

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

September 24, 2013

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, Glenn Bozar, and Tom Thomas. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, Accounting Clerk Roberta Thomas and Office Assistant 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. Bozar moved and Mr. Cable seconded to approve the meeting minutes of July 30, 2013 as presented. Motion carried.
5. Administrative and Financial Issues:
 - A. ***New Billing and Accounting Software [PowerPoint Presentation]*** – Ms. Roberta Thomas, SAWCo's Accounting Clerk, gave a PowerPoint Presentation on Billing and Accounting Software from Tyler Technologies. Ms. Thomas detailed SAWCo's current separate billing and accounting software systems and the issues staff faces in utilizing them. Those issues include SAWCo's current provider (Harris) moving to a dotnet program at a cost of \$25,000 to upgrade, lack of knowledge with support staff on SAWCo's current program as they are phasing the program out, poor reporting capabilities and the inability to hold customer history. The accounting software (Microsoft Dynamics SL) SAWCo uses is not directly linked to the billing software causing staff to manually incorporate the utility billing through journal entries and a transfer process. There is again lack of knowledge with support staff for the accounting software. Reporting capabilities are limited and do not allow for custom reports. The asset management program (FAS) SAWCo uses has been utilized since the 1990's and is a separate program with a separate support charge. SAWCo currently pays three different support fees; combining the billing, accounting and asset management programs would consolidate and possibly reduce support fees.

Ms. Thomas originally contacted eight companies, three of which were not able to handle shares and entitlements. She then presented information and a cost comparison on the remaining companies that integrate both billing and accounting software (or compatibility to most accounting software) and can handle SAWCo's share and entitlement requirements.

Ms. Thomas recommended using Tyler Technologies Incode product for SAWCo's billing and accounting software. She explained that Incode is a fully integrated software, is designed for utility agencies and public sector, has excellent references, allows for improved accuracy and reduced administrative costs and time. Tyler Technologies also has an Evergreen Program, included in the annual maintenance, which allows all future upgrades and enhancements to the program to be obtained at no cost. It allows for customers to view bills, review consumption history and make payments online with no

third party involved. SAWCo currently uses an outside company to allow online payments. SAWCo staff will have that ability to view paystubs, pay history, reprint W-2's, and utilize online timecards instead of the current paper method. An online forum is also available so that all Tyler Technologies users can communicate with each other. Data recovery and data hosting services are also offered. A fixed asset and inventory control program is also included with the software.

Mr. Thomas questioned whether SAWCo's hardware was able to accommodate the new program. Ms. Layton answered that SAWCo will probably need to upgrade their system.

Ms. Sundell inquired about the training for staff on the new program. Ms. Thomas replied Tyler Technologies will train on-site. Training is included in the package being considered, however, travel expenses were not included. Ms. Thomas will get an estimate for travel costs.

Mr. Bozar asked if staff had visited any of the agencies that are currently using the Tyler Technologies Incode product. Ms. Thomas informed the committee that Helendale Community Services District invited staff to visit, view the product and ask any questions related to it. Mr. Bozar recommended finding out what their learning curve was and whether or not there are test modules that SAWCo can utilize. Ms. Thomas stated Tyler Technologies will create a test file before implementation for staff to use and review.

Mr. Bozar also questioned what would be done and who would be responsible for the accuracy of the data being converted. Ms. Layton responded that in the past SAWCo had separate software with the previous data still on it for reference and eventual phase out. The same can be done during the conversion to Tyler Technologies.

Mr. Cable moved and Mr. Bozar seconded to bring the presentation given by Ms. Thomas with the addition of estimated travel costs and implementation details to the Board for approval. Motion carried.

- D. Conservation Program Update** – Ms. Thomas spoke about recent rebates SAWCo has been offering. The most recently added rebate is through Metropolitan Water District (MWD) for a high efficiency toilet (1.28 gallon) in the amount of \$100. Inland Empire Utilities Agency (IEUA) is contributing half the amount for the rebate.

Recently, the wholesale agencies met to discuss ways to comply with the Best Management Practices (BMP's) required by the California Urban Water Council and set forth in the Urban Water Management Plan. One of those BMP's is to provide financial incentives. SAWCo attempted a \$25 rebate for customers that purchased a 0.8 gallon high efficiency toilet but had no success as the type of toilet was difficult to find. Funds are still available for incentives.

