



SAN ANTONIO WATER COMPANY

MEETING AGENDA

for ADMINISTRATIVE & FINANCE COMMITTEE

September 24, 2024 @ 4:00 pm
At Company Office 139 N. Euclid Ave., Upland, CA 91786 with
option of Virtual/Online or Teleconference

Members of the public may join the meeting by computer, tablet or smartphone.

<https://meet.goto.com/608181301>

You can also dial in using your phone.

United States: [+1 \(571\) 317-3122](tel:+15713173122)

Access Code: 608-181-301

Call to Order

1. Recognitions and Presentations

2. Additions-Deletions to the Agenda

3. Public Comment

This is the time for any shareholder or member of the public to address the committee members on any topic under the jurisdiction of the Company, which is on or not on the agenda. Please note, pursuant to the Brown Act the Committee is prohibited from taking actions on items not listed on the agenda. For any testimony, speakers are requested to keep their comments to no more than four (4) minutes, including the use of any visual aids, and to do so in a focused and orderly manner. Anyone wishing to speak is requested to voluntarily fill out and submit a speaker's form to the manager prior to speaking.

4. Approval of Committee Meeting Minutes

Regular Committee Minutes of July 23, 2024.

5. Administrative and Financial Issues

A. Employee Year End Gift.

Discussion and possible action regarding Board's Year End Gift to Employees.

B. Major Activities Calendar 2025

Review, comment, and possibly approve the major activities calendar for 2025.

C. Workplace Violence Prevention Plan

Recommend approving a workplace violence prevention plan.

D. Outside Payroll Services RFP

Discussion regarding Outside Payroll Services Request for Proposal (RFP).

E. Rate Study Proposal

Consider a proposal to conduct a Rate Study

6. Closed Session

General Manager's Annual Review, Goals and Objectives [Government Code § 54957 subdivision 9(b)]:
Discussion and Possible Action regarding General Manager's Performance and Goals

7. General Manager

Discussion and Possible Action Related to Annual Performance Evaluation/Compensation Adjustment Pursuant to Employment Contract

8. Committee Comments and Future Agenda Items

This is the time for committees' comments and consideration on future agenda items relative to the interests and business of the company and its shareholders.

9. Adjournment

The next regular Administration and Finance Committee meeting will be held on November 26, 2024 at 4:00pm

NOTE: All agenda report items and back-up materials are available for review and/or acquisition from SAWCo's Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [7:30a – 11:30a and 12:30p – 5:00p] and on SAWCo's website www.sawaterco.com. The agenda is also available for review and copying at the Upland Public Library [450 N. Euclid Ave] and Upland City Hall [460 N. Euclid Ave.].

POSTING STATEMENT: On September 19, 2024, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), the Upland City Hall at 460 N. Euclid Ave., the Upland Public Library at 450 N. Euclid Ave., and on SAWCo's website.

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES
July 23, 2024

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was held at the Company office and called to order at 3:00 p.m. on the above date as noticed. Committee Members present were Bill Velto, Bob Cable, and Rudy Zuniga. Also in attendance were SAWCo's General Legal Counsel Derek Hoffman and General Manager Brian Lee. Director Velto presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Director Cable moved and Director Zuniga seconded to approve the meeting minutes of May 28, 2023. Motion carried unanimously.
5. Administrative and Financial Issues:

A. Stock Auction November 2024- Recommend approving timeline for a proposed 2024 stock auction in November- Mr. Lee stated staff has a stock auction proposed for November 2024 for three shareholder certificates with a total of 6.75 shares. He added one of the shareholders up for auction holds most of those shares and staff has been in communication with said shareholder, but they have not paid their outstanding bills.

Director Cable moved and Director Velto seconded to approve the timeline for a proposed 2024 stock auction in November and send to the full Board for approval.

B. Request for Proposals to Conduct a Rate Study- Recommend authorizing staff to release a Request for Proposals- Mr. Lee stated it is not recommended to conduct a rate study internally, and rather hire an outside consultant. He added he has been in communication with the City of Upland and has added their consultant to SAWCo's list of requests for proposals.

Director Velto questioned if SAWCo staff can coordinate with the City of Upland and if it would be beneficial or not to use the same consultant.

Mr. Hoffman responded SAWCo staff has identified 5 candidate firms that may be familiar with the City of Upland, SAWCo, or familiar to Mr. Lee. He added it may or not be beneficial due to differences in the rate structures, with the City of Upland being a municipality and SAWCo being a mutual water company.

Mr. Lee and Director Cable both expressed the importance of the consultant understanding the difference between a municipality and a mutual water company.

Mr. Hoffman added the focus of the study is to reassess the cost structure of the company, make sure a company operates at cost and not more than that, and all the costs associated. The proposal is to be sent to the five candidates and responses are to be reviewed by staff and legal counsel to be brought back to the full Board.

Mr. Lee stated one of the specific issues in the request for proposal is to consider the use of assessments to fund partially or fully capital improvements versus the rate increase.

Director Velto questioned if the use of assessments would require the vote of the shareholders.

Mr. Hoffman responded it may require a vote but added the Board has some discretion on that and staff would have to follow the Bylaws. He added assessments allow to tag a specific cost to a specific project and fund it and move forward.

Mr. Lee concluded if the AFC Committee is aware and approves, staff will release the RFP to the five candidates, staff will receive the responses and bring those back to the AFC Committee. If the Committee is agreeable, staff will bring back the best candidate to the full Board.

Mr. Hoffman suggested to name the rate study the 2025 Rate Study, because it will not be implemented until 2025.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: Mr. Hoffman commented on the previous request to change the start time of the AFC Committee meetings to 4:00 PM. He stated there is not an official resolution that was adopted, but instead for staff to make notice of the change in start time and update the website, and if a resolution is needed, he can provide that.
8. Adjournment: Seeing no further business, the meeting was adjourned at 3:10 p.m.

Assistant Secretary
Brian Lee

Agenda Item No. 5A

Item Title: Employee Year End Gift

Purpose:

Consider an annual end-of-year monetary gift for employees in recognition of their services to the Company.

Issue:

In past years the Board has presented a monetary gift to employees at the end of year celebratory luncheon.

Manager's Recommendation:

Discuss this year's Board gift and budgetary figure for 2024.

Background:

In past years the Board has given an end-of-year gift to Company employees as a monetary 'thank-you' for service to the Company. Board gifts from 2007 to 2019 has been \$1,250 for each employee. In 2020 the Board increased the gift to \$1,500 for each employee and prorated for any employee that had not yet completed a year's service and current part time employees.

In the past, it has been the pleasure of the Board to hand out the gifts to its employees at the end of the year luncheon. This year our luncheon will be held at the Tokyo Kitchen on Monday, December 09, 2024 @ 11:30AM.

Previous Action:

On September 20, 2020 the AFC voted to recommend increasing the end of year gift to \$1,500.

Impact on Budget:

This year's budget includes \$15,000 for Board's Year end gift

Agenda Item No. 5B

Item Title: 2025 Major Activities Calendar

Purpose:

To present the proposed calendar of meetings, holidays, and events scheduled for 2025.

Issue:

Does the Board perceive any conflicts with the proposed calendar or recommend changes made to the next year meeting dates?

Manager's Recommendation:

That the Board approve the proposed 2025 Calendar for meetings.

Background:

Attached to this report is a schedule of meetings and events in the 2025 Calendar Year that includes:

- Board Meetings (Monthly)
- Administrative & Finance Committee Meetings (Bi-monthly)
- Planning, Resources & Operations Committee Meetings (Bi-Monthly)
- Shareholder's Meeting – Annually
- Board Budget Workshop – Early December to workout preliminary budgets for approval at the December Board meeting.
- No advisory committee meetings are scheduled for December.
- Company Holidays

Staff proposes beginning each year with the AFC meetings to accommodate end of year fiscal item review in November, prior to final year Board Meeting in December.

Previous Action:

None

Impact on Budget:

None.

