



SAN ANTONIO WATER COMPANY
MEETING AGENDA
for
ADMINISTRATIVE & FINANCE COMMITTEE
July 28, 2020 @ 3pm
By Virtual/Online or Teleconference Only

Please join the meeting from your computer, tablet or smartphone.
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- Call to Order

1. Recognitions and Presentations:

2. Additions-Deletions to the Agenda:

3. Public Comments

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 May 26, 2020.

5. Administrative and Financial Issues:

- A. Identity Theft Prevention Program
Discuss process and update program
- B. Travel Policy
Review draft travel policy and make recommendations
- C. Employee Handbook Revisions
Review and discuss revisions to the employee handbook
- D. Benefit and Compensation Proposals
Review and recommend selection of consultant
- E. Financial Discussion
Verbal discussion on process of improvement
- F. COVID Response
Verbal update
- G. Goals and Objectives for General Manager
Propose goals and objectives for next year

6. Closed Session: None

7. Committee Comments and Future Agenda Items:

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

8. Adjournment:

The next regular Administration and Finance Committee meeting will be held on September 22, 2020 at 3:00pm

NOTE: All agenda report items and back-up materials are available for review and/or acquisition at the Company Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [8:00 – 11:30 and 12:30 – 4:00] and alternating Fridays [8:00 – 11:30 and 12:30 – 3:00]. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On July 23, 2020, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), 460 N. Euclid Avenue (Upland City Hall), and on the Water Company's website.

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES
May 26, 2020

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 3:00 p.m. on the above date as noticed. Committee Members present were Jose Sanchez, Bob Cable, Rudy Zuniga, and Tom Thomas. Also in attendance were Interim Public Works Director Steve Nix, and SAWCo's General Manager Brian Lee and Senior Administrative Specialist Kelly Mitchell.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Zuniga moved and Mr. Cable seconded to approve the meeting minutes of January 28, 2020. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. **Compensation & Benefit Study** – Mr. Lee advised this item is budgeted for 2020. The study is needed in order to make certain the company is in alignment with existing companies and agencies in surrounding areas. Mr. Lee has noticed that some of the current positions SAWCo has may be a little out of alignment.

Mr. Sanchez noted SAWCo's previous compensation and benefit studies took place in 2005 and 2014. He questioned why staff wouldn't wait another couple of years to have another study performed.

Mr. Lee replied in his roughly year and a half with the company he has noticed some job descriptions aren't well aligned with the actual job.

Mr. Thomas offered that if after receiving RFPs, if the total cost is more than the company wishes to spend, the project can be postponed for a time.

Mr. Sanchez advised of a typographical error on page one and suggested changing comparing monthly maximum base salary to comparing monthly base salary ranges.

Mr. Lee advised SAWCo has salary ranges but it over complicates things when ranges are compared rather than a fixed number. Salaries can start lower or higher than other agencies but it would not be good to end too far from the maximum of other agencies.

Mr. Sanchez questioned whether it would be valuable to have the consultant assess the organizational structure as well. Does SAWCo have the right classifications and are they structured appropriately?

Mr. Lee felt an assessment of the organizational structure was a bit too in depth and not necessary at this time. He felt SAWCo currently has the right amount of staffing.

Mr. Thomas questioned whether to include an assessment of the organizational structure in the RFP. Staff could then decide whether or not to have the assessment performed based on the bid amount.

Mr. Sanchez clarified one option is to release the RFP as presented. The other option is to amend the RFP to include an assessment or review of the organizational structure.

Mr. Cable moved and Mr. Zuniga seconded to release the RFP as presented. Motion carried unanimously.

- B. *Salary Range Adjustment*** – Mr. Lee explained a Consumer Price Index (CPI) increase of 3.4% from January 2019 to January 2020 has been calculated for Urban Wage Earners and Clerical Workers in the Riverside-San Bernardino-Ontario geographic area. Based on this change in the CPI, Mr. Lee recommends adjusting the company's salary tables 3.4% upward.

Mr. Zuniga inquired if the budget could handle the increase. Mr. Lee advised SAWCo is doing fairly well with water sales and is expected to meet entitlement for the year.

Mr. Cable moved and Mr. Sanchez seconded. Motion carried unanimously.

- C. *Company Response to COVID-19*** – Mr. Lee advised that he will have this item on the agenda for the AFC and Board meetings so long as the recommendations and orders continue to be updated.

Mr. Lee reported staff is now working half of their scheduled hours in the office and the other half at home. Office shifts are being staggered.

Mr. Zuniga inquired as to whether or not any clear partitions have been set up in the office for safety during the COVID-19 pandemic.

Mr. Lee responded no dividers or partitions have been placed in the office. Face masks have been provided to all staff members and disposable masks have been purchased for those that enter the office with no mask.

Mr. Zuniga asked if adding partitions is being looked at.

Mr. Lee responded signs are in place requesting those that enter the building wear masks. Staff is currently satisfied with the protections put in place. Should staff express a concern and a desire to have a barrier installed management will move forward with doing so.

Mr. Thomas suggested if SAWCo were to install a partition he suggested it be a more permanent, security type.

- D. *Stock Auction – August 2020*** – Mr. Cable asked if SAWCo would be in violation of any of the restrictions or emergency orders the governor has enacted during the pandemic by auctioning water stock.

Mr. Lee stated he would run the possibility of an auction taking place this year by legal counsel and advise.

Mr. Zuniga moved and Mr. Cable seconded to recommend the Board approve the stock auction timeline with the caveat that legal counsel assures the auction is not in violation of the emergency orders set by the governor during the COVID-19 pandemic. Motion carried unanimously.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: Seeing no further business, Mr. Zuniga moved and Mr. Cable seconded to adjourn the meeting at 3:18 p.m. The motion carried unanimously.

Assistant Secretary
Brian Lee

Agenda Item No. 5A

Item Title: Identity Theft Prevention Program

Purpose:

Annual review of Identity Theft Prevention Program

Issue:

Review the Identity Theft Prevention Program report for effectiveness and recommendations for changes to the program.

Manager's Recommendation:

Review and provide feedback to management and/or approve the recommended updates.

Background:

The Federal Trade Commission (FTC) ruling requires creditors that hold any consumer account for which there is a reasonably foreseeable risk of identity theft to develop and implement an identity theft prevention program by May 1, 2009. At the Board of Directors meeting on December 16, 2008, the Board adopted such a program.

Under the current program it states, "A report will be prepared annually and submitted at the Annual Shareholders Meeting by management or governing body to include matter related to the program, the effectiveness of the policies and procedures, the oversight and effectiveness of any third party billing and account establishment entities, a summary of any identity theft incidents and the response to the incident, and recommendations for substantial changes to the program, if any."

The FTC has a list of 26 "red flags," or warning signs of identity theft. The legislation requires "creditors" to have a written, board-approved program to identify, detect and respond to patterns, practices or specific activities that could indicate identity theft. Attached to this report is an updated program prepared by staff for review.

