

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

January 26, 2021

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was held virtually and called to order at 3:01 p.m. on the above date as noticed. Committee Members present were José Sanchez, Bob Cable, Rudy Zuniga, and Tom Thomas. Also in attendance were Interim Public Works Director for the City of Upland Steve Nix, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell.

1. Recognitions and Presentations: Mr. Lee recognized Director Cable's birthday.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Director Zuniga moved and Director Cable seconded to approve the meeting minutes of November 24, 2020. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. **Financial Reporting** – Mr. Lee reiterated the items that have prevented further discussion and work on the financial reporting such as end of year financial audit and payroll taxes. He advised that all items are either well underway or have been completed. Once all items have been finalized, full attention can be paid to updating the financial reporting.
 - B. **Employee Benefits** – Director Sanchez reminded the Committee that it had requested staff look at the overall employee benefits package from a revenue neutral perspective to see if there were ways it could be enhanced.

Mr. Lee stated he and Ms. Layton collaborated on putting together a list of employee benefits the company could provide a little to no cost. There were a few such as the sick-leave buyout that come at an expense to the company, however the company is liable to payout accrued sick-leave when an employee leaves the company. Mr. Lee briefly reviewed and explained the remaining suggested employee benefits.

The Committee then discussed with staff each presented employee benefit option.

The Committee agreed that once the employee's medical benefits were covered by the company their dependents should be covered at the 50% rate. They also agreed to eliminate requiring employees to wait a full year of employment in order to contribute to the 401k plan and to add 4 hours of floating holiday time to account for moving to a 9/80 work schedule. There was consensus that vacation buyback and sick leave buyback related to retirement or termination of employment needed additional information before a decision could be made however the committee agreed to recommend allowing 300 hours of vacation accrual and 800 hour of sick leave accrual. Suggested sick leave payout at the end of each calendar year was not approved for recommendation. Offering a 457(B) deferred compensation plan for employees was also approved for recommendation while the possibility of a Flexible Spending Account was considered but eventually dropped.

- C. **Building Reserve Fund** – Mr. Lee explained the company will have roughly \$1.7 million from the sale of the southern portion of the 17th Street and Benson Avenue property. The funds are not currently categorized for any specific use, however, staff questions whether or not they should be earmarked for a particular project or projects.

Director Sanchez stated there is concern that SAWCo has this large amount of reserves that was not identified to any particular project yet should be in order to justify such a large amount.

There was clarification that although funds can be earmarked for specific projects the Board is able to move the funds to a different project, if need be, later on.

Director Cable acknowledged that the discussions that took place during the sale of the southern portion of the 17th Street and Benson Avenue property was that the funds would go towards the building of a new office and yard facility on the northern part of that property. Building a new SAWCo office and yard on the northern part of the property was part of the intention of the sale of the southern part of the property.

Director Sanchez stated the idea is to establish a fund with the proceeds from the sale of the southern portion of the property for that exact purpose so that the funds are available when the project is approved. Adding that during the annual budgeting process it would be wise to attribute funds to each capital improvement project (CIP).

The Committee continued discussion and agreed a fund titled Facility Modernization should be set up to earmark funds for modernizing the office and yard facilities that the staff and Board is currently looking at building. It was also suggested that specific dollar amounts be earmarked for specific items such as wells, pumps, distribution system, etc. according to the CIP.

Mr. Lee pointed out the capital improvements are being funding by the sale of water. The \$1.7 million dollars SAWCo is receiving is not from the sale of water but the sale of real property. He clarified that the recommendation is to take the \$1.7 million dollars of revenue from the sale of real property and earmark it for use towards facility modernization of the office and yard. Management will then bring to the Board for approval in the near future how they propose to utilize the funds.

There was consensus on the Committee to bring to the Board the recommendation that the \$1.7 million dollars of revenue from the sale of real property be placed in a Facility Modernization fund for use towards building the office and yard facilities.

D. Ontario Museum Request – Mr. Lee reported staff received a request from the Ontario Museum to contribute to a local water exhibit. SAWCo will be donating some historical artifacts such as the mining cart and old pipeline to the museum for the exhibit which will likely open in 2022 or 2023. The items will be insured for the time they are with the museum.

E. COVID Response – Mr. Lee reported the stay-at-home orders have been lifted. No data was given as to why the State lifted the orders early. The move has not changed how the office and field are conducting day to day business.

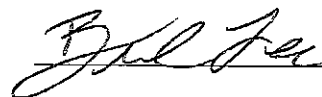
6. Closed Session: None.

7. Committee Comments and Future Agenda Items: Director Sanchez commented financial reporting and a few of the employee benefits discussed but not approved will be placed on the next AFC agenda.

Director Thomas mentioned the entire Board reviewing CIP's for the upcoming 5 years. Mr. Lee advised the Water Master Plan is currently being updated and will be completed this year. Once completed it will be reviewed at both the Committee and Board level.

Director Zuniga stressed SAWCo having all of its facilities in good working order and aesthetically pleasing. The Committee concurred. Mr. Lee would like to take some funds to clean up any abandoned property or facilities SAWCo owns and reassess their usefulness or possibly sell.

8. Adjournment: Seeing no further business, the meeting was adjourned at 4:16 p.m.



Assistant Secretary
Brian Lee