SAN ANTONIO WATER COMPANY

MAJOR ACTIVITIES CALENDAR

2025

JANUARY						
S	M	T	W	T	F	S
			1	2	3	4
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FEBRUARY						
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JULY						
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SEPTEMBER						
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NOVEMBER						
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DECEMBER						
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 Board Meetings

 AFC Meetings

 PROC Meetings

 Company Holidays

 Annual Shareholder Meeting

 Board Budget Workshop

BOARD MEETING DATES

Jan 21	Jul 15
Feb 18	Aug 19
Mar 18	Sept 16
Apr 15	Oct 21
May 20	Nov 18
Jun 17	Dec 16

COMPANY HOLIDAYS OBSERVED

New Year's Day	January 1st
Martin Luther King Day	January 20th
President's Day	February 17th
Memorial Day	May 26th
Independence Day	July 3rd
Labor Day	September 1st
Thanksgiving	November 27th
1/2 Day Christmas Eve	December 24th
Christmas	December 25th

Agenda Item No. 5C

Item Title: Workplace Violence Prevention Plan

Purpose:

Recommend approving a Workplace Violence Prevention Plan

Issue:

Comply with new employer regulations imposed by Senate Bill 553

Managers Recommendation:

That the AFC approve the proposed Workplace Violence Prevention Plan as presented.

Background:

Senate Bill 553 imposes workplace violence standards on virtually all employers. Most requirements take effect July 1, 2024. Employers have a number of obligations around workplace violence including:

- Creating a workplace violence prevention plan.
- Training employees on the plan.
- Recording workplace violence incidents.
- Maintaining related records and making certain records are available to employees and their representatives upon request.

Staff currently has monthly training sessions and has included the workplace violence training as part of its schedule.

Previous Actions:

None

Impact on Budget:

\$290.00 annual fee for Workplace Violence training for 10 learners.

WORKPLACE VIOLENCE PREVENTION PROGRAM for San Antonio Water Company

SAN ANTONIO WATER COMPANY'S Workplace Violence Prevention Plan (WVPP) addresses the hazards known to be associated with the four types of workplace violence as defined by Labor Code (LC) section 6401.9.

Date of Last Review: August 1, 2024

Date of Last Revision(s): August 1, 2024

DEFINITIONS

Emergency - Unanticipated circumstances that can be life threatening or pose a risk of significant injuries to employees or other persons.

Engineering controls - An aspect of the built space or a device that removes a hazard from the workplace or creates a barrier between the employee and the hazard.

Log - The violent incident log required by LC section 6401.9.

Plan - The workplace violence prevention plan required by LC section 6401.9.

Serious injury or illness - Any injury or illness occurring in a place of employment or in connection with any employment that requires inpatient hospitalization for other than medical observation or diagnostic testing, or in which an employee suffers an amputation, the loss of an eye, or any serious degree of permanent disfigurement, but does not include any injury or illness or death caused by an accident on a public street or highway, unless the accident occurred in a construction zone.

Threat of violence - Any verbal or written statement, including, but not limited to, texts, electronic messages, social media messages, or other online posts, or any behavioral or physical conduct, that conveys an intent, or that is reasonably perceived to convey an intent, to cause physical harm or to place someone in fear of physical harm, and that serves no legitimate purpose.

Workplace violence - Any act of violence or threat of violence that occurs in a place of employment.

Workplace violence includes, but is not limited to, the following:

- The threat or use of physical force against an employee that results in, or has a high likelihood of resulting in, injury, psychological trauma, or stress, regardless of whether the employee sustains an injury.
- An incident involving a threat or use of a firearm or other dangerous weapon, including the use of common objects as weapons, regardless of whether the employee sustains an injury.
- The following four workplace violence types:

Type 1 violence - Workplace violence committed by a person who has no legitimate business at the worksite and includes violent acts by anyone who enters the workplace or approaches employees with the intent to commit a crime.

Type 2 violence - Workplace violence directed at employees by customers, clients, patients,

students, inmates, or visitors.

Type 3 violence - Workplace violence against an employee by a present or former employee, supervisor, or manager.

Type 4 violence - Workplace violence committed in the workplace by a person who does not work there, but has or is known to have had a personal relationship with an employee.

Workplace violence does not include lawful acts of self-defense or defense of others.

Work practice controls - Procedures and rules which are used to effectively reduce workplace violence hazards.

RESPONSIBILITY

The WVPP administrator and General Manager have the authority and responsibility for implementing the provisions of this plan for San Antonio Water Company. If there are multiple persons responsible for the plan, their roles will be clearly described.

Responsible Persons	Job Title/Position	WVPP Responsibility(ies)	Phone #	Email
Brian Lee	General Manager	Overall responsibility for the plan; <i>Brian approves the final plan and any major changes.</i>]	(909) 982-4107	Blee@sawaterco.com
Teri Layton	Assistant General Manager WVPP administrator	Responsible for employee involvement and training; <i>Teri organizes safety meetings, updates training materials, and handles any reports of workplace violence.</i>	(909) 982-4107	Tlayton@sawaterco.com
Kelly Mitchell Tommy Hudspeth	Senior Administrative Assistant Water Utility Supervisor	Responsible for emergency response, hazard identification, and coordination with other employers; <i>Kelly and Tommy conducts safety inspections, coordinates emergency response procedures, and communicates with other employers about the plan.</i>	(909) 982-4107	Kmitchell@sawaterco.com TommyH@sawaterco.com

All managers and supervisors are responsible for implementing and maintaining the WVPP in their work areas and for answering employee questions about the WVPP.

EMPLOYEE ACTIVE INVOLVEMENT

The WVPP administrator ensures the following policies and procedures to obtain the active involvement of employees and authorized employee representatives in developing and implementing the plan:

- Management will work with and allow employees and authorized employee representatives to participate in:
 - Identifying, evaluating, and determining corrective measures to prevent workplace violence.

Management will address once a month during a staff meeting with employees to discuss identification of workplace violence related concerns/hazards, evaluate those hazards and/or concerns, and how to correct them. These meetings could involve brainstorming sessions, discussions of recent incidents, and reviews of safety procedures.

- Designing and implementing training

Employees are encouraged to participate in designing and implementing training programs, and their suggestions may be incorporated into the training materials. For example, an employee might suggest a new training scenario based on a recent incident.

- Reporting and investigating workplace violence incidents. Refer to Employee Handbook regarding reporting.

- Management will ensure that all workplace violence policies and procedures within this written plan are clearly communicated to all employees. Managers and supervisors will enforce the rules fairly and uniformly.
- All employees will follow all workplace violence prevention plan directives, policies, and procedures, and assist in maintaining a safe work environment. Refer to Employee Handbook.
- The plan shall be in effect at all times and in all work areas and be specific to the hazards and corrective measures for each work area and operation.

EMPLOYEE COMPLIANCE

Our system to ensure that employees comply with the rules and work practices that are designed to make the workplace more secure, and do not engage in threats or physical actions which create a security hazard for others in the workplace, include at a minimum:

- Training employees, supervisors, and managers in the provisions of San Antonio Water Company Workplace Violence Prevention Plan (WVPP)

COMMUNICATION WITH EMPLOYEES

The Company encourages two-way communication between management and staff about workplace violence issues. Every employee needs to be committed to a safe and productive workplace. The following communication system is designed to facilitate a continuous flow of workplace violence prevention information between management and staff in a form that is readily understandable by all employees, and consists of one or more of the following:

- New employee orientation includes workplace violence prevention policies and procedures.
- Workplace violence prevention training programs.
- Regularly scheduled meetings that address security issues and potential workplace violence hazards
- Effective communication between employees and supervisors about workplace violence prevention and violence concerns.
- Posted or distributed workplace violence prevention information.
- How employees can report a violent incident, threat, or other workplace violence concern to employer or law enforcement without fear of reprisal or adverse action.
- Employees will not be prevented from accessing their mobile or other communication devices to seek emergency assistance, assess the safety of a situation, or communicate with a person to verify their safety. Employees' concerns will be investigated in a timely manner and they will be informed of the results of the investigation and any corrective actions to be taken.

WORKPLACE VIOLENCE INCIDENT REPORTING PROCEDURE

All threats or acts of workplace violence shall be reported to a supervisor or manager immediately, who will take appropriate action and also inform the WVPP administrator. If notifying a supervisor is not possible, employees will report incidents directly to the General Manager or WVPP administrator.

A strict non-retaliation policy is in place, and any instances of retaliation are dealt with swiftly and decisively.

EMERGENCY RESPONSE PROCEDURES

During an Emergency Event employees may receive notification by cell phone, texting, email or other means of communication. The intent of such communication is to alert employees of the presence, location, and nature of workplace violence emergencies.

Such communications may instruct employees to evacuate their present location or shelter in place.

In the event of an emergency, including a Workplace Violence Emergency, contact the General Manager or WVPP administrator.