Since its first adoption in 2008, management would review at the beginning of year with staff if there were any incidents and it would be reported in the annual report. With the recent departure of two key staff members, this reporting in the annual report was missed in 2018. There have been no incidents, but it caused staff to research the issue and discover that the program needed to be updated and discussed.

Impact on the Budget:

None

Previous Actions:

Adopted program at December 16, 2008 Board meeting

~~Update Adopted~~ By The Board of Director on August
18 December 16, 202008

Identity Theft Prevention Program For

San Antonio Water Company

139 N. Euclid Ave

Upland, CA 91786

This Program is intended to identify red flags that will alert our employees when new or existing accounts are opened using false information, protect against the establishment of false accounts, methods to ensure existing accounts were not opened using false information, and measures to respond to such events. Contact Information:

The Senior Management Person responsible for this program is:

Name: Brian Lee~~Charles Moorrees~~

Title: General Manager

Phone number: 909-982-4107

The Governing Body Members of the San

Antonio Water Company are: Board Members

1. Tom Thomas
2. Jose' Sanchez~~Ken Willis~~
3. Bob Cable~~Ellen Brodie~~
4. Rudy Zuniga~~Bob Boweock~~
5. Will Elliott
6. Martha Goss~~Fred Gattas~~

7. Gino Filippi~~Mark Hill~~

Risk Assessment

The San Antonio Water Company has conducted an internal risk assessment to evaluate how at risk the current procedures are at allowing customers to create a fraudulent account and evaluate if current (existing) accounts are being manipulated. This risk assessment evaluated how new accounts were opened and the methods used to access the account information. Using this information the utility was able to identify red flags that were appropriate to prevent identity theft.

- ☞ New accounts opened In Person
- ☞ New accounts opened via Mail on proper Company form
- ☞ Account information accessed In Person
- ☞ Address changes via Written or Fax

Detection (Red Flags):

The San Antonio Water Company adopts the following red flags to detect potential fraud. These are not intended to be all-inclusive and other suspicious activity may be investigated as necessary.



- ☞ Identification documents appear to be altered
- ☞ Photo and physical description do not match appearance of applicant
- ☞ Other information is inconsistent with information provided by applicant
- ☞ Other information provided by applicant is inconsistent with information on file.
- ☞ Application appears altered or destroyed and reassembled
- ☞ Personal information provided by applicant does not match other sources of information (e.g. credit reports, SS# not issued or listed as deceased)
- ☞ Customer fails to provide all information requested
- ☞ Personal information provided is inconsistent with information on file for a customer
- ☞ Applicant cannot provide information requested beyond what could commonly be found in a purse or wallet
- ☞ Identity theft is reported or discovered

Response

Any employee that may suspect fraud or detect a red flag will implement the following response as applicable. All detections or suspicious red flags shall be reported to the senior management official.

- ☞ Ask applicant for additional documentation
- ☞ Notify internal manager: Any utility employee who becomes aware of a suspected

or actual fraudulent use of a customer or potential customers identity must notify the General Manager

-  Do not open the account
-  Close the account or inactivate the account until further investigation

The San Antonio Water Company adopts the following security procedures which are suggestions by the Federal Trade Commission's "Identity Theft Red Flags Rule". The following list of security procedures is considered to protect consumer information and to prevent unauthorized access. Implementation of selected actions below is good management practice to protect personal consumer data.

1. Paper documents, files, and electronic media containing secure information will be stored in the safe.
2. Only specially identified employees with a legitimate need will have keys to the safe.
3. Files containing personally identifiable information are kept in a locked safe except when an employee is working on the file.
4. Employees will not leave sensitive papers out on their desks when they are away from their workstations.
5. Employees store files when leaving their work areas
6. Employees log off their computers when leaving their work areas
7. Employees lock file room doors when leaving their work areas
8. Access to offsite storage facilities is limited to employees with a legitimate business need.
9. Visitors who must enter areas where sensitive files are kept must be escorted by an employee of the utility.
10. No visitor will be given any entry codes or allowed unescorted access to the office.
11. Access to sensitive information will be controlled using "strong" passwords. Employees will choose passwords with a mix of letters, numbers, and characters. User names and passwords will be different.
12. Passwords will not be shared or posted near workstations.
13. When installing new software, immediately change vendor-supplied default passwords to a more secure strong password.
14. Sensitive information that is sent to third parties over public networks will be encrypted
15. Sensitive information that is stored on computer network or portable storage devices used by your employees will be encrypted.
16. Anti-virus and anti-spyware programs will be run on individual computers and on servers daily.
17. When sensitive data is received or transmitted, secure connections will be used
18. Computer passwords will be required.
19. The use of laptops is restricted to those employees who need them to perform their jobs.
20. Laptops are stored in a secure place.
21. Laptop users will not store sensitive information on their laptops.
22. Laptops which contain sensitive data will be encrypted
23. Employees never leave a laptop visible in a car, at a hotel luggage stand, or packed in checked luggage.
24. If a laptop must be left in a vehicle, it is locked in a trunk.

25. The computer network will have a firewall where your network connects to the Internet.
26. Any wireless network in use is secured.
27. Maintain central log files of security-related information to monitor activity on your network.
28. Check references or do background checks before hiring employees who will have access to sensitive data.
29. New employees sign an agreement to follow your company's confidentiality and security standards for handling sensitive data.
30. Access to customer's personal identity information is limited to employees with a "need to know."
31. Procedures exist for making sure that workers who leave your employ or transfer to another part of the company no longer have access to sensitive information.
32. Implement a regular schedule of employee training.
33. Employees will be alert to attempts at phone phishing.
34. Employees are required to notify the general manager immediately if there is a potential security breach, such as a lost or stolen laptop.
35. Employees who violate security policy are subjected to discipline, up to, and including, dismissal.
36. Service providers notify you of any security incidents they experience, even if the incidents may not have led to an actual compromise of our data.
37. Paper records and/or any data storage media will be shredded by using the shredding service provided by the company

Identity Theft Prevention Program Review and Approval This plan has been reviewed and adopted by the San Antonio Water Company Board of Directors.

Appropriate employees have been trained on the contents and procedures of this Identity Theft Prevention Program.

Signatures:

1. _____ Date _____
2. _____ Date _____
3. _____ Date _____
4. _____ Date _____
5. _____ Date _____
6. _____ Date _____
7. _____ Date _____
8. _____ Date _____
9. _____ Date _____
10. _____ Date _____

A report will be prepared annually and submitted at the Annual Shareholders Meeting by management or governing body to include matter related to the program, the effectiveness of the policies and procedures, the oversight and effectiveness of any third party billing and account establishment entities, a summary of any identify theft incidents and the response to the incident, and recommendations for substantial changes to the program, if any.

Agenda Item No. 5B

Item Title: Travel Policy

Purpose:

To present a draft travel policy for consideration, comments and/or approval.

Issue:

The Company has a request form [attachment A] and no concrete policy defining the parameters when considering travel for company business or training.

