patrol. Ms. Layton stated that up until recently, SAWCo was receiving quarterly incidents reports. She would check with the individual responsible for sending the reports.

Dr. Gattas moved and Ms. Sundell seconded to recommend to the Board the same contribution to Citizens Patrol as was given the previous year. Motion carried.

C. *History Documentation (2nd Draft)* – Ms. Layton stated this is the second draft of the History Documentation (1945-2010) since the Board approved the continuation of writing the Company's history.

Mr. Thomas stated that he found errors with the list of the directors on the Board as to how long and when they served. Ms. Layton replied that staff will review for accuracy and make necessary corrections.

Ms. Layton reported that at the last AFC meeting the committee reviewed the document and commented on the appendixes. Management also had some key points they wanted addressed in the history documentation. Ms. Layton pointed out changes on page HS-5 and HS-8.

Ms. Layton recommended the committee review and provide feedback on the form and content of the draft of the History Documentation for final Board approval to receive and file. Additionally staff did not carry over a budget from the previous year and recommend a budget appropriation of \$14,000 for completion of this report.

Dr. Gattas moved and Mr. Bozar seconded to make a tentative approval to recommend the Board receive and file the History Documentation pending the corrections. Motion carried.

6. Status report on Staff & Committee items:

A. *Conservation Update* – Ms. Layton reported on May 21st, Upland Home Depot hosted a drought tolerant plant sale in their parking lot. There are a series of these plant sales going on regionally through June 25, 2011.

The Garden in Every School Program has seen fewer schools utilizing the program due to resources or volunteers to keep the garden going. The schools are waiting for Metropolitan Water District (MWD) approval and start time for the school year starting in September.

The Regional Residential Outdoor Landscape Surveys and Retrofit Program have contracted Valley Soils to conduct landscape irrigation audits and provide results to the customer.

Contractor will replace existing controller with a WBIC (Weather Based Irrigation Controller) and replace pop-up spray heads with rotating nozzles at no charge to the customer. Contractor will properly program all controllers and instruct customers on how to use the controller. Contractor will also follow up with customers 2 times in the future.

A list of top users was provided to Valley Soils to contact to make appointments. As of 5/17/11, nine SAWCo customers have had installations completed and there are five customers on the waiting list. Program funds have been depleted and this program is on hold until further notice. Possibly restarting July 1st and will be open to all customers.

In house, SAWCo provides free water audits for its customers. Six audits were performed by Waterwise Consulting last year but no water audits have been performed this year. Also, Chino Basin Water Conservation District (CBWCD) performs water audits for free for SAWCo. Four audits were performed last year but again none have been performed this year.

B. SB 918 to Add Section 301.9 to the Corporations Code – Mr. Moorrees reported on Senate Bill SB 918. This bill requires a four year term limit for board of directors. This may cause SAWCo to incorporate staggered terms.

Dr. Gattas inquired if SAWCo was required to follow the bill if it was in fact passed. Mr. Moorrees advised that SAWCo would be required to follow it.

At 3:55 p.m. the General Manager and Assistant Manager were asked to leave the meeting. They returned to the meeting at 5:00 p.m.

5. Administrative and Financial Issues:

D. 401(K) Benefit Plan – Dr. Gattas informed staff that on Mr. Brandt's and his comments that were presented to the Board on April 19, 2011 that he would like to strike the second sentence of #1 that read "salary" is base salary devoid of perks, overtime, benefits, allowances, etc." since this is not the current practice. The comments presented on April 19, 2011 were as follows:

1. SAWCo (after appropriate yrs of service) will pay 7 ½ % of the employee's salary towards their pension fund and employees pay a minimum of 1 ½ of their salary towards their retirement fund. "Salary" is base salary devoid of perks, overtime, benefits, allowances, etc. Employees may contribute any added funds they may desire.
2. SAWCo's obligation is limited only to the amounts accrued during the employment of the employees. Once retired or terminated and the amounts due employees from the retirement account are distributed, there is then no further financial obligation or benefits due any employee.
3. The SAWCo Board has the authority to alter any of the provisions of the 401K plan as deemed necessary in the future.
4. The AFC has recommended a 1.2% salary increase for the forthcoming year.
5. The "Annual Salary Load" statement shall be provided once yearly so that directors will be aware of amounts spend re: salary, benefits, allowances, etc. before expenditures are made. The need for transparency is necessary for all public and quasi-public agencies as noted in recent media exposures.
6. Although the amounts spent for medical, dental, visual, death benefits, etc. are listed, the coverage is not noted. What are the payments for each coverage, any copayments, any caps on coverage, any limitations? Full disclosure on these benefits should be known prior to the directors signing off on this plan.
7. All other provisions of the plan to date will remain as submitted, unless altered by the Board.

E. Employee Benefit Review – Mr. Thomas informed staff that there will be no changes made to the existing 401(K) plan benefit; however, the AFC wants to review the employee compensation and benefits and compare them with the surrounding agencies. The AFC will meet monthly until this issue is settled and the committee is satisfied.

7. Closed Session: None.
8. Committee Comments and Future Agenda Items:
9. Adjournment: - The committee determined there was no further business and adjourned the meeting at 5:15 p.m.

Assistant Secretary
Charles Moorrees