WORKPLACE VIOLENCE HAZARD IDENTIFICATION AND EVALUATION

The following policies and procedures are established and required to be conducted by the Company's WVPP administrator to ensure that workplace violence hazards are identified and evaluated:

- Inspections shall be conducted when the plan is first established, after each workplace violence incident, and whenever the employer is made aware of a new or previously unrecognized hazard.
- Review all submitted/reported concerns of potential hazards as they are received.

Periodic Inspections

Periodic inspections of workplace violence hazards will identify unsafe conditions and work practices. This may require assessment for more than one type of workplace violence.

Periodic inspections to identify and evaluate workplace violence and hazards will be performed by the following designated personnel in the following areas of the workplace:

Inspections for workplace violence hazards include assessing:

- The exterior and interior of the workplace for its attractiveness to robbers.
- The need for violence surveillance measures, such as mirrors and cameras.
- Procedures for employee response during a robbery or other criminal act, including our policy prohibiting employees, who are not security guards, from confronting violent persons or persons committing a criminal act.
- Procedures for reporting suspicious persons or activities.
- Effective location and functioning of emergency buttons and alarms.
- Posting of emergency telephone numbers for law enforcement, fire, and medical services.
- Whether employees have access to a telephone with an outside line.
- Whether employees have effective escape routes from the workplace.
- Whether employees have a designated safe area where they can go to in an emergency.
- Adequacy of workplace security systems, such as door locks, entry codes or badge readers, security windows, physical barriers, and restraint systems.
- Frequency and severity of threatening or hostile situations that may lead to violent acts by persons who are service recipients of our establishment.
- Employees' skill in safely handling threatening or hostile service recipients.
- Effectiveness of systems and procedures that warn others of actual or potential workplace violence danger or that summon assistance, e.g., alarms or panic buttons.
- The use of work practices such as the "buddy" system for specified emergency events.

- How well our establishment's management and employees communicate with each other.
- Access to and freedom of movement within the workplace by non-employees, including recently discharged employees or persons with whom one of our employees is having a dispute.
- Frequency and severity of employees' reports of threats of physical or verbal abuse by managers, supervisors, or other employees.
- Any prior violent acts, threats of physical violence, verbal abuse, property damage or other signs of strain or pressure in the workplace.

WORKPLACE VIOLENCE HAZARD CORRECTION

Workplace violence hazards will be evaluated and corrected in a timely manner. San Antonio Water Company will implement the following effective procedures to correct workplace violence hazards that are identified:

- If an imminent workplace violence hazard exists that cannot be immediately abated without endangering employee(s) , all exposed employee(s) will be removed from the situation except those necessary to correct the existing condition. Employees necessary to correct the hazardous condition will be provided with the necessary protection.
- All corrective actions taken will be documented and dated on the appropriate forms.
- Corrective measures for workplace violence hazards will be specific to a given work area.

PROCEDURES FOR POST INCIDENT RESPONSE AND INVESTIGATION

After a workplace incident, the General Manager or their designee will implement the following post-incident procedures:

- Visit the scene of an incident as soon as safe and practicable.
- Interview involved parties, such as employees, witnesses, law enforcement, and/or security personnel.
- Review security footage of existing security cameras if applicable.
- Examine the workplace for security risk factors associated with the incident, including any previous reports of inappropriate behavior by the perpetrator.
- Determine the cause of the incident.
- Take corrective action to prevent similar incidents from occurring.
- Record the findings and ensuring corrective actions are taken.
- Obtain any reports completed by law enforcement.
- The violent incident log will be used for every workplace violence incident and will include information, such as:
 - The date, time, and location of the incident.
 - The workplace violence type or types involved in the incident.
 - A detailed description of the incident.
 - A classification of who committed the violence, including whether the perpetrator was a client or customer, family or friend of a client or customer, stranger with criminal intent, coworker, supervisor or

manager, partner or spouse, parent or relative, or other perpetrator.

- A classification of circumstances at the time of the incident, including, but not limited to, whether the employee was completing usual job duties, working in poorly lit areas, rushed, working during a low staffing level, isolated or alone, unable to get help or assistance, working in a community setting, or working in an unfamiliar or new location.
- A classification of where the incident occurred, such as in the workplace, parking lot or other area outside the workplace, or other area.
- The type of incident, including, but not limited to, whether it involved any of the following:
 - Physical attack without a weapon, including, but not limited to, biting, choking, grabbing, hair pulling, kicking, punching, slapping, pushing, pulling, scratching, or spitting.
 - Attack with a weapon or object, including, but not limited to, a firearm, knife, or other object.
 - Threat of physical force or threat of the use of a weapon or other object.
 - Sexual assault or threat, including, but not limited to, rape, attempted rape, physical display, or unwanted verbal or physical sexual contact.
 - Animal attack.
 - Other.
- Consequences of the incident, including, but not limited to:
 - Whether security or law enforcement was contacted and their response.
 - Actions taken to protect employees from a continuing threat or from any other hazards identified as a result of the incident.
 - Information about the person completing the log, including their name, job title, and the date completed.
- Reviewing all previous incidents.
- Ensure that no personal identifying information is recorded or documented in the written investigation report. This includes information which would reveal identification of any person involved in a violent incident, such as the person's name, address, electronic mail address, telephone number, social security number, or other information that, alone or in combination with other publicly available information, reveals the person's identity.

TRAINING AND INSTRUCTION

All employees, including managers and supervisors, will have training and instruction on general and job-specific workplace violence prevention practices. These sessions could involve presentations, discussions, and practical exercises. Training and instruction will be provided as follows:

- When the WVPP is first established.
- Annually to ensure all employees understand and comply with the plan.
- Whenever a new or previously unrecognized workplace violence hazard has been identified and when changes are made to the plan. The additional training may be limited to addressing the new workplace violence hazard or changes to the plan.

San Antonio Water Company will provide its employees with training and instruction on the definitions

found on page 1 of this plan and the requirements listed below:

- The employer's WVPP, how to obtain a copy of the employer's plan, and how to participate in development and implementation of the employer's plan.
- How to report workplace violence incidents or concerns to the employer or law enforcement without fear of reprisal.
- Workplace violence hazards specific to the employees' jobs, the corrective measures implemented, how to seek assistance to prevent or respond to violence, and strategies to avoid physical harm.
- The violent incident log and how to obtain copies of records pertaining to hazard identification, evaluation and correction, training records, and violent incident logs.
- Strategies to avoid/prevent workplace violence and physical harm, such as:
 - How to recognize workplace violence hazards including the risk factors associated with the four types of workplace violence.
 - Ways to defuse hostile or threatening situations.
- How to recognize alerts, alarms, or other warnings about emergency conditions and how to use identified escape routes or locations for sheltering.
- Employee routes of escape.
- Emergency medical care provided in the event of any violent act upon an employee
- Post-event trauma counseling for employees desiring such assistance.

EMPLOYEE ACCESS TO THE WRITTEN WVPP

The WVPP plan shall be available and easily accessible to employees, authorized employee representatives, and representatives of Cal/OSHA at all times.

RECORDKEEPING

San Antonio Water Company will:

- Create and maintain records of workplace violence hazard identification, evaluation, and correction, for a minimum of five (5) years.
- Create and maintain training records for a minimum of one (1) year and include the following:
 - Training dates.
 - Contents or a summary of the training sessions.
 - Names and qualifications of persons conducting the training.
 - Names and job titles of all persons attending the training sessions.
- Maintain violent incident logs for minimum of five (5) years.
- Maintain records of workplace violence incident investigations for a minimum of five (5) years.
 - The records shall not contain medical information per subdivision (j) of section 56.05 of the Civil Code.
- All records of workplace violence hazard identification, evaluation, and correction; training, incident logs and workplace violence incident investigations required by LC section 6401.9(f), shall be made available

to Cal/OSHA upon request for examination and copying.

EMPLOYEE ACCESS TO RECORDS

The following records shall be made available to employees and their representatives, upon request and without cost, for examination and copying within **15 calendar days of a request**:

- Records of workplace violence hazard identification, evaluation, and correction.
- Training records.
- Violent incident logs.

REVIEW AND REVISION OF THE WVPP

The San Antonio Water Company WVPP will be reviewed for effectiveness:

- At least annually.
- When a deficiency is observed or becomes apparent.
- After a workplace violence incident.
- As needed.

