

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

October 28, 2014

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:09 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 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. Cable moved and Mr. Bozar seconded to approve the meeting minutes of August 26, 2014 as presented. Motion carried.
5. Administrative and Financial Issues:
 - A. ***Quitclaim Charges*** – Mr. Moorrees reminded the committee that a quitclaim was approved at the most recent Board meeting. At the committee level it was questioned whether or not the existing fees for quitclaims were enough to cover expenses as well as whether or not there was some value in the easement that is being relinquished.

Currently, SAWCo charges \$200 per acre to quitclaim an easement. The most recent quitclaim approved by the Board totaled \$1,200. Legal counsel felt that \$1,500 would cover a majority of quitclaims and that additional cost for more complex quitclaims would be charged to the developer.

Mr. Moorrees stated that the fee policy can be revised to charge a flat rate of \$1,500 for quitclaims. Mr. Thomas suggested charging \$1,500 and if additional fees were incurred they would be the responsibility of the developer, person or persons requesting the quitclaim.

With respect to any real value in giving up easements, Mr. Moorrees explained that there is no real market value for an easement as it is only valuable to the developer or person wanting to utilize that piece of land. Legal counsel weighed in on this topic stating that capitalizing on perceived value of easements was more or less a policy issue.

It was the consensus of the committee to remain silent on assessing value on existing easements.

Ms. Layton stated that on occasion a letter of non-interference for easements is requested rather than a quitclaim. Mr. Thomas stated that on another occasion SAWCo narrowed and changed the easement and the developer paid the cost to relocate a pipeline.

The committee felt that quitclaim of easements should be taken on a case by case basis. Currently, legal counsel reviews all quitclaims to ensure there are no water rights or property rights issues associated with the quitclaims. The legal costs are included in the

quitclaim fees. The recent quitclaim approved by the Board incurred \$839.50 in legal fees while the company received \$1,200 in approved fees.

There was consensus on the committee to recommend the Board change the fee schedule for quitclaims to charging a minimum fee of \$1,500 per quitclaim plus any additional costs on a case by case basis.

- B. Amend Employee Reward Program** – Mr. Moorrees stated that when staff honored Mr. Chad Herron for his 25th Anniversary with SAWCo they realized that the current rewards program was not in line with the Internal Revenue Service (IRS) ruling regarding De Minimus fringe benefits. Therefore staff recommends revising the current employee recognition rewards program to be compliant with the IRS ruling.

In addition, Mr. Moorrees reviewed the current procedure for employee recognition rewards and pointed out that plaques and glass engraved sculptures are expensive and quite possibly not as well received as hoped.

Ms. Layton stated staff was considering changing those items to be up to the manager's discretion up to a certain dollar amount. Another alternative was a list of items that the employee would be allowed to choose from.

Mr. Thomas commented that there are companies that provide a point system whereby points are given to employees dependent upon years of service. The employee is then allowed to pick an item from a gift book or online that is equal to the amount of points they have received.

Mr. Bozar receives something similar at the company he works for. Employees are allowed to pick from a group of items in a catalog or online that are determined by points earned relative to years of service. Ms. Layton requested the name of the company that provides this service to Mr. Bozar's employer. Mr. Bozar will gather the information for Ms. Layton and it will be presented at the next AFC meeting. In the meantime staff will research this option further for the committee's recommendation.

- C. Classification and Compensation Study Update** – Mr. Moorrees responded to questions asked by the committee about the Classification and Compensation Study. The committee had inquired as to why Golden State Water Company was not included on the list of companies to compare. Mr. Moorrees explained that even though Golden State Water company is a private water company reporting to the Public Utilities Commission they are a for profit company which SAWCo is not.

The committee had also asked if Water Facilities Authority (WFA) could be included as a comparison company. Mr. Moorrees indicated that the WFA could be included; however, Rewards Strategy Group (RSG) the consulting group performing the Classification and Compensation Study advised that the WFA is a joint powers authority, a public agency that treats and supplies water on a wholesale basis. WFA does not provide retail service and Inland Empire Utilities Agency (IEUA) does a significant amount of their water supply planning and management work. RSG believes that the jobs would not be comparable.

RSG is scheduled to have the results of the Study available in the first couple of weeks in December. Mr. Moorrees will attempt to have the information ready to present at the Budget Workshop in December.

- D. 2015 Calendar** – Mr. Thomas commented about having the committee meetings on the fourth Tuesday of the month instead of the last Tuesday of the month. The calendar for 2015 had been adjusted to facilitate this request.

Mr. Moorrees mentioned the PROC will begin meeting in January and the AFC in February.

There was discussion about when health insurance rates are submitted for approval as well as worker's compensation insurance rates. Depending upon the receipt of this information, additional committee meetings may need to be scheduled.

There was consensus on the committee to approve the 2015 calendar as presented with the knowledge of possible special committee meetings to decide on insurance plans and rates.

- E. Health Benefit Plan Review** – Mr. Moorrees reported that according to JLR Insurance, SAWCo's insurance broker, health benefits cost increases in 2015 ranged from 8% to 20% recently. He was advised that there are no foreseeable changes to SAWCo's grandfathered status.

Rates for SAWCo's health insurance plans should be available by November 1st. Mr. Moorrees recommended an AFC meeting on November 13th at 3:00 p.m. to receive and discuss the information on SAWCo's health plan renewal options.

The committee was receptive to a special meeting and asked that an email with the details be sent out.

6. Closed Session: None.

7. Committee Comments and Future Agenda Items: Mr. Moorrees reminded the committee of the Board Tour taking place Thursday, October 30th.

Adjournment: The committee determined there was no further business and adjourned the meeting at 3:41 p.m.

Assistant Secretary
Charles Moorrees