Ms. Layton stated that the Board has approved \$3,000 to assist the wholesale agencies. SAWCo wanted to offer the same incentives to their customers. When the \$25 rebate for the 0.8 gallon high efficiency toilet program proved unsuccessful, SAWCo decided to put a postcard in their newsletter that customers can send in to win a 0.8 gallon high efficiency toilet with installation.

Mr. Moorrees commented that it was difficult to develop SAWCo's Urban Water Management Plan with the existing boiler plate template. The designation of wholesaler

fit SAWCo since less than 10% of its water is delivered to domestic customers. SAWCo spends money on water conservation incentives and feels this program is a better way of providing that incentive in a way that is measurable.

Ms. Thomas informed the committee that Bottomline is a company that SAWCo, thru IEUA, has worked with in the past installing 1.28 gallon toilets. With this new program, Bottomline will remove the customer's old toilet and install the 0.8 gallon toilet for the winners.

Mr. Moorrees inquired if the committee wished to receive updates on SAWCo's conservation incentives. There was consensus on the Committee to receive periodic updates on the conservation incentives SAWCo offers.

- B. ***Designation of Excess Funds*** – Mr. Moorrees reminded the Committee that previously the Board had approved the resolution establishing the Depreciation and Obsolescence Reserve Fund. The intent of the Fund was to have all excess funds transferred into it. All reserve funds have been transferred into the Fund but other accounts such as savings accounts have not. A Mutual Water Company that has accounts labeled as savings runs the risk of having to disperse the monies in savings accounts back to the shareholders.

Mr. Moorrees explained that SAWCo has more than \$1 million in their Money Market Account designated as savings, \$20,000 in a Certificate of Deposit (CD) for their San Bernardino County Permit, and \$1.1 million in their Local Agency Investment Fund (LAIF) account designated as savings.

Ms. Layton explained that the resolution for the Depreciation and Obsolescence eliminated all the reserve accounts. However, legal counsel has advised that all excess monies should be stored in the Depreciation and Obsolescence Reserve Fund.

Mr. Moorrees recommended the Committee make recommendation to the Board to eliminate the savings designation and transfer those funds into the Depreciation and Obsolescence Reserve Fund while maintaining a minimum balance of \$500,000 in the Money Market Account for meeting monthly expenses.

Mr. Bozar moved and Mr. Cable seconded to approve the managers recommendation. Motion carried.

- C. ***Company History and Facility Video*** – Ms. Sundell was uncertain if this project should be a product of this committee. She felt that any interested Board member should be allowed the opportunity to participate. Mr. Moorrees agreed and requested the contact information for Chaffey Community College so that he could set up a meeting between the Chaffey video production department head and any interested Board members. Ms. Sundell stated she would email Mr. Moorrees the contact information requested.

Mr. Thomas asked if this would be an ad hoc committee and if they should limit the number of members to three because of the Brown Act. Mr. Moorrees replied that he would inquire with legal counsel on legalities with regards to the Brown Act and the proposed ad hoc committee.

- E. ***Mid-Year Budget Review*** – Mr. Moorrees went over the notable portions of the budget review. He noted that domestic water sales over the first six months were 40% of the

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annual entitlement. He explained that the majority of domestic usage is in the last half of the year. Unearned Income shows the figures for Municipalities which is based on service agreements with SAWCo. Those accounts are reconciled at the end of the year. Water Sales from Stored Groundwater were budgeted at selling 1,000 acre feet (AF) however, SAWCo sold 2,000AF to date producing a positive budget variance from the Gain of Stored Assets. Also, SAWCo sold the pipeline casing in San Antonio Avenue to the City of Ontario. SAWCo also received non shareholder revenue from the Sprint Lease Agreement and Tolle Nursery Lease Agreement.

Under Expenses; Mr. Moorrees pointed out new line item 19A for SAWCo administering the 401k retirement plan. Line item 25 shows an increased amount which is attributed to higher printing costs, Public Notices and payroll. Currently, SAWCo is \$175,362 under budget for General and Administrative costs.

Under Facilities - Operations and Maintenance; SAWCo increased their groundwater production which caused the costs to increase under Line item 34. Mr. Moorrees brought the attention of the committee to Line Item 38 and explained that there has been an increase in the number of line leaks over the first half of the year. Line item 51, Water Resource Management, has increased again due to utilizing wells for water production and associated basin assessments.

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

Adjournment: The committee determined there was no further business and adjourned the meeting at 4:10 p.m.

Assistant Secretary
Charles Moorrees