Review and revision of the WVPP will include the procedures listed in the EMPLOYEE ACTIVE INVOLVEMENT section of this WVPP, as well as the following procedures to obtain the active involvement of employees and authorized employee representatives in reviewing the plan's effectiveness:

- Review of the WVPP should include, but is not limited to:
 - Review of incident investigations and the violent incident log.
 - Assessment of the effectiveness of security systems, including alarms, emergency response, and security personnel availability (if applicable).
- Review that violence risks are being properly identified, evaluated, and corrected. Any necessary revisions are made promptly and communicated to all employees. [These revisions could involve changes to procedures, updates to contact information, and additions to training materials.

EMPLOYER REPORTING RESPONSIBILITIES

As required by California Code of Regulations (CCR), Title 8, Section 342(a). Reporting Work-Connected Fatalities and Serious Injuries, San Antonio Water Company will immediately report to Cal/OSHA any serious injury or illness (as defined by CCR, Title 8, Section 330(h)), or death (including any due to Workplace Violence) of an employee occurring in a place of employment or in connection with any employment.

Violent Incident Log

This log must be used for every workplace violence incident that occurs in our workplace. At a minimum, it will include the information required by LC section 6401.9(d).

The information that is recorded will be based on:

- Information provided by the employees who experienced the incident of violence.
- Witness statements.
- All other investigation findings.

All information that personally identifies the individual(s) involved will be omitted from this log, such as:

- Names
- Addresses – physical and electronic
- Telephone numbers
- Social security number

[Enter the date the incident occurred (Day, Month, Year)]

[Enter the time (or approximate time) that the incident occurred] a.m./p.m.

Location(s) of Incident	Workplace Violence Type (Indicate which type(s) (Type 1, 2,3,4))
[Enter location(s) where the incident occurred]	[Enter the workplace violence type(s)]

Check which of the following describes the type(s) of incident, and explain in detail:

Note: *It's important to understand that "Workplace Violence Type" and "Type of Incident" have separate requirements. For this part of the log, "Type of Incident" specifically refers to the nature or characteristics of the incident being logged. It does not refer to the type of workplace violence.*

- Physical attack without a weapon, including, but not limited to, biting, choking, grabbing, hair pulling, kicking, punching, slapping, pushing, pulling, scratching, or spitting.
- Attack with a weapon or object, including, but not limited to, a firearm, knife, or other object.
- Threat of physical force or threat of the use of a weapon or other object.
- Sexual assault or threat, including, but not limited to, rape, attempted rape, physical display, or unwanted verbal or physical sexual contact.
- Animal attack.
- Other.

Explain: [Provide a detailed description of the incident and any additional information on the violence incident type and what it included. Continue on separate sheet of paper if necessary.]

Workplace violence committed by: [For confidentiality, only include the classification of who committed the violence, including whether the perpetrator was a client or customer, family or friend of a client or customer, stranger with criminal intent, coworker, supervisor or manager, partner or spouse, parent or relative, or other perpetrator.]

Circumstances at the time of the incident: [write/type what was happening at the time of the incident, including, but not limited to, whether the employee was completing usual job duties, working in poorly lit areas, rushed, working during a low staffing level, isolated or alone, unable to get help or assistance, working in a community setting, or working in an unfamiliar or new location.]

Where the incident occurred: [Where the incident occurred, such as in the workplace, parking lot or other area outside the workplace, or other area.]

Consequences of the incident, including, but not limited to:

- Whether security or law enforcement was contacted and their response.
- Actions taken to protect employees from a continuing threat or from any other hazards identified as a result of the incident.

[Include information on what the consequences of the incident were.]

- o Were there any injuries? Yes or No. Please explain:

[Indicate here if there were any injuries, if so, provide description of the injuries]

- o Were emergency medical responders other than law enforcement contacted, such as a Fire Department, Paramedics, On-site First-aid certified personnel? Yes or No. If yes, explain below:

Did the severity of the injuries require reporting to Cal/OSHA? If yes, document the date and time this was done, along with the name of the Cal/OSHA representative contacted.

A copy of this violent incident log needs to be provided to the employer. Indicate when it was provided and to whom.

This violent incident log was completed by:

[Name of person completing this log], [Job Title of person completing this log], [Date this log was completed]

[Signature of person completing this log]

[Date of completion]

Agenda Item No. 5D

Item Title: Outside Payroll Services RFP

Purpose:

Reduce staff time and move away from Tyler Incode accounting software.

Issue:

Limited staff and increasing legal requirements are two of the reasons we are looking for outside payroll services. Support software costs are high and continue to increase.

Managers Recommendation:

That the AFC approve the approach to outside payroll services.

Background:

In 2014, the Board approved the company going with Tyler Software with the understanding that the billing and accounting system being one unit. While the overall idea was good, the complexity of the software was overwhelming for our small water company. Support is utilized quite frequently to resolve issues. While they don't charge for updates [which was a selling point], they charge a high fee for support. Following is what the company has paid in last few years:

Date	Accounting	Billing/Utilities	Utility Online/ESS	Third Party Software	Tyler U	Total of Invoice
9/1/24-8/31/25	\$10,253.37	\$7,651.26		\$1,019.20	\$450.00	\$19,373.83
9/1/23-8/31/24	\$ 8,794.44	\$6,739.29	\$575.00	\$ 970.67	\$450.00	\$17,529.40
9/1/22-8/31/23	\$ 8,219.10	\$6,298.40		\$ 907.17	\$450.00	\$15,874.67

Staff believes the Company can utilize less expensive companies/software for our financial needs. In preparation of moving away from Tyler and their high costs and to reduce staff time on processing payroll, management has sent the attached Request for Proposal (RFP) to the following vendors:

- ADP
- Paycor
- Paylocity
- Paychex

Staff intends to bring a recommendation to the AFC in November of this year.

Previous Actions:

None

Impact on Budget:

Unknown



San Antonio Water Company

Incorporated October 25, 1882
Serving the original Ontario Colony lands

A REQUEST FOR PROPOSALS

TO PROVIDE PAYROLL SERVICES TO THE SAN ANTONIO WATER COMPANY

PROJECT TITLE:

PAYROLL SERVICES 2024

RESPONSE DUE BEFORE 3:00 PM

On October 29, 2024

Introduction

The San Antonio Water Company is soliciting proposals from select invited firms for payroll services.

General Information

The San Antonio Water Company (SAWCo) is a private non-profit Mutual Water Company 501 (c) (12). Since 1882 the Company has consistently provided water service to its shareholders. The Company does not import any water. Instead, we are dependent on our local San Antonio Canyon and Cucamonga Canyon watersheds and downstream groundwater basins.

Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, local quarries and the proud heritage of remaining grove irrigators. Annual shareholder water entitlements are established based on projected availability, set each year during budget preparation. Current company entitlement is set at 13,000 acre-feet. There are currently 6,389 Company shares. Current entitlement is 2.03 acre-ft per share.

The Company provides water through two separate systems: domestic and irrigation.

We currently employ a total of 10 employees at San Antonio Water Company. There are 2 regular full-time and 1 part-time staff in the office. We employ 2 exempt employees, the general manager and the assistant general manager. The field personnel consist of 5 regular full-time staff. The payroll has always been done in-house and the company is now considering an outside payroll company.

The employees are on a 10 hour a day 4 days a week work schedule. The Company's established hours of service are as follows:

Office Employees

- 6:45 a.m. to 5:30 p.m. Monday through Thursday [45-minute lunch]
- The Company is closed on Fridays

Field Employees

- 6:00 a.m. to 4:30 p.m. (may vary with Standby Duty) Monday through Thursday [1/2 hour lunch]

The workweek for all Employees begins at 12:00 a.m. on Monday and ends at 11:59 p.m. on the following Sunday.

On a rotating shift basis during the week, over the weekends and on holidays, field employees will be placed on "standby duty." Standby duty is paid a base rate plus all time spent on callouts as time worked.

Employees are paid on a biweekly basis, every other Thursday.

We believe our Company has succeeded over the course of its long history as a result of our established core values. You can find these values along with other policies in our Company Employee Handbook which is included for your reference. Management is also available for additional questions.

Project Scope of Services

Project Overview

SAWCo’s staff currently utilize Tyler Incode Technology to process payroll. Hourly employees submit an Excel timesheet. All employees enter their total time in the ESS-Time Attendance program which connects to Tyler for payroll processing. Management reviews for correctness and verifies against timesheets prior to approval. The figures are connected to the General Ledger and no separate entry is needed. Any leave requests are done through the ESS-Time Attendance program.