Manager's Recommendation:

Review, comment and advise staff of any changes for recommendation for Board approval.

Background:

In the past, any travel arrangements or decisions were made by the general manager. A request form was prepared and considered.

Staff has drafted the attached policy for better clarification and understanding beyond a simple form.

Impact on the Budget:

None

Previous Actions:

None

Section: Personnel
Subject: Reimbursable/Allowable Travel Expenses

Section No:
Effective:

Purpose: The purpose of these policies and procedures is to establish the guidelines for expense reimbursement to the Company's Board of Directors and Company employees for conferences, seminars, meetings, or training.

Policy/Procedure: It is the policy of San Antonio Water Company that authorized employees and members of the Board of Directors shall be reimbursed for reasonable expenses incurred while attending and participating in conferences, seminars, training programs and meetings, when such expenditures are authorized in advance and the Board member and/or employee participation is beneficial to the purposes, policies and interests of the Company.

AUTHORIZATION PROCEDURE

1. Complete a Training and Travel Request Form (attachment A) including estimates of all charges (conference fees, travel, lodging, meals, and incidentals) pertaining to the event, attach all supporting documentation and submit to your supervisor for approval.
2. Approval must be obtained **prior** to making any required travel arrangements or reservations;
3. If approved, the travel, lodging, and/or training/seminar will be booked by the Senior Administrative Specialist or designee and the original Form will be returned to the requesting employee;
4. Upon completion of the training/seminar submit the previously approved Training and Seminar Request Form along with any receipts with a completed check request for approval by supervisor;
5. **The employee will be responsible for the cost of any travel, meeting, staff development, industry education, seminar, conference, training, and/or related expenses incurred if appropriate approval is not received prior to event.**

Senior Administrative Specialist

- Assist the employee in completing the Training and Seminar Request Form and obtaining information regarding travel, lodging, and training/seminar information and costs;
- Submit the completed Form to the General Manager for approval
- Once approval is obtained:
 - Book reservations, travel, and training/seminar, etc.;

- Send the original approved Form to the requesting employee

TRAVEL EXPENSE PROCEDURES

REGISTRATIONS – It is the intent of the Company that conference, seminar and training program registration and related fees will be paid in advance by the Company for all authorized attendances. In the event that timing of the conference seminar or training program registration does not permit advance payment by the Company, subject to advanced approval by the General Manager to attend, these fees will be reimbursed by the Company. Every effort must be made to receive the early registration discount, if available.

If conferences include any costs for voluntary, supplemental, recreational, or other excursion activities, these costs would normally be considered the responsibility of the employee, unless specifically related to the purpose of the conference, and approved by the General Manager. Supporting documentation or official activity descriptions must be included with any reimbursement requests.

1. **SAME DAY TRAVEL** – Lodging will not be reimbursed for any in-state travel within a two-hour driving distance, except in the event of weather emergency that causes unsafe driving conditions. The employee may be reimbursed or obtain funds in advance for meals and/or meeting costs.

The Company will provide a vehicle, when available, for the employee(s) transportation to attend the meeting. If the employee utilizes his/her own vehicle, the Company will reimburse mileage at the prevailing Internal Revenue Service (IRS) allowance rate per mile of authorized Company travel.

2. **MULTIDAY OR OVERNIGHT TRAVEL** - In-state travel more than a two-hour driving distance may be eligible for one day of lodging, if location, hours of the event, or other factors justify an overnight stay. Such instances must be approved in advance by the General Manager.

If the conference is a multi-day event, one day of lodging will be reimbursed for each additional conference day after the first day. In other words, one day of lodging will be reimbursed for each full day (minimum of eight hours) of the conference. This will allow for employees to check-in the night before a conference and check-out on the last day of the conference.

EXAMPLE: *Three day conference would be reimbursed for two nights of lodging.*

3. **OUT-OF STATE TRAVEL** – For conferences requiring air travel or ground transportation, lodging is assumed to start the night prior to the conference start date and check-out on the last day of the conference. Lodging would be reimbursed for each full day (eight hours) of the conference. In the case of partial day events (which may allow for travel the morning of) or for late evening end times (which may eliminate flight options for return travel or may create unsafe driving conditions/fatigue for return travel) an exception may be made based on the judgment of the General Manager and the employee.

4. TRANSPORTATION – Employees must use the most expedient mode of transportation available, and determine the lowest cost option of travel. Options include air, rail or automobile travel. In cases where multiple employees are attending the same conference, consideration must be given to economic feasibility of carpooling or rail travel versus flying. A Company vehicle should be utilized whenever possible.
 - a. In general, any travel destination that is more than four hours of drive-time is considered acceptable to evaluate air travel options. Exceptions may arise during off-peak seasons and during airfare sales, so air travel to closer destinations may be approved if airfare is shown to be more economical.
 - b. Any employee that receives a monthly car allowance is not eligible for personal vehicle mileage reimbursement or the use of a Company vehicle.
5. AIR TRAVEL – Every effort must be made to obtain the lowest possible round-trip coach fare, with reasonable consideration given to the time and distance of travel involved. Any upgrades, seat selection costs, or other enhancements are personal expenditures, and will not be paid by the Company.
 - a. If an employee combines business with personal travel, or if an indirect route is taken as a result of personal travel, only the business portion of the trip is reimbursable. This amount may not exceed the amount of reimbursable expenses which would have been incurred had the trip been strictly for business purposes.
 - b. Costs for parking at the airport are reimbursable up to the daily rate for the same number of days allowed for the same trip.
 - c. Costs for any additional luggage, after the first bag, or overweight luggage are not reimbursable unless special equipment or supplies are required to be taken as part of the conference.
6. RENTAL VEHICLES – The General Manager must give advance authorization prior to renting any vehicles for business purposes. If a conference location requires the use of ground transportation to go to and from the hotel to the conference sight, renting a car may be considered. If the cost of renting a car is more practical to the Company, as compared to other means of transportation such as taxi or subway, a vehicle may be rented for use during the conference. The employee is responsible for obtaining the best available rate on a standard-sized rental car. If more than two employees are attending the same conference, the size of vehicle may be adjusted according to the capacity needed to accommodate the number of people traveling. Luxury and convertible models are not permitted upgrades.

When renting a vehicle for business purposes, the employee must make sure that they have documentation on file with the Company showing proof of valid automobile insurance coverage, prior to renting any vehicles. Employees that do not have automobile insurance are not permitted to rent vehicles while on Company business. All rental cars have to be rented in the individual employee's name, not in the name of the

San Antonio Water Company Policy and Procedure Guidebook

Company. Supplemental insurance options covering rental vehicle through the rental agency must be obtained by the employee and will be reimbursable.

7. LODGING – Employees are expected to utilize lodging discounts provided through the conference, if available, and select moderately priced accommodations within an acceptable travel distance from the conference location. Hotel locations that result in excessive commuting or taxi expenses must be avoided whenever possible.

