

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

August 22, 2017

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:01 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 SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Ms. Sundell presided.

1. Recognitions and Presentations: Mr. Moorrees introduced Phana Phang with MGR Real Estate and Rancho Cucamonga property owner John Wasson.
2. Additions-Deletions to the Agenda: Mr. Moorrees corrected Item 5B which should read Stock Auction 2018 and added Item 5E Stock Balancing to the agenda.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Thomas moved and Mr. Cable seconded to approve the meeting minutes of June 27, 2017 as presented. Motion carried.
5. Administrative and Financial Issues:
 - A. ***Proposed Purchase of SAWCo's Well 14 Site*** – Mr. Moorrees stated the property of interest was the site of SAWCo's Well 14 which was destroyed over 17 years ago. The property is landlocked and surrounded on three sides by private residences. The lot measures 65' x 75' for a total of 4,875 square feet. Access to the site is via an easement on the adjacent property to the west located on Carol Avenue. There are no plans to drill a replacement well on this site.

Mr. Phang previously submitted an offer from his client, Mr. Wasson, to buy the property for \$19,500. This amount equates to \$4 per square foot (sq. ft.) of land. Mr. Phang stated the price for buildable land usually rests between \$6 and \$7/sq. ft.

Mr. Cable requested a list of comparables be submitted.

Mr. Thomas questioned whether the well was plugged. Mr. Moorrees responded that it was sealed in accordance with the California Department of Health Service standards at the time. Mr. Moorrees stated the water company broke up the concrete on the surface. He also mentioned the easement to the property would need to be quitclaimed at the expense of the purchaser.

Mr. Wasson inquired as to whether or not there was a Southern California Edison (SCE) easement on the property as well. Mr. Moorrees was uncertain whether or not SCE has an easement.

Mr. Thomas advised Mr. Phang to put together a broker's opinion. Mr. Phang agreed to do so. Mr. Moorrees advised he would need to receive the opinion by September 13th in order to take the item to the Board.

Mr. Cable moved and Mr. Thomas seconded to recommend the Board review the broker's opinion and comparables and determine whether or not to sell the property. Motion carried.

- B. Stock Auction 2018** – Ms. Layton gave a brief history on SAWCo’s stock auctions which are performed because of bad debt on company shares. Recently, the Board approved a water availability charge on all shareholdings in the company. With several shares not being utilized for water service, known as dormant shares, there will most likely be more shares with bad debt.

Ms. Layton provided a timeline for each process involved in the two upcoming stock auctions.

This was an information only item.

- C. Customer Leak Detection Program Amendment** – Mr. Moorrees explained that the current Customer Leak Detection Program has SAWCo paying for the first half hour of leak detection on a customer’s property for a total of \$85. Staff would like to amend the program to allow for SAWCo to pay for the leak detection regardless of the time it takes to find the leak.

Mr. Cable moved and Mr. Thomas seconded to recommend the Board approve amending the Customer Leak Detection Program to cover all costs for leak detection as presented. Motion carried.

- D. CY2017 Mid-Year Budget Review** – Ms. Layton reviewed the mid-year budget for 2017. Due to municipal supplemental charges, the rate adjustment, and the addition of the water availability charge SAWCo is projected to have a positive budget by year’s end.

The recent Water Master Plan project reflects a \$2.9 million dollar high priority project budget. Though the projected positive budget does not allow for all of these high priority projects to be completed it will allow for much needed repairs and upgrades to facilities.

- E. Stock Balancing** – Ms. Layton described the process SAWCo previously used to record water stock transfers. The previous procedure allowed for more human error than the current process which utilizes a stock database. It was during the process of converting SAWCo’s shareholder list into the new stock database that staff was made aware they were out of balance. After a physical audit of shares was completed, staff found a ¼ share of stock that was cancelled out but never transferred.

Mr. Cable suggested reactivating the cancelled ¼ share and begin charging the water availability charge as is done with other dormant water stock.

After further discussion, the committee agreed the item should be brought to the attorney for his professional opinion on whether to generate ¼ share for sale by SAWCo or reactivate the cancelled ¼ share.

6. Closed Session: None.

7. Committee Comments and Future Agenda Items: Ms. Layton advised she has been appointed the Chino Basin Watermaster Appropriate Pool Vice Chairperson.

Adjournment: The committee determined there was no further business and adjourned the meeting at 3:51 p.m.

Assistant Secretary
Charles Moorrees