

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

September 21, 2011

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 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, and Sue Sundell. SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, and Accounting Clerk Roberta Thomas were also in attendance. Dr. Gattas presided.

1. Recognitions and Presentations: Mr. Moorrees introduced staff member Roberta Thomas to address specific questions regarding item 5B.
2. Additions / Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes – Ms. Sundell moved and Mr. Thomas seconded to approve the meeting minutes of July 20, 2011. Motion carried.
5. Administrative and Financial Issues:
 - A. ***Tolle Nursery*** – Mr. Moorrees stated that this is a renewal request of the ground lease agreement with Tolle Nursery. Tolle Nurseries currently leases two of the Company's properties for temporary staging for nursery operations as previously approved by the Board. These ground leases expire annually at the end of October. Per the agreement, Tolle Nursery pays a rate of \$2,506.66 for use at 17th & Benson and \$2,500 for use at 20th Street & Campus Avenue for a total of \$5,006.66 annually.

Mr. Moorrees recommended the Advisory Committee recommend the Board approve to extend the Ground Lease for Tolle Nursery Co., Inc for another term of 12 months beginning October 1, 2011 through September 30, 2012.

Dr. Gattas questioned the water connection for the nursery. Mr. Moorrees stated Tolle Nursery is connected to the City of Upland water at both locations.

Mr. Thomas moved and Ms. Sundell seconded to recommend the Board approve the renewal of the license agreement with Tolle Nursery. Motion carried.

- B. ***Automatic Bill Pay Option*** – Mr. Moorrees stated that SAWCo is continuously looking for ways to improve its customer service with regards to billing and payment options. As an example, implementation of phone call reminders dramatically reduced the number of customers on the water shut off list and many customers are aware and use the on-line payment method currently available. This feature presented today is in response to those that have expressed their preference in having their payment automatically taken from their checking/savings account.

Dr. Gattas asked that staff inquire with Schwab Bank as to whether or not they charge any fees to directly withdraw funds from a customer's account. Mr. Thomas requested

staff look into multiple banks for the same reason. If lower fees are found, perhaps Citizen's Business Bank would be willing to lower their per transaction fee of 15 cents.

Dr. Gattas moved and Mr. Thomas seconded to approve the initiation of the Automatic Bill Pay Option for bill payment. Motion carried.

- C. *Legislative Monitoring and Advocacy Services*** – Mr. Moorrees reported that on August 20, 2011, staff presented a proposal from Nossaman to monitor State legislation activity at the rate of \$2,000 per month, ten months per year. The Board referred this item to the AFC to discuss and consider other options or alternatives in meeting this request by soliciting other similar water agencies that may wish to participate and/or share the cost or network.

Staff has been able to connect with three Mutual Water Companies, Riverside Highland, Muscoy and Marygold Mutual that are interested in developing a “network” to communicate and develop a united stance on legislative issues of interest, as well as to defray some of the cost for engaging a lobbyist in Sacramento.

Dr. Gattas inquired as to whether there was a legislator that SAWCo had enough rapport with that could notify them when a bill came up that affected them. Ms. Sundell felt it was not a high priority for legislators to do this but if someone was paid to do it SAWCo would have right to demand the information. Mr. Thomas agreed but also felt that \$2,000/month was an excessive fee.

Dr. Gattas suggested that when speaking to the other water agencies that are interested in partnering with SAWCo, suggest a one year trial period. After the trial period, decide whether or not it is worth the fees incurred.

Ms. Sundell stated that she believed there was an organization that monitors all legislation and sends out reports on them. Mr. Moorrees stated that California Rural Water Association (CRWA) did report on AB 54. However, they only discussed it at their Board meeting and did not advise members of it.

Various other entities that could provide assistance or alert SAWCo to new legislation were discussed.

Dr. Gattas felt that SAWCo should not solely consider the proposal from Nossaman but that they should also look into what other water companies can do in conjunction with SAWCo's interest. Mr. Thomas pointed out that a decision does not have to be made until the end of the year.

- D. *Finance Plan and Water Rate Study*** – Mr. Moorrees stated that SAWCo is looking at their rates to see if revenues meet expenses as well as their current rates and fees schedule to determine and/or justify their methodology. It is difficult to determine the methodology on the current meter rates. Mr. Moorrees generated a methodology based on flow rate. Figures were provided for each meter size.

Mr. Thomas expressed his confusion on why the meter rates needed to be changed.

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Dr. Gattas felt that there are other factors that come into play than just flow rate. Mr. Moorrees stated that when he spoke with other agencies they acknowledged using flow rate for determining meter rates.

Mr. Thomas felt there wasn't a problem with the meter rates. He stated that customers seemed content with the connection rate and recommended SAWCo focus on the commodity rate.

Mr. Moorrees reviewed the hand out with information on the actual cost per acre-foot for water delivered. The figures covered 2007 thru present. He explained how SAWCo is delivering water at below cost rates. Discussion followed about ways to deliver water at cost.

The committee asked that a compilation of the data from the last five years with a breakeven amount and e-mail it to the committee.

E. Mid-Year Budget Review – No discussion. Present to the Board.

6. Closed Session: General Manager's Performance Review [subdivision 9b) of Section 54957, CGC].

Closed session ran from 4:15 p.m. to 4:44 p.m. with a recommendation to take the issue to the next Board meeting as a closed session.

7. Committee Comments and Future Agenda Items: Dr. Gattas requested the contact information for SAWCo's insurance consultant to advise her of what he wishes her to bring to the next AFC meeting.
8. Adjournment: - The committee determined there was no further business and adjourned the meeting at 4:45 p.m.

Assistant Secretary
Charles Moorrees