A traveler canceling reservations shall do so according to the hotel's policy in order to avoid charges. The Company does not reimburse for non-canceled reservations, early departure, or late cancellation charges unless they are business related and approved by the General Manager.

8. MEALS – The company will use the U.S. General Services Administration's meals and incidental expenses chart for reimbursing its employees for costs while away on business. The table provides a reasonable amount and repayment will not exceed that amount.

The Meals and Incidental Expenses (M&IE) rates differ by travel location. View the per diem rate for your primary destination to determine which M&IE rates apply. The following is the chart for 2019 San Bernardino County; however, the most current amounts can be obtained by going to the website www.gsa.gov/mie.

Breakfast:	\$14
Lunch:	\$16
Dinner:	\$26
Incidentals:	<u>\$ 5</u>

Total meals and incidental expenses: \$61

9. UNAUTHORIZED EXPENSES – Examples of personal expenses that the Company will not reimburse include, but are not limited to:
 - The personal portion of any trip taken at Company expense;
 - Travel companion expenses, including spouse, friend, or partner expenses when accompanying a member on Company-related business, as well as children or pet-related expenses;
 - Charitable contributions;
 - Social or other recreational events, unless the event has a direct relationship to Company business. In that instance, the event must be approved by the General Manager;
 - Entertainment expenses, including theatre, movies, sporting events, or other cultural events;
 - Non-mileage automobile expenses incurred, including repairs, traffic citations, insurance, or gasoline;
 - Personal losses incurred while on Company business (e.g., theft or property destruction);
 - Alcoholic beverages

Agenda Title: **Employee Handbook Revisions**

Issue:

Does the Committee agree with the revisions in the Employee Handbook?

Manager's Recommendation:

That the Committee comment and recommend approval to the Board regarding the Employee Handbook revisions as presented.

Background:

In 2005, the Board approved contracting services with the benefit consultant firm RSG to conduct compensation and benefit survey and to review the Company's human resource documents for legal compliance. The Board then authorized additional expenditure for RSG Consultants in developing the Employee Handbook and appropriated an additional budget of \$6,000 from Savings.

The last update to the Handbook was done internally in 2015. The Board approved [3/17/15] to amend the handbook on the use of sick leave. Other minor revisions were also done.

Since that time there has been some changes that warrant an update to the handbook. Management updated the handbook based on the 9/80 change in work schedule and other minor revisions and has run it by legal for compliance.

Management is providing to AFC and employees for any further comments.

Impact on the Budget:

Minor legal review charges

Previous Actions:

On December 18, 2007, the Board adopted the Employee Handbook.

In 2015 – minor changes were made internally based on Board decision

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WELCOME TO OUR TEAM

GENERAL MANAGER'S MESSAGE

Welcome to the San Antonio Water Company. By joining our team, you become part of a historically significant and progressive organization that dates back to 1882. I look forward to your contribution continuing the progress and future development of our Company.

As an organization, we value individual qualities such as courtesy, helpfulness, a willingness to learn and a creative spirit. The aim of the Company is to provide a productive working environment that fosters personal growth, meets Company goals and ensures quality products and services to our shareholders.

The Company provides this policy manual to familiarize you with work-related rules, benefits, policies and procedures. The policies contained in this manual help answer the most basic questions about your workplace and provide you guidance on what the Company expects of you. The policies do not create any contract right, or contract of employment; and the Company may modify the policies at its discretion in accordance with law. We ask that you take the time to carefully read the employee handbook in order to obtain a clear understanding of these expectations.

HISTORY AND ORGANIZATION OF THE COMPANY

The San Antonio Water Company's history spans multiple centuries and involves no less than three nations; Spain, Mexico and The United States. We are one of the oldest mutual water companies in the nation and extremely proud of our heritage. The genesis of our story predates the United States of America and the State of California.

In 1771, four years prior to the Declaration of Independence, the Mission San Gabriel was established by Spaniards of the Franciscan order. It was the fourth of twenty-one Spanish missions established in California along the El Camino Real. Given the remote locations of California missions at the time, self-sufficiency was critical to survival. To that end, the missionaries established rancherias surrounding Mission San Gabriel to provide food and supplies. Along with dozens of other rancherias, Cucamonga was established for cattle grazing in support of the Mission.

In 1821 Mexico (including the lands of Alta California) gained its independence from Spain. The Mexican secularization act of 1833 removed most of the mission's property rights, transferring to the Mexican government those lands granted to the Franciscan missions by the Spanish crown. In 1839 the 13,045-acre rancheria Cucamonga (and its water rights) was granted by the Mexican Governor of California to Tiburcio Tapia, a wealthy Los Angeles merchant. As an unencumbered

EMPLOYEE HANDBOOK

property right, this land grant established Rancho Cucamonga under private ownership. Tapia is also credited with planting the first grape vines in the area.

Marking the end of the Mexican American war, the Treaty of Guadalupe Hidalgo, signed in 1848, ensured that previous land grants and associated water rights would be honored by the American government in its newly acquired California territory. California was admitted as the 31st State of the Union on September 9, 1850. The US Government officially recognized the Rancho Cucamonga land grant to Leon V. Prudhomme in 1872. For the next 30 some-odd years the Rancho transferred ownership several times, including some family intrigue and an unsolved murder as a back-story.

In 1882 Canadians George and William Chaffey purchased 8,000-acres of the Cucamonga Rancho, including the water rights, and established an irrigation colony which they named Ontario, in honor of their homeland. On October 25, 1882 they also established the San Antonio Water Company under the General Corporation Laws of the United States. Those rancheria water rights established way back in the 1700's, passed down from owner to owner, were transferred to the Company to support the newly established irrigation colony.

The brother's vision was to develop a Mutual Water Company whose members shared equally in the locally available water supply. They sold irrigation colony land in 10-acre blocks, primarily intended for the booming citrus industry. Along with the land, the brothers sold shares in the Company, one share for each purchased acre. Each shareholder was entitled to a portion of available local water, distributed equally by the company amongst all the shareholders. The Company was responsible for distributing water on a non-profit basis to the shareholders.

Since 1882 the Company has consistently provided water service to its shareholders. Although the local citrus industry has largely disappeared, the Company maintains delivery to current shareholders utilizing the same successful 'per share' distribution plan established over 135 years ago.

A major component of the Company's water system is the incredible San Antonio tunnel. The tunnel is built into the head of the San Antonio Canyon about 90 feet below the ground surface. Groundwater percolating through the alluvium collects in the tunnel and, after chlorination, is channeled into the Company's potable water system.

CORE VALUES

We believe our Company has succeeded over the course of its long history as a result of our established core values. These core values reflect what is truly important to the organization. They

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do not change from time to time, situation to situation or person to person, but rather they are the foundation of our Company's culture.

San Antonio Water Company's core company values create a framework within which individuals are free to contribute to the long-term prosperity of the business.