It is our intention to keep employee’s ability to enter time and complete timesheets on their own. Management will review and approve their input and the outside payroll company would process.

Task 1 – Project Services

Provide overall payroll services including:

- Receiving time inputted by employees and approved by management
- Processing payroll based on current laws and company’s policies
- Include any deductions to paycheck [i.e. State and Federal taxes, health insurance, 401k, garnishments]
- Issuing direct payroll payment into employee’s bank account
- Prepare and pay payroll tax payments to government entities on Company’s behalf [State & Federal]
- Prepare quarterly and annual payroll tax returns
- Assist in any changes to employee’s account [i.e. address, bank account]
- Assist in any corrections to employee’s paycheck
- Ensure payroll taxes are up to date and any limits are adhered to [i.e. 401k limits, 457B limits, changes to Unemployment Insurance]
- Provide W-2’s timely at the end of year to employees
- Support provided as needed
- Quality assurance/ quality control

Task 2 – Report

- The ability for management to acquire payroll reports
- Availability of tax returns
- Assistance/Support to get reports [i.e. auditor requests, EDD SDI requests]

Provide PDF copy of final report for distribution to Company Board.

Schedule

The Company anticipates the following timeline and key milestones for award of the project:

Proposal Due Date	October 29, 2024
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AFC Review	November 26, 2024
Board Review and potential award of contract	December 17, 2024

Proposal Requirements

The Company expects a short-form proposal not to exceed 6 pages; excluding resumes, proposed schedule and fee schedule. No other documents will be reviewed. Please do not submit additional material. Responses to this RFP shall be in the following order and shall include:

Project Understanding and Approach

Proposer shall demonstrate its preliminary understanding of the project by providing a clear and concise description of the project and major issues, based on the information provided in this RFP.

Proposer shall clearly define the tasks and activities necessary to meet the objectives outlined in the scope of work:

- I. Description of the tasks and activities, the methodology that will be used to accomplish them.
- II. Description of the products that would result from each task and activity.
- III. Identification of points of input and review with Company staff.
- IV. Proposed project schedule identifying key tasks, their expected duration, and milestone dates.
- V. Proposers are invited to suggest additional (optional) work tasks that could be performed in conjunction with or subsequent to the scope of work. Any such tasks are to be described as optional and the benefits of performing such tasks shall be described.

Proposed Total Professional Fee and Fee Schedule

Proposed fee shall not be the sole basis of award but will be used to evaluate the Consultant’s understanding of the Scope of Work.

Selection Process

Key senior staff and Directors will independently review and rank each proposal. Based on an aggregate of those reviews, staff will likely recommend to the Board that the Company enter into negotiations with the most responsive firm. However, presentations may be requested during the selection process.

Possible Presentation During Selection Process

- Provide a demo on request to management/staff
- Provide a demo on request to Board
- Provide an Adobe Acrobat PDF copy of draft report for distribution to Company Administration and Finance (AFC) Committee.
- Discuss draft report with AFC Committee.
- Revise report and recommendations based on discussion with AFC Committee

With the Board's authorization and after negotiating a proposed agreement that is fair and reasonable the General Manager will execute a contract with the most responsive firm.

Negotiations will cover scope of work, contract terms and conditions, attendance requirements, and appropriateness of the proposed fee.

Related Documents (attached)

- Current Employee Handbook

Submittal Requirements

The proposal shall be signed (digital signature is acceptable) by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.

The Response Proposal, including fee estimate must be emailed to tlayton@sawaterco.com no later than 3:00 p.m. local time, on or before October 29, 2024.

Agenda Item No. 5E

Item Title: Request for Proposals to Conduct a Rate Study

Purpose:

To consider the submitted proposal to conduct a Rate Study.

Issue:

Should the Company conduct a rate study?

Manager's Recommendation:

Recommend to the full Board a contract with Willdan to conduct the 2025 Rate Study.

Background:

The Company last conducted a rate study in 2017, seven years ago. Staff believes it is time to conduct another rate study to make sure the Company's revenue continue to meet the Company's needs.

Staff sent the attached RFP to select consultants (listed in alphabetical order).

- Carollo
- NBS
- Raftelis
- Willdan

Only one proposal was received. Staff will have additional information at the meeting regarding why the other firms did not submit a proposal.

Staff has reviewed the submitted proposal and finds it complete. Willdan is a known and capable firm and staff recommends that the AFC recommend an award of contract to the full Board.

Previous Action:

07/24 AFC Committee - Authorized release of the RFP.

Impact on Budget:

Proposed fee of \$33,975

September 12, 2024

Mr. Brian C. Lee
General Manager / CEO
San Antonio Water Company
139 North Euclid Avenue
Upland, CA 91786

submitted via email: Blee@sawaterco.com

Re: Proposal to Conduct a Water Rate Study for the San Antonio Water Company

Dear Brian:

Based on the request for proposal and our telephone discussion, Willdan Financial Services (“Willdan”) is pleased to submit the following proposal to conduct a Water Rate Study on behalf of the San Antonio Water Company (“Company”).

Willdan’s interactive approach will result in a customized Excel financial model, that the Company will retain, as well as a focused and tailored analysis of the Company’s current rates, revenues, capital project and operational expenditures, debt commitments, reserve funding, and other financial data. The culmination of our analysis will be a comprehensive financial management plan that develops projected system operating results for the next ten (10) fiscal years, and suggested rates for up to five (5) years. We will employ our proven interactive approach, supported with advanced financial modeling techniques, to develop a sophisticated and flexible financial model to help us guide the Company through operating and financial scenarios, while evaluating the impact of policy assumptions, and performing sensitivity analysis on utility rates and financial strategies.

Our ability to focus on the financial aspects of operating publicly owned utility systems is coupled with recognized leadership in strategic planning and operations and enables us to bring unmatched value to our clients. Our team brings a set of nationally recognized qualifications and experts that sets us apart. These qualifications include:

Unique Approach — Our approach to the development of utility rates has been carefully honed over the years. We will **work collaboratively with Company staff to carefully assess and understand the Company’s unique utility system concerns and issues, clarify goals and objectives for the study, and develop a tailored approach that will best serve your needs.** We do not use a “cookie-cutter” approach, but rather bring a combination of planning and financial expertise providing a thorough understanding of utility operations and management.

A key to our approach is the use of a sophisticated and dynamic model and dashboard that allows us to quickly evaluate alternatives resulting from changes in assumptions and input variables, to address different policy and financial objectives. This allows us to work collaboratively and transparently, to provide comprehensive business solutions. Our objective is to educate and inform throughout the process, not just at the completion of the project.

Recent Experience with Cities and Projects with Same Objectives as the San Antonio Water Company — Willdan has worked recently with numerous cities on utility rate studies with objectives that closely mirror those outlined in the Company’s RFP and discussed above – analyzing the current financial plan for the utility, understanding the impact of capital projects and changing operations, and ensuring sufficient and stable funding for ongoing and projected needs. **We recently completed successful comprehensive studies for the Cities of Claremont, Dinuba, Farmersville, Fillmore, Lomita, Lakeport, La Palma, Arvin, Grover Beach, McFarland, the McKinleyville Community Services District, and are currently working with the Cities of Vacaville, Buellton, Hemet, Seaside, and Calexico with objectives and experience that relate closely to the goals of the Company’s proposed study.**

Unmatched Experience Developing and Implementing Utility Rates — Willdan is nationally recognized for its expertise in developing and implementing utility system financial planning, rate, and impact fee studies, and has extensive experience in California implementing **Proposition 218** compliant cost-of-service rate structures.

Communicating the Results — Sound technical analysis is only one element of this process. It will be equally important to effectively communicate results and implications of the proposed rate structure to Company staff, Board Members, key stakeholders, and **ultimately to those that will be subject to new rates.** Most of our projects incorporate significant community and/or stakeholder involvement and education efforts, and our experienced consultants are able to communicate complicated technical analysis in a manner that is easy to follow and understand.

I, Chris Fisher, will serve as the primary contact person for this proposal; as an officer of the firm, I am authorized to negotiate and bind Willdan Financial Services. My contact information is as follows Tel#: (951) 587-3500 | Email: CFisher@Willdan.com. Willdan maintains exceptional experience in utility cost of service and rate design and is excited about this opportunity to use our skills and expertise to serve the San Antonio Water Company.

