

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Wednesday, December 6, 2017

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 9:30 a.m. on the above date at the San Antonio Water Company, 139 North Euclid Avenue, Upland, California. Directors present were Will Elliott, Bob Cable, Tom Thomas, Sue Sundell, John Gerardi, and Jose Sanchez. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, Accounting and Personnel Specialist Joni Ruggles and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

▪ Call to Order

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: None.

4. General Manager's Report on Activities

A. Board Gift – End of the Year Luncheon – Director Sundell moved and Director Gerardi seconded to approve the end of the year gift to SAWCo employees in the amount of \$1,250 for full time employees with over one year of employment and a prorated amount for part time employees. Motion carried.

B. CY2018 Calendar – Director Thomas stated a change was made from the calendar proposed at the November Board meeting. Instead of having the 2018 November Board meeting the Tuesday before Thanksgiving it was moved up a week.

Director Sanchez moved and Director Cable seconded to approve the CY2018 calendar as presented. Motion carried.

C. 2016 Water Master Plan – Mr. Moorrees distributed copies of staff's notes for minor revisions to the document.

Director Sanchez requested an electronic copy of the final plan once agreed upon corrections were made. Mr. Moorrees stated he'd send an electronic copy of the final plan to all Board members.

Director Elliott moved and Director Gerardi seconded to approve the 2016 Water Master Plan with minor revisions. Motion carried.

D. Employee Benefit Plan Renewal – Director Thomas advised this item is typically one that is reviewed by the Administrative and Finance Committee (AFC) but due to timing of the documents it was reviewed by the Planning, Resources, and Operations Committee (PROC).

Mr. Moorrees explained that SAWCo's insurance broker, JLR Insurance, brought information to renew SAWCo's current health insurance plan to the PROC but also provided information on a few Affordable Care Act (ACA) compliant plans. Switching to Blue Shield coverage carried a savings of over \$3,000 per month. However, coverage would be different and out of pocket costs would be much higher. Life, Vision and Dental Insurance coverage, through Guardian, Blue Shield and Delta Dental respectively, remained unchanged sans a minor increase to the Life Insurance premium.

With an increase for health insurance already factored into the 2018 budget SAWCo's insurance broker and staff recommended the Board renew coverage for the employees Life, Vision, Dental and Health Insurance.

Director Elliott moved and Director Sanchez seconded to renew coverage with SAWCo's current Life, Vision, Dental and Health Insurance providers. Motion carried.

5. Budget Workshop:

Mr. Moorrees distributed a revised/corrected budget. An error was discovered in the budget included in the workshop packet. Mr. Moorrees then delivered a PowerPoint presentation.

A. "Draft" CY2018– Administration and Operations Budget- Mr. Moorrees presented the Administration and Operations budget for 2018.

Revenues

Revenues for domestic, supplemental domestic, supplemental miscellaneous which include a rate increase effective July 1, 2017 and a new charge Tier 3 miscellaneous water sales are projected to increase; some as much as 33%. An increase in the amount received from the newly implemented water availability charge was also factored into the budget. Total projected amount in water sales and water availability charges equal \$4,697,610.

Ground leases include a Sprint tower lease at Well 26, the Tolle Nursery Lease and Verizon tower lease. The remaining revenues are based on CY2017 projected revenues.

Water Sales/Stored G.W. [DR] – Staff proposes to sell 1,000 acre feet (AF) of water from their Six Basins storage account in 2018. The Revenue Total projected for CY2018 is \$4,997,480.

General and Administrative Expenses

The amount for legal fees was increased to cover additional costs for the water rights investigation. The human resource expenses were also increased to cover the costs incurred searching for SAWCo's next general manager.

A total of \$1,253,800 of General and Administrative Expenses is projected for CY2018.

Facilities and Operations and Maintenance Expenses

Line Item 27 Water Resource Management and Basin Assessments was adjusted as it contained the Cucamonga Crosswalls and Basin 6 projects that are included in Line Item 21, Repairs to Facilities and Equipment. The item includes Cucamonga Basin Management, Chino Basin assessment and Six Basins Assessment.

A total of \$3,004,583 of Facilities and Operations and Maintenance Expenses are projected for CY2018.

It was brought to Mr. Moorrees' attention that there were no figures for property taxes and purchased water. Ms. Ruggles stated the property taxes are 1.3% higher for 2018 than 2017. Staff will fill in the amount for property taxes and add money to the purchased water line item.

The current projected net income without Depreciation & Obsolescence Reserve funds totals \$539,097.

B. "Draft" CY2018 Capital Improvement and Capital Outlay Budget

Mr. Moorrees gave a PowerPoint presentation on the carry-over and upcoming capital projects and outlay for 2018.

Several projects were identified to carry over into CY2018; Cucamonga Crosswalls, Basin 6 Infiltration Restoration, WFA Pipeline Connection, Holly Drive Reservoir Site Improvement, Reservoir 7 Rehabilitation, and Edison Pond Sluice Gate. Mr. Moorrees reviewed the carry-over projects; their budgeted amounts, expended amounts and the amount budgeted to be spent in 2018 to complete the projects.

Mr. Moorrees then presented additional Capital projects and Outlay projects to begin in CY2018. Some of the more prominent projects included Forebay Surface Waterline, Santa Rosa Waterline, Campus Avenue Waterline Design, Forebay Overflow Valve and Riser, and SCADA Software Upgrade.

Total Expenses (incorporated in operational budget) are \$505,077; Capital Expenditures are \$1,971,124, and Depreciation and Obsolescence Reserves balance has a remaining amount of \$3,481,926.

5. Director's Comments and Future Agenda Items:

Adjournment: 10:28 a.m.

Assistant Secretary
Charles Moorrees