As a Company we value:

- High standards of business ethics and personal integrity. We believe that doing what is right, in accordance with the Company's core values, will enhance the perception of its shareholders and its counterparts.
- Personal growth through continuing education and certification, thereby reinforcing the confidence of our shareholders in our ability to provide excellent water quality.
- Respect for the dignity and importance of all staff members and their contribution towards achievement of the Company's objectives. We are committed to creating a workplace where employees are encouraged to strive for their personal best.
- Teamwork. We seek to support each other and make choices that put team before individual performance. The strength of our team relies on our combined experience and expertise working in unison. We know that our best work is produced by collaboration and supporting each other every day. Team mentality also extends to our customers as we approach every relationship as a partnership and work collaboratively with each other to meet our goals.
- Cost effectiveness and efficiency. We encourage our employees to contribute their ideas for improving our business and operational processes.
- Safety. We are committed to ensuring a work environment that is clean, orderly and safe.
- Following through on our commitments as management and employees. We pledge accountability to our shareholders and employees for achieving our commitments, results, and quality.

Our continued vision is to achieve the following goals:

- Be the place where the best people choose to work - to encourage creative thinking and reward performance in appropriate, measurable ways.

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- Embrace change, growth, and diversity.
- Seize every opportunity to serve our shareholders better through expanding services, staff culture, education, and technological development.
- Enable our employees to realize their full potential by encouraging self-development and professional growth.

CORPORATE COMMITMENT

“To provide our shareholders with reliable and good quality water service at a cost-effective rate.”

Achieving this commitment to our shareholders and customers is the first responsibility of every staff member.

GENERAL EMPLOYMENT POLICIES

AT-WILL EMPLOYMENT

Your employment with the Company is on an At-Will basis. This means you are free to leave your employment at any time, with or without cause or notice, and the Company retains the same right to terminate your employment at any time, with or without cause or notice. Nothing in this handbook or in any document or statement, including benefit plan descriptions, creates or is intended to create a promise or representation for your continued employment, or limits your rights or the rights of the Company to terminate the employment relationship at any time.

No manager, supervisor or employee of the Company has the authority to enter into an agreement for employment for any specified period of time or to make an agreement for employment other than on an at-will basis. Only the Board of Directors of the Company has the authority to make any such agreement, and then only in writing.

CATEGORIES OF EMPLOYMENT

The Company utilizes several categories of employment that define eligibility for benefits and determine eligibility for payment of overtime under the Fair Labor Standards Act and applicable state law. These categories are:

- **Regular full-time position:** Employees work a full-time schedule (40 hours a week) on a continuing basis and are eligible for benefits as defined by Company policy (see *Time Off* and *Benefits* sections).
- **Regular part-time position with benefits:** Employees work a partial schedule of 30 hours and over per week on a continuing basis. These employees are eligible to receive paid time off and medical insurance.
- **Part-time position:** Employees work a partial schedule of less than 30 hours per week on a continuing or limited basis. These employees are eligible to receive paid time off as mandated by State and Federal law.

In addition, all Company positions are classified according to their coverage under the Fair Labor Standards Act (FLSA) and applicable state law regarding the payment of overtime. Your position is classified as either exempt or non-exempt.

- **Exempt positions** include, but are not limited to, some managers, supervisors and others who are paid on a salary basis for performing ~~a~~ particular functions, ~~rather than for~~

~~carrying out assigned duties during a standard workweek.~~ Exempt employees are paid a bi-weekly salary that is intended to compensate them for the completion of their job responsibilities ~~and, therefore, are~~ and are not entitled to overtime pay.

- **Non-exempt positions** are all other types of positions that entitle employees to overtime pay for hours worked in compliance with applicable state and federal law.

Your exempt/non-exempt category may change if you transfer to another position. In considering a transfer, the Company will notify you if your exempt/nonexempt classification will change and explain how this change will affect your overtime status and any other Company benefits.

If employment is reduced from full-time to part-time, your benefits will also be adjusted in accordance with Company Benefits policies. Your supervisor is available to assist you in understanding the effects of employment status changes on your benefits.

EQUAL EMPLOYMENT OPPORTUNITY

As part of the Company's Equal Employment Opportunity, and in accordance with federal and state law, the Company is committed to providing you with a professional work environment free of harassment and discrimination -based on a protected category, and an environment free from retaliation for participating in any protected activity. Accordingly, we have adopted and maintain this discrimination and harassment prevention policy designed to encourage professional and respectful behavior and prevent discriminatory and harassing conduct in our workplace. We will implement appropriate corrective action(s), up to and including formal discipline, in response to misconduct that violates policy, even if the violation does not rise to the level of unlawful conduct.

This policy applies to all executives, employees, applicants and agents of the Company, including contractors, interns and volunteers regardless of status.

Discrimination

In accordance with federal and applicable state laws and regulations, the Company encourages workplace diversity and will not discriminate against any applicant or employee because of race, color, religion, religious creed, sex, (including pregnancy, childbirth, breastfeeding, or related medical conditions), -gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, medical condition, age (40 years and over), veteran or military status, ~~-pregnancy~~ or any other considerations made unlawful by federal, state or local law.

All decisions affecting your employment, at all job levels, are to be made on the basis of your qualifications as to the job-related requirements of the position. A description of your rights under federal and state Equal Employment Opportunity law is posted in our offices.

~~You may~~ Employees are encouraged to promptly report complaints of alleged discrimination to the General Manager or a member of the Board of Directors. A serious, comprehensive and timely investigation will be conducted of all complaints. If unlawful discrimination has occurred, effective remedial action will be taken, consistent with the severity of the offense. Appropriate steps will also be taken to prevent any future unlawful discrimination from occurring. No action will be permitted by any manager or employee in retaliation against an employee for filing a discrimination complaint.

Harassment

The Company follows a zero-tolerance policy in maintaining a workplace free from harassment of any kind from any source. Conduct does not need to rise to the level of a violation of the law to violate this policy. This includes not condoning “jokes” or derogatory comments or slurs aimed at the race, color, religion, sex, age, national origin, sexual orientation or disability of any individual, even if made without malice.

Harassment includes verbal, physical, and visual conduct that creates an intimidating, offensive, or hostile working environment or that interferes with work performance. Such conduct constitutes harassment when (1) submission to the conduct is made either an explicit or implicit condition of employment; (2) submission to or rejection of the conduct is used as the basis for an employment decision; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creates an intimidating, hostile, or offensive working environment.

Harassing conduct can take many forms and includes, but is not limited to:

- Verbal harassment, e.g., jokes, epithets, derogatory comments, or slurs (on the basis of protected categories, including but not limited to, sex, race, national origin, etc.);
- Physical harassment, e.g., assault, impeding or blocking movement, or any physical interference with normal work or movement when directed at an individual (on the basis protected categories, including but not limited to, of sex, race, national origin, etc.);
- Visual harassment, e.g., derogatory posters, cartoons, or drawings (on the basis of protected categories, including but not limited to, sex, race, national origin, etc.); and
- Sexual favors, e.g., unwanted sexual advances which condition an employment upon an exchange of sexual favors.