Sincerely,

WILLDAN FINANCIAL SERVICES



Chris Fisher
Vice President / Director

Scope of Work

Water Rate Study

The following proposed scope of services is intended to capture the goals and objectives of the Company. Willdan is confident the following will effectively meet the stated project objectives. A final scope and schedule will be determined following the selection of a consultant and based on further discussions with staff. Willdan's work plan will culminate in the successful development of water projections and rates for five years, an extended ten-year financial plan, and the education of staff and key stakeholders.

Project Initiation

Task 1.1 – Data Collection and Review

Task 1.1.1 – Data Collection. The Company will be provided with an initial list of basic data needed to conduct the study. The data request may include, but will not be limited to:

- Financial and operating data (budgets, audits, financial statements, cash balances, etc.);
- Customer account and billing data;
- System operating data for the utility;
- Capital improvement programs, fixed asset records;
- Related reports prepared by others (i.e., Master Plans, UWMP);
- Bond statements, debt service schedules;
- Ordinances, previous rate studies, Company codes; and
- Company financial, debt and reserve policies.

Task 1.1.2 – Data Review. We propose to conduct initial data collection and review prior to the kick-off meeting to allow for a more meaningful discussion to occur. This will allow for our review of data in advance of the meeting so that we can request clarifications or follow-up information, as necessary. The data will be reviewed for completeness and to ensure a sufficient understanding of historical utility operations. The data collection and review process will be ongoing throughout the process as the need for additional information arises.

Task 1.2 – Kick-off Meeting and Planning Discussion

Task 1.2.1 – Project Kick-off. Following initial data collection and review, Willdan will conduct a kick-off meeting with Company Staff. During this meeting we will discuss goals and objectives of the study, the schedule, constraints, or challenges that may be encountered, stakeholder considerations and objectives, and political concerns. Discussions may center around the following:

- Review of previous rate study and existing rate structure and areas where existing rates have been successful and/or specific areas of focus;
- Review of recent financial performance for the utility;
- Discussion of anticipated significant events (i.e., loss or gain of any major customers);
- Components to incorporate into the updated revenue requirements; such as, capital improvements, debt repayment, reserves, annual repair and replacement, ongoing maintenance, etc.;
- Strategy and level of effort for outreach and education;
- Conduct a detailed review of the data used in the baseline financial forecast; and
- Review and resolve (or develop a plan for resolving) data issues and questions.

For further efficiency and collaboration, the kick-off meeting will include a financial policy discussion. This will serve to address and document the Company's financial policies for the utility to be studied.

Topics of discussion may include:

- Rate design approaches and alternatives;
- Rate policy objectives;
- Company financial policies;
- Reserve options and target levels (operating, debt services, rate stabilization, repair, and replacement);
- Capital Improvement Plan (CIP) financing options – i.e., PAYGO vs. debt vs. grants;
- Customer characteristics and classifications; and
- Cost of service factors and Proposition 218.

Water Rate Study

Task 2.1 – Development of Financial Model and Plan, Revenue Requirements and Rate Determinants

The following sub tasks encompass the development of detailed historical customer and system analysis, creation of the comprehensive financial and cost-of-service rate model, formulation of cash flow projections of revenues and expenditures over five- and ten-year periods, and the calculation of the required revenue for the water utility, all of which will serve as the basis for recommendations for updated rates. The financial and rate model will provide detailed and comprehensive projections that will be used in the development of rates over the initial five-year period, and projections extended out to ten years for internal Company planning.

Task 2.1.1 – Historical Billing Data Analysis. The data request document will provide instructions for the development of historical customer billing information. It is anticipated that the billing information will be provided in a format necessary to summarize the water system accounts and billable flows by customer class for a recent historical period for which audited revenues exist. The customers and flows provide the basis on which operating revenues are derived and are therefore the primary factors utilized in reviewing the user rates and charges. As such, the historical billing data provides an important basis for analyses that will be used to develop assumptions for projecting revenues under existing and/or proposed rates.

Task 2.1.2 – Customer and Flow Projections. The water system accounts, and billable flows, will be forecasted for a five-year planning period. Such projections will be developed by considering historical growth trends, peak demands, local economic conditions, potential for adding/losing major utility customers, changes in customer class usage patterns over time, and experienced judgment. The billable flow projections will be based on the projected number of utility accounts and a usage per account analysis to differentiate the historical effects of account growth and increased (decreased) average usage by customer class.

Task 2.1.3 – Projected Revenues Under Existing Rates. Projections of utility system revenues under existing rates for the five-year planning period will be developed for water, recognizing projected accounts, flow volumes, and usage patterns by customer class (as determined in the billing analysis under the previous tasks).

Task 2.1.4 – Projected Revenue Requirements. Revenue requirements (i.e., system expenditures) will be developed for the utility systems based on an analysis of historical, currently budgeted, and anticipated operating and capital expenditures. The revenue requirements will be projected on a fiscal year cash flow basis, considering expected operational changes, changes in staffing or operating expenditures for new facilities, system growth occurring from new development, anticipated extraordinary expenses, and allowances for inflation.

The projections will include, but not be limited to, the following:

- Operation and maintenance expenses;

- Direct and indirect costs utilizing the cost allocation model currently in process for the Company;
- Outlay for annual capital additions and replacements;
- Debt service payments and coverage requirements for existing and anticipated debt;
- Funding of adequate reserves; and
- Other expenditures and transfers.

Task 2.1.5 – Projected Operating Results Based on Existing Rates. The projected revenues and revenue requirements will be summarized into a five and ten-year cash flow statement providing the projected operating results of the water system under the existing rates.

The cash flow statement will be used to estimate annual adjustments in utility revenues necessary to fund operating and capital expenditure requirements, meet existing bond covenant requirements, and maintain prudent utility management practices. The estimated timing and magnitude of future debt issues required, if any, to finance proposed capital improvements will also be shown. Concurrent with the development of the projected operating results, the study will review the general financial health of the utility operations and, as necessary, make recommendations for changes in fund balances, reserves, and debt service coverage ratios to maintain financial integrity and a stable bond rating.

The graphic demonstrates the general rate study methodology and major components of the rate process.

Task 2.2 – Capital Plan Analysis and Integration of Water Master Plan Results

Task 2.2.1 – Review Capital Improvement Program (CIP) and Asset Replacement Schedules. The Company’s existing water system Master Plan and five-year CIP, master plans, and asset replacement schedules will be reviewed in conjunction with conversations with Company Staff. The objective of such a review is to gain an understanding of the types of projects scheduled; the timing associated with such projects, associated expenditure requirements and the sources of funding each project. Examining the impacts on the financial objectives of the water utility, as well as capital projects associated with rehabilitation and replacement of existing facilities, will be a key objective of not only this task but the entire project. The results of the financial plan will also help the Company to prioritize projects identified within the CIP.

Task 2.2.2 – Develop Capital Needs Plan. Based on the findings made in the previous task and the Projected Operating Results described in Task 2.1.5, a plan will be developed to provide for the anticipated capital expenditure activities, including debt issuances, relative to the CIP. Such a plan will include consideration for the use of restricted and unrestricted funds, surplus operating reserves, capital recovery fees, and future rate adjustments. The analysis will also develop a projection of reserve fund balances and level of liquidity.

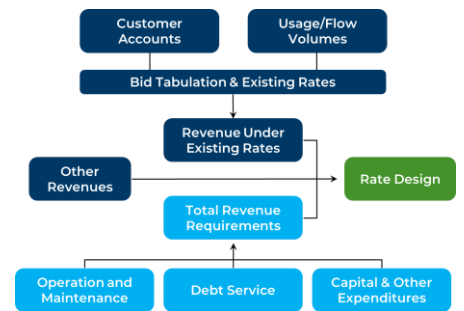
Task 2.2.3 – Capital Projects Model. The CIP will drive the future funding options and will directly impact rates. Therefore, the rate analysis will incorporate the Company’s current five-year CIP. The rate model will have the ability to run various CIP funding scenarios and quickly show the estimated impact on utility rates. Since we are not serving as the financial/municipal advisor to the Company for this project, we will rely on information relative to proposed debt or financing structures provided by the Company or its designated financial/municipal advisor.

Task 2.3 – Cost-of-Service Allocations

Task 2.3.1 – Functional Cost Allocations. The analysis will allocate the Test Year revenue requirement (i.e., costs of providing service) to the various cost/rate components that constitute functional classifications of the types of service provided. The functional cost allocations will evaluate such

aspects as fixed costs, customer related costs and volumetric/usage related costs. The evaluation of allocation factors associated with applicable costs will be based on existing rate structures applied by the Company, meter size, rate structures applied by other comparable utility systems in the region, common industry practice and standard rate-making principals.

Task 2.3.2 – Determination of Revenue Adequacy. Comparisons of revenues under the existing water rates with the allocated costs of service will be evaluated in order to determine the degree of cost recovery by the various cost components, and to identify areas that may possibly require adjustments to align the revenues from each rate component with the allocated costs.



Task 2.4 – Rate Analysis and Design

Task 2.4.1 – Evaluation of Existing Rate Structures. The existing rate structures will be further evaluated for their effectiveness in equitably recovering costs of utility service from each customer class. The Company’s current rate structure will be evaluated, and recommendations will be made for potential modifications to the current rates.

As part of the rate design process, Willdan will discuss with departmental staff the current trends and philosophies in utility ratemaking. Based on these discussions, the analysis will develop and recommend a rate design and philosophy that best meets the objectives of the Company. The analysis model will be developed in a dynamic manner allowing the Company to compare alternative annual incremental/phasing adjustments to achieve funding goals.

Basic standards for rate design accepted by the industry are:

- **Full Cost Recovery** – rate revenue should provide sufficient income so that, when combined with other sources of funds, funding requirements for the system are covered including, all current long-term liabilities, debt obligations and future expansion-related and R&R-related capital needed to replace aging and infrastructure.
- **Fairness and Equity** – based on cost responsibility as reflected in cost-of-service allocations, in accordance with industry standards.
- **Technically Defensible** – apply industry proven standards and methodologies to help shield the Company from potential legal challenges associated with the proposed utility rates.
- **Administrative Efficiency** – rates should be understandable to customers and efficiently administered by staff.
- **Customer Acceptance** – customers understand the rates, view them as fair, and consider them to be reasonable compared to other costs and other utilities.
- **Public Health and Welfare** – rates are structured so that essential service usage is encouraged through affordability.

Task 2.4.2 – Rate Structure Alternatives. The rate model will be developed in a dynamic manner such that the Willdan Team and Company Staff will be able to analyze “what if” scenarios detailing the financial impacts under each scenario utilizing an iterative dashboard view.

Baseline rate structures will be recommended as required to fund the utility system and consider annual inflationary indexed adjustments to rates as needed to maintain the utility. We will coordinate with Company Staff to ensure suggested rate structures are compatible with the Company’s utility billing software.

Task 2.4.3 – Projected Operating Results Based on Proposed Rates.

The proposed user rates and/or rate structures will be applied to the projected customers and flows in order to estimate the revenues to be generated from the proposed rates for the Test Year and the subsequent years of the projection period. The projected revenues will consider possible elasticity effects associated with changes in usage characteristics that may occur from revising the rate structure. In addition, similar to the process described in Task 2.1, the five-year forecast will identify annual adjustments in utility system revenues necessary to meet existing bond covenant requirements, prudent management practices, and/or sound capital financing considerations.

Task 2.4.4 – Typical Bill Comparison. Comparisons of typical utility bills under the existing and proposed rates will be developed for each customer class under various levels of usage. The selected customer class usage levels will reflect the results of the billing analysis to better demonstrate rate impacts on typical customer accounts in each class.

Task 2.4.5 – Neighboring Utility Comparison. A comparison will be prepared to assess the difference between existing and proposed rates of the Company with those of other comparable municipal utility systems.

Preparation of Reports and Proposition 218 Notices

Task 3.1 – Reports, Model and Deliverables

Task 3.1.1 – Preliminary Draft Report. A draft report will be developed to address study findings and proposed recommendations. Contents will also include assumptions relied upon for the projection of customers and usage characteristics, revenue requirements, revenues, operating results, the cost recovery profile for each class, the results of the fully allocated cost of service analyses and any proposed adjustments to the utility rates.

Upon completion, an electronic PDF copy and ten copies of the draft report will be provided to staff for review, and then to the Administration and Finance Committee (AFC) for its review and feedback. The report and presentations will also include a comparison of the Company's current and proposed water rates with five other public agencies.

Task 3.1.2 – Final Report. Based on comments received from staff, the AFC, and other participants during the presentation of the Preliminary Draft Report, the Final Report will be revised to incorporate the agreed upon changes. Upon completion, an electronic PDF copy and two (2) copies of the Final Rate Study Report will be provided to the Company for distribution to the Board.

Task 3.1.3 – Rate Model. The financial rate model developed through the course of this study of the utility, including the interactive dashboard, will be provided to the Company for its unrestricted use. Our model is developed using Excel and will not contain any proprietary components. We will provide guidance and education on the use of the model, including how to incorporate updated financial information and data, such as budgets, fund balances, capital plans and cost escalators, and see the results and impacts on projected future rates. To the best extent possible and feasible, given limitations in long-term projections and the ability to effectively model them, we will work with the Company to evaluate which factors to incorporate into the model, to allow the ability to develop projections over an extended 30 year timeline.

Task 3.2 – Mailed Notice Preparation and Mailing

Task 3.2.1 – Notices. We understand that as a private/mutual company, the Company is not technically subject to Prop 218, but may still conduct its proceedings in the same manner as required under Prop 218, including mailing of notices. Based on our over 25-year history with Proposition 218 compliance, we will assist with the drafting of notices that will explain the purpose of the rates, the reason for the increases, how the rates are structured, the date, time, and place of the Board hearing, and other necessary details.

Task 3.2.2 – Notice Processing. We will develop the materials, create a parcel database of properties subject to the new proposed rates, and coordinate the printing and mailing of the materials in conjunction with a mailing house that we typically work with on these types of projects. The additional cost for these services is estimated at \$1.00 per parcel and includes direct costs associated with the mailing.

Communicating Results - Presentations & Meetings

Task 4.1 – Meetings and Presentations

Task 4.1.1 – Project Kick-Off. As detailed in Task 1.2, a kick-off meeting will be scheduled with Company Staff at the start of the project to discuss project requirements, finalize project scheduling/milestones and reporting requirements, and receive overall project direction. This discussion will provide the opportunity to review current utility rates, fees, charges, issues, and deficiencies with staff.

Task 4.1.2 – Project Progress Web Conferences. During the project, and prior to meetings with the Board, team web conferences will be scheduled to present the progression of the analysis to staff in order to obtain input and feedback associated with any rate adjustments that may be presented. These web meetings will assist in the completion of rate design for the utility systems and guide the development of the draft report.

Task 4.1.3 – Draft Financial Plan Meeting. The results of the Preliminary Financial Plan and Revenue Requirements will be presented to staff for comment, feedback, and direction, and then to the (AFC).

Task 4.1.4 – Draft Study/Final Report Meetings/Board Meeting. The draft report will be reviewed with Company Staff to discuss findings and recommendations, gather feedback and address questions, then presented to the AFC for review and comment. Following incorporation of any changes to address Staff and/or AFC feedback, the results of the Final Report will be presented to the Board during one (1) public meeting. Willdan's project manager will be present to address any questions or concerns raised during the public hearings.

Company Staff Support / Responsibilities

Willdan recommends that the Company assign a key individual as a project manager. As our analysis is developed, the Company's appointed project manager will:

- Coordinate responses to informational requests;
- Coordinate review of work products; and
- Identify appropriate staff members for participation in meetings and facilitate in scheduling.

We will ask for responses to initial information, follow-up requests and comments on reports within five business days or otherwise agreed upon timetable. If there are delays, the project manager will follow up with the parties involved to establish an estimated date for the delivery of information and/or feedback. To ensure continued progression, the project manager will reconvene with the rest of the team to identify tasks that can be started while waiting for requested data.

Project Schedule

The following outlines the estimated number of weeks to complete each task outlined in our scope of services. A specific project schedule will be developed following consultation with, and in concert with, Company staff.