This list is not a complete list of what may be deemed to be harassment under the law. As a general guideline, however, problems in this area can be avoided if we act professionally and treat each other with respect.

~~Because harassment and intimidation are forms of unlawful discrimination,~~ Actions or words that harass or intimidate fellow employees are expressly forbidden and will not be tolerated by the Company. Similarly, the Company will not tolerate harassment by employees of non-employees

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with whom the Company employees have a business, service, or professional relationship. The Company also will take all reasonable steps to protect employees from harassment by non-employees in the workplace.

You are expected to treat all other employees and members of the public with respect. You are responsible for refraining from harassment and other inappropriate behavior.

Retaliation

The Company has a strong commitment to prohibiting and preventing retaliation in the workplace. Retaliation occurs when adverse conduct is taken against a covered individual because of the individual's protected activity. "Adverse conduct" may include but is not limited to: disciplinary action, counseling, taking sides because an individual has reported harassment or discrimination; spreading rumors about a complainant or about someone who supports or assists the complainant; shunning or avoiding an individual who reports harassment or discrimination; or making real or implied threats of intimidation to prevent or deter an individual from reporting harassment or discrimination.

If you believe you have been subjected to treatment in violation of this policy, you should immediately make a written or oral complaint to your supervisor, the General Manager or a member of the Board of Directors. The complaint should be as detailed as possible, including the names of individuals involved, the names of any witnesses, direct quotations when language is relevant and any documentary evidence (notes, pictures, cartoons, etc.).

All complaints will be treated with the utmost seriousness. A comprehensive and timely investigation will be conducted of all complaints. Every possible effort will be made to ensure the confidentiality of individuals filing complaints. Complete confidentiality cannot always be assured because of the need to fully investigate and the duty to take effective remedial action.

Any employee found to be responsible for discrimination or harassment in violation of this policy will be subject to appropriate discipline up to and including termination. The severity of the action taken will be based upon the facts determined during the investigation and the circumstances of the offense.

If you observe what you believe to be a violation of this policy, you must report the situation immediately to the General Manager or a member of the Board of Directors, even if the employee directly affected asks that "nothing be done about it" or says that it has been satisfactorily resolved. If you are a supervisor or manager, you have a particularly significant obligation and must report any apparent violations of this policy.

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The Company will not retaliate against an employee for filing a complaint, and will not tolerate or permit retaliation by management, employees or co-workers. Any incidents of further harassment or retaliation should be reported immediately to the General Manager or a member of the Board of Directors.

This policy applies to all executives, employees, applicants and agents of the Company, regardless of status.

In addition to the Company's internal complaint procedure, you should also be aware that the federal Equal Employment Opportunity Commission (EEOC) investigates and prosecutes complaints of unlawful harassment in employment. If you believe you have been unlawfully harassed, you may file a complaint with this agency. Further, the California Department of Fair Employment and Housing (DFEH) fulfills the same functions as the EEOC and also accepts and processes complaints of unlawful harassment. Both the EEOC and the DFEH serve as neutral fact finders and attempt to help the parties voluntarily resolve disputes. For more information, contact the General Manager. You may also contact the nearest office of the EEOC or the DFEH as listed in the telephone directory.

ACCOMMODATION OF DISABLED APPLICANTS AND EMPLOYEES

In accordance with the Americans with Disabilities Act (ADA) and other laws and regulations, the Company will not discriminate against anyone because of a disability. The Company is committed to ensuring that individuals with qualified physical or mental disabilities ~~you~~ receive equal employment opportunity. The Company ~~and~~ will provide reasonable accommodations to individuals with qualified disabilities, provided the reasonable accommodation does not create you unless an undue hardship would result to the Company or pose a direct threat to the health or safety of others in the workplace or to the requesting employee. This policy extends to all applicants and employees and extends to all aspects of the ~~employment relationship~~ Company's employment practices, including recruiting, hiring, discipline, transfer, promotion, medical examination, job assignment, training, compensation, benefits, leaves of absence, performance appraisal and Company-sponsored educational, social and recreational activities.

Reasonable accommodations will be made to enable you to perform the essential functions of a job, provided they will not impose an undue hardship on the Company with respect to significant costs and expenses, operational needs and safety considerations. Accommodations may include acquisitions and modifications to equipment or facilities to make them readily accessible and usable, part-time or modified work schedules, job restructuring, reassignment to a vacant position, appropriate modifications to materials or policies, provision of qualified readers and interpreters and similar other accommodations. Accommodations will vary from case to case and will be evaluated on an individual basis.

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If you need to request accommodation to perform the essential functions of your job, you should submit a written request, along with medical verification and a statement of the accommodation you need, to your Supervisor or the General Manager. It is the Company's intent that determining appropriate accommodations will be an informal, interactive, problem-solving process between you and the Company. The final determination as to whether your disability can be reasonably accommodated is made by the General Manager, in consultation with you, your Supervisor and your health care provider.

The Company reserves the right to require an examination by a Company-appointed physician at the Company's expense to make a determination regarding your fitness to continue to perform the essential functions of your position without undue risk to yourself or others. This examination will be based on current medical knowledge and the best available objective evidence, including input from you and your experience in your job. If a determination is made that a direct health or safety risk exists, the General Manager will work with you, your supervisor and your doctor to determine whether a reasonable accommodation can be made to eliminate or minimize the risk.

NEW HIRE REQUIREMENTS

The Company relies on the accuracy of information contained in data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or omissions of information on a job application, personnel form, or any other document may result in the exclusion of the individual from further consideration for employment, or, if the person has been hired, termination of employment.

As a condition of employment, each new employee must complete, sign and date the Employment Eligibility Verification (I-9) Form and present documentation establishing identity and employment eligibility prior to the first day of employment.

Depending on the position, the employee may be required to present certification or licensure and/or take and pass a background test that includes fingerprinting, a physical examination and a drug screening test prior to hire.

EMPLOYMENT OF RELATIVES AND INDIVIDUALS WITH PERSONAL RELATIONSHIPS

Immediate and extended family of employees and/or other individuals with whom employees have close personal or romantic relationships may not be employed by the Company in a capacity in which one individual has a direct supervisory (or higher level management responsibility) relationship with the other or in any position in which a potential conflict of interest exists, consistent with applicable law.

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This policy applies equally to employees who become related or enter a close personal or romantic relationship following their employment. The Company will make every reasonable effort to accommodate these employees. However, if reasonable accommodation cannot be made within 60 calendar days, only one employee will be permitted to continue employment within the same department. The decision as to which individual will remain with the Company should be made by the affected employees within an additional 30 days. If the employees do not make the decision, it will be made by the General Manager, based on consideration of factors such as quality of performance, comparative need for skills and experience, length of service or other appropriate factors. If co-employees marry, the Company will make reasonable efforts to assign job duties so as to minimize problems of supervision, safety, security or morale.

Family Definitions

The Company defines ~~as~~ immediate family as employee's:

- Child including biological, foster or adopted child, stepchild, legal ward, child of a registered domestic partner or child of a person standing in loco parentis
- Spouse or Registered Domestic Partner
- Parent including biological, foster or adoptive parent, stepparent or legal guardian
- Grandparent
- Grandchild
- Sibling including ~~step family~~stepfamily and in-laws

The Company defines extended family as employee's

- Aunt or uncle
- Niece or nephew
- Cousin

Domestic Partners

In compliance with the California Insurance Equality Act, the Company offers domestic partners of eligible Company employees equal access to its employee benefits programs, including health and dental plans, disability, life, sick leave benefits (if applicable) and bereavement leave benefits.

To obtain these benefits, you and your domestic partner must meet the following conditions:

- Must be in a committed and mutually exclusive relationship in which you are jointly responsible for each other's welfare and financial obligations.
- Must reside together in the same principal residence and intend to do so indefinitely.
- Must be 18 years of age or older, unmarried and not blood relatives.
- You are both either, (i) of the same sex; or (ii) of the opposite sex, ~~but only if one or both you meet the eligibility requirements of Title II or Title XVI of the Social Security Act for aged individuals. Persons of the opposite sex may not constitute a registered domestic partnership unless at least one is over the age of 62.~~

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- Have filed a Declaration of Domestic Partnership with the California Office of the Secretary of State.

To obtain domestic partner benefits, you are required to submit the following:

- A copy of the Declaration of Domestic Partnership filed with the California Office of the Secretary of State.
- A California driver's license or identification card for both you and your domestic partner. The addresses on the respective licenses or identification cards must match one another and be the same as your address of record with the Company; the application cannot be processed until all addresses are consistent with one another.
- If you have a domestic partner and are in the process of divorcing a spouse, your application cannot be processed earlier than one year from the effective date of divorce, regardless of how long you have been living with your domestic partner.

You are not required to enroll in a health and/or dental plan in order to file a copy of the Declaration of Domestic Partnership. The Declaration may be filed at any time. However, if you wish to enroll your domestic partner and his/her dependent children in a health or dental plan, you may do so only at specified times:

- Within 60 days of your employment date, or returning from a non-pay status in which you did not make direct payments, resulting in cancellation of benefits;
- During an annual Open Enrollment Period; or
- Within 30 days of you meeting the domestic partner definition.

If you choose to enroll a domestic partner in a health plan, you will be responsible for paying income taxes on the additional amount of health care subsidy paid by the Company to provide coverage for your domestic partner and his/her dependent children (per the Internal Revenue Service). Any questions regarding the tax consequences of adding a domestic partner to your benefits should be discussed with your tax professional.

~~Failure to remove an ineligible domestic partner from your benefits plan will result in the following penalties:~~

- ~~➤ You will be required to repay any subsidy paid for the ineligible domestic partner's benefits; and~~
- ~~➤ The domestic partner will not be offered an opportunity to continue coverage in the benefits plan at his/her own expense as provided for under COBRA.~~
- ~~➤ You may not file another Declaration of Domestic Partnership for a minimum of twelve (12) months after terminating a previous domestic partnership.~~

NON-SOLICITATION/NON-DISTRIBUTION POLICY

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Solicitation is prohibited while you and your co-workers are on work time and in a work area. Additionally, employees' distribution of advertising materials, handbills and literature of any kind unrelated to Company business or events is prohibited in work areas at all times.

“Work time” is all the time that you and your co-workers are being paid and/or are scheduled to perform work for the Company. It does not include meal periods, break periods or periods of time you are not scheduled to work for the Company (e.g. before your starting time).

“Work area” includes Company offices, workstations, facility sites and other office service areas, such as printer and copier locations and hallways within work areas. It does not include break rooms, lunchrooms and other similar areas in which regular work is not performed.

Solicitation by or distribution of advertising materials, handbills, and literature of any kind by non-employees is prohibited on Company property, including buildings and parking lots, at all times.

YOUR POSITION AND PAY

WORK HOURS

~~The Company's workweek begins on Friday at 11:00am and ends on Friday at 10:59am.~~

The Company's established hours of service are as follows:

Office Employees

- 7:00 a.m. to 5:00 p.m. Monday through Thursday.
- 7:00am to 4:00pm every other Friday.
- The Company is closed on the other Friday.

~~The workweek for Office Employees begins on Friday at 11:00 am and ends on Friday at 10:59am.~~

Field Employees

- 6:30 a.m. to 4:00 p.m. (may vary with Standby Duty) Monday through Thursday.
- 6:30am to 3:00pm every other Friday.
- The Company is closed on the other Friday

~~The workweek for Field Employees begins on Friday at 10:30 am and ends on Friday at 10:29 am.~~

The Company endeavors to be flexible and reasonable in considering requests for alternative work hours. You may submit a request for adjusted work hours Monday through Thursday to your manager. You may not submit requests to adjust your work hours on Friday, unless it is for an unplanned or emergency adjustment. Your request will be favorably considered provided your adjusted hours will not adversely affect the operations of your section or crew or cause inconvenience to Company customers.

You are expected to be at your desk, workstation or work location at the start of your scheduled shift, ready to perform work and to work to the end of your work schedule. You are also expected to remain at work for your entire work schedule, except for meal periods or when authorized to leave. Late arrival, early departure or other absences from scheduled hours are disruptive and must be avoided.

If you are an exempt employee, you are expected to work the necessary hours to successfully accomplish your assigned work responsibilities, even when this exceeds the normal workweek. You are expected to manage your work schedule, beginning and ending work times in a manner that ensures the Company's business and operational requirements are met.

LUNCH AND REST PERIODS

~~For an unpaid meal period you will be~~ Non-exempt field employees are provided with a mandatory thirty minutes unpaid, uninterrupted meal period. if you are a field employee and sixty minutes if you are an ~~Non-exempt~~ office employees are provided a mandatory sixty minute unpaid, uninterrupted meal period., to be taken approximately in the middle of the workday. A meal period- is an unpaid period when employees are relieved of all work duties and responsibilities, generally for the purpose of consuming a meal. During the meal period break, employees may not perform any work-related activities.

If non-exempt employees work more than five hours, they will be scheduled for one unpaid meal break, to begin after working no more than five hours. Non-exempt employees working more than 10 hours will be scheduled for a second meal break to begin after working no more than 10 hours of work. If your work day is no more than six hours, the meal period may be waived by mutual consent of you and your manager.

~~You~~ Non-exempt employees are also allowed paid ten-minute rest periods for every four hours of work or major portion thereof. You will schedule your meal and rest periods to ensure adequate work coverage in your work area or unit.

You are required to use your full meal and rest periods and not work during that time. The meal period is intended to provide a time for relaxation and refreshment and should be enjoyed *away* from your work area. Using the meal period in this way is important for sustained productivity during the remainder of the workday. If for any reason your rest or meal period is interrupted by work demands, you should immediately notify your supervisor so appropriate adjustments in your pay or schedule can be made.