San Antonio Water Company																																	
Water Rate Study																																	
Timeline																																	
Scope of Work	October				November				December				January				February				March				April				May				
	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	3	10	17	24	3	10	17	24	31	7	14	21	28	5	12	19
Project Initiation																																	
Task 1.1 – Data Collection & Review																																	
Task 1.2 – Kick-off Meeting & Planning Discussion																																	
Water Rate Study																																	
Task 2.1 – Financial Model and Plan, Revenue Requirements																																	
Task 2.2 – Capital Plan Analysis																																	
Task 2.3 – Cost-of-Service Allocations																																	
Task 2.4 – Rate Analysis & Design																																	
Preparation of Reports and Mailed Rate Notices																																	
Task 3.1 – Reports, Model & Deliverables																																	
Task 3.2 – Rate Notice Preparation & Mailing																																	
Communicating Results - Presentations & Meetings																																	
Task 4.1 – Meetings & Presentations																																	

Fee Schedule

Water Rate Study

Based on our work plan provided in the scope of services, we propose a total **labor cost proposal fee of \$33,975**.

Mailed Notice of Rate Adjustment Fees

IMPORTANT NOTE - The fixed fee **does not** include direct costs associated with the printing, processing, postage and mailing of notices. We will bill the Company for these at our cost, plus 10 percent (10%), based on actual quotes provided by our mailing house at the time the mailing materials are developed and delivered to them. These costs are estimated at \$1.00 per mailed piece.

Notes

- The Company will be invoiced on a monthly percentage-completion basis.
- Invoices will include a description of services, as well as a summary of costs to date by task.
- Willdan will rely on the validity and accuracy of the Company’s data and documentation to complete our analysis. Willdan will rely on the data as being accurate without performing an independent verification of accuracy, and that we will not be responsible for any errors that result from inaccurate data provided by the client or a third party.
- The Company shall reimburse Willdan for any costs Willdan incurs, including without limitation, copying costs, digitizing costs, travel expenses, employee time and attorneys’ fees, to respond to the legal process of any governmental agency relating to the Company or relating to this project. Reimbursement shall be at Willdan’s rates in effect at the time of such response.

Project Disclaimer

The San Antonio Water Company further represents, acknowledges, and agrees that: (i)The Company uses, or may use, the services of one or more municipal advisors registered with the U.S. Securities and Exchange Commission (“SEC”) to advise it in connection with municipal financial products and the issuance of municipal securities; (ii) The Company is not looking to Willdan to provide, and Company shall not otherwise request or require Willdan to provide, any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues); (iii)The provisions of this proposal and the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations adopted thereunder; (iv) For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the Company with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the Company, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the Company, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and (v) Notwithstanding all of the foregoing, the Company recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, the Company will work with Willdan throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by Willdan hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that the Company is not asking Willdan to provide, and Willdan is not in fact providing or required to provide, any municipal advisory services.

Background and Experience

Firm Profile

Willdan Group, Inc. (WGI), was founded in 1964 as an engineering firm working with local governments. Today, WGI is a publicly traded company (WLDN). WGI, through its divisions, provides professional technical and consulting services that ensure the quality, value and security of our nation's infrastructure, systems, facilities, and environment. The firm has pursued two primary service objectives since its inception—ensuring the success of its clients and enhancing its communities. A financially stable company, Willdan has approximately 1,600 employees working in more than 50 offices across the U.S. Our employees include a number of nationally recognized Subject Matter Experts for all areas related to the broadest definition of connected communities—**three of whom are committed to contribute their expertise throughout the duration of San Antonio Water Company's Rate Study engagement.**

Willdan Financial Services, a California Corporation, is an operating division within Willdan Group, Inc. Willdan Financial Services, established on June 24, 1988, is a national firm and one of the largest public sector economic and financial analysis consulting firms in the United States. Since that time, we have helped over 800 public agencies successfully address a broad range of infrastructure challenges. Our staff of 80 full-time employees support our clients by conducting year-round workshops and on-site training to assist them in keeping current with the latest developments in our areas of expertise.

Background Experience

For over two decades, Willdan team members have provided professional consulting services, which entail financial planning; rate and cost-of-service studies including wholesale analysis; alternative and feasibility analyses; and operational and management studies for water, reclaimed water, sewer, solid waste, and stormwater utility clients across the United States. Willdan team members are involved with the development of the rate-setting methodologies set forth in the American Water Works Association (AWWA) M1 manual "Principles of Water Rates, Fees and Charges," and the AWWA M29 manual, "Water Utility Capital Financing." Willdan is nationally recognized for its expertise with team members frequently being called upon to speak or instruct on utility financial matters, as subject matter experts, including at the AWWA Utility Management conference.

References

Provided below are recent project that are similar in nature to those requested by the Company. We are proud of our reputation for customer service and encourage you to contact our past clients regarding our commitment to completing these assignments.

Willdan Financial Services Utility Rate Study References		
Client	Project	Client Contact Information
City of Claremont, CA	Sewer Rate and Sanitation Rate Study	Adam Pirrie, City Manager Tel #: (909) 399-5441 Email: apirrie@ci.claremont.ca.us
City of La Palma, CA	Water and Wastewater Utility Rate Study	Mike Belknap, Community Development Director Tel #: (714) 690-3356 Email: mbelknap@cityoflapalma.org
City of Lomita, CA	Water Rate Study	Carla Dillon, P.E., Public Works Director Tel #: (310) 325-7110 x 124 Email: c.dillon@lomitacity.com
City of McFarland, CA	Water and Wastewater Utility Rate Study	Diego Viramontes, Finance Director Tel #: (661) 792-3091 Email: dviramontes@mcfarlandcity.org

Project Team

To abide by the page limits set forth, bios are provided in lieu of resumes; upon request, full resumes will be provided. The projects noted above were completed by the proposed project team.

Chris Fisher, Vice President/Director | Principal-in-Charge/Project Manager

Mr. Chris Fisher has been selected to serve as the principal-in-charge and project manager of the Company's engagement. Mr. Fisher is a Willdan Financial Services Vice President and Financial Consulting Services Director. With 25 years at Willdan, he has managed an array of financial consulting projects for public agencies throughout California, Arizona, Texas, Colorado, and Florida; coordinating the activities of resources within Willdan, as well as those from other firms working on these projects. Mr. Fisher has a Bachelor of Science degree in Finance from San Francisco State University.

Jeffrey McGarvey, Managing Principal | Principal-in-Charge/Project Manager

Mr. Jeffrey McGarvey is a Managing Principal and Vice President in Willdan's Financial Consulting Services group. For 32 years he has provided professional consulting services to municipal water, wastewater, solid waste, electric, and natural gas utilities throughout the country. He possesses a broad range of municipal utility systems' experience, including special expertise in complex alternatives analyses; utility rate analyses; utility valuations and acquisitions; regionalization and consolidation studies; debt issuance support, such as the preparation of financial feasibility analyses. Mr. McGarvey holds a Bachelor of Science in Finance from the University of Central Florida.

Michael Cronan, Project Manager | Financial Analyst

Mr. Michael Cronan is a project manager with seven years of experience within Willdan's Financial Consulting Services group. He will serve as the Financial Analyst on the Company's engagement. His primary function is to support project managers and senior analysts with utility rate studies. He specializes in analysis for a variety of clients, including cities, water districts, and public utilities. Mr. Cronan has a Bachelor of Arts and Science degree from the University of Central Florida.

Item Title: General Manager's Annual Performance Review

Purpose:

To Conduct the General Manager's Annual Performance Review.

Issues:

Conducting an annual review.

Manager's Recommendation:

No recommendation.

Background:

The Company conducts annual reviews of all employee's on or around their hire anniversary date. The General Manager and Assistant General Manager handle staff level reviews. The Board handles the General Manager's review. The General Manager's hire anniversary date is September 16th.

The Company utilizes the attached Salary Performance Rating System and Approved Salary Range to determine yearly performance adjustments to compensation.

Previous Action:

None

Impact on Budget:

None

Approved Salary Range

	current	low	lower third	mid point	control point	high
hourly	\$ 126.92	\$ 113.08	\$ 127.21	\$ 134.28	\$ 141.35	\$ 155.48
yearly	\$ 263,993.60	\$ 235,206.40	\$ 264,603.73	\$ 279,302.40	\$ 294,001.07	\$ 323,398.40
		-10.90%	0.23%	5.80%	11.37%	22.50%

Control Point Within a given salary range, this is the point that represents the desired pay for a completely qualified and satisfactory performer.

Salary Performance Rating System

Performance Rating	Bottom Third	Middle Third	Top Third
Outstanding	9.5%	9%	8%
Exceeds Expectations	8.0%	7%	6%
Meets Expectations	6.0%	5%	4%
Fails to Meet Expectations	0 to 2%	0%	0%