Consult with your supervisor about the scheduling of lunch and rest periods.

ATTENDANCE

If you are unable to report for work on any particular day, you must notify your supervisor at least thirty minutes before the time you are scheduled to begin work for that day. If you notify less than thirty minutes before the scheduled time to begin work, you may be considered tardy for that day. In all cases of absence or tardiness, you must provide your supervisor with an honest reason or explanation. You must also inform your supervisor of the expected duration of any absence. Unless there are extenuating circumstances, you must notify your supervisor on any day you are scheduled but will not report to work on time.

If you do not report to work for ~~two~~-three or more consecutive workdays and fail to contact the Company during that time, you are deemed to have voluntarily terminated your employment with the Company.

PERFORMANCE PLANNING AND APPRAISAL

The Company follows a process of annual performance planning, ongoing performance coaching and feedback, and formal performance appraisal to accomplish the following objectives:

- To recognize and commend good performance.
- To promote open, honest, positively-oriented dialogue between employees and supervisors regarding employees' achievement of established performance expectations.
- To discuss performance expectations and work-related goals and objectives for the coming performance period.
- To promote enhancement of employee performance through communication about areas for improvement.
- To promote near- and long-term employee development efforts.

Initial performance assessments are usually conducted six months after an employee's date of hire. Subsequent performance assessments are conducted annually, within the anniversary month of your date of hire or promotion.

Unsatisfactory overall performance appraisals may result in action up to and including termination.

PAY FOR PERFORMANCE

The Company follows a "pay for performance" philosophy to acknowledge and reward full-time and part-time employees' contributions and accomplishments as a result of job performance. Salary ranges are established and each position is allocated to a specific salary grade. You will be scheduled for annual performance evaluations and may receive salary increases based upon the quality of your work performance in accordance with established merit increase guidelines. Appendix A includes the current merit increase guidelines.

You are recommended for a merit increase only on the basis of competent performance that "consistently meets expectations." It is not the Company's intent to grant automatic annual increases adjustments or compensate you for reasons other than quality of performance.

Positive performance appraisals do not guarantee increases in salary or promotions. Salary increases and/or promotions depend upon many factors in addition to performance. Any salary increase due to performance will typically be applied on your hire/promotion anniversary date.

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Using the merit increase guidelines, your merit increase will be calculated on the basis of your overall performance evaluation and where your current salary falls within your salary range.

Merit increases require the approval of your supervisor and the General Manager.

STANDBY DUTY

On a rotating shift basis during the week, over the weekends and on holidays, field employees will be placed on “standby duty”. Field employees shall be required to remain within a 60-minute travel time distance from the Operations Center while on standby duty.

Based on an urgent issue that initiates a “call-out,” employees are expected to proficiently perform tasks associated with pump operations, storage, treatment and setting irrigation runs.

For an employee on Standby Duty, all time spent on callouts is counted as time worked. This includes a reasonable time for travel from the point at which the employee is summoned to return to the work site and then return to the employee’s originating location or home.

If you are not on Standby Duty and are called into work outside of your normal workday or work hours, you will receive pay for a minimum of two hours of work time, regardless of whether you work a full two hours or not. Hours worked on ‘call in’ may or may not be considered overtime, depending on total hours worked during that workweek.

TIMEKEEPING AND OVERTIME

An employee’s time sheet is the record of their hours worked, from which a payroll check is computed. ~~Care should be taken to see that~~ Employees must each time sheet is an accurately record ~~of all~~ time worked on his or her timesheet. If for any reason an employee fails to sign in or signs in incorrectly, the employee should see his supervisor immediately so that the error or omission can be corrected and initialed.

Non-exempt employees who are required or permitted to work overtime receive overtime pay in accordance with applicable federal and state law. The Company will provide as much advance notice of overtime work requirements as is feasible. However, lack of advance notice is not a valid reason for employees to refuse to meet the Company's work needs.

Exempt employees are not eligible for overtime pay.

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Non-exempt employees are required to obtain advance approval from their manager and/or supervisor before working overtime or hours beyond the regular work schedule. Managers and supervisors must approve *in advance* all overtime to be worked. Overtime is payable as follows:

Time and one-half pay for hours worked:

- In excess of 9 hours in a regularly scheduled workday, Monday through Thursday
- In excess of 8 hours in a regularly scheduled Friday workday
- Over 40 hours of work in a workweek
- The first 8 hours of work on the 7th consecutive day

Double-time pay for hours worked:

- Over 12 hours of work in a workday
- Over 8 hours of work on the 7th consecutive day

Only hours actually worked are counted for overtime purposes. Therefore, work on a non-scheduled workday may or may not entitle you to overtime pay.

PAY POLICIES

Employees are paid on a biweekly basis, every other Thursday. Each pay day, employees are paid for work performed through the completion of the previous pay period. Payments for overtime are in addition to base salary and are also paid biweekly. When a payday falls on a Company-observed holiday, paychecks are issued on the preceding regularly scheduled workday. The company provides payment by check or direct deposit. Should you desire direct deposit please see the Accounting and Personnel Specialist for details and authorization form.

If you are absent on a pay day, contact your supervisor after returning to work to obtain your paycheck/pay stub. The Accounting and Personnel Specialist may mail your paycheck to your home address if you submit a written request. No one else may pick up your paycheck/pay stub for you without your written authorization. You must report a lost or stolen paycheck to the Accounting and Personnel Specialist *immediately*.

The Company takes all reasonable steps to ensure that employees receive the current amount of pay in each paycheck, and that employees are paid promptly on the scheduled payday. In the unlikely event there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of the Accounting and Personnel Specialist so that corrections can be made as quickly as possible.

Please note that the Company's accounting system processes accrual transactions first, and then processes deductions for vacation or sick leave time taken. Therefore, you should plan to take

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vacation time off or sick leave before the payroll period in which your accruals will reach the maximum.

PERSONNEL INFORMATION

The Company's personnel files are considered confidential records, and access is limited to you and those with proper authorization, such as your manager or supervisor or a hiring manager, or pursuant to legal process. No documents contained in your personnel file will be released without your written consent, except pursuant to legal process.

Disclosure of personnel information to outside sources will be limited. However, the Company will cooperate with requests from authorized law enforcement or local, state or federal agencies conducting official investigations, subpoena, court order or as otherwise required by law.

All medical information about an employee or applicant is kept in separate medical files and is treated as confidential. Access to employee or applicant medical information shall be strictly limited to only those with a legitimate need to have such information for Company business reasons, or if access is required by law, subpoena or court order. In the case of an employee with a disability, managers and supervisors may be informed regarding necessary restrictions on the work or duties of the employee and necessary accommodations.

Providing information (either on- or off-the-record) regarding current or former employees to any non-Company employee shall occur only as authorized in advance by Management. This includes letters of reference and requests for employment references regarding current or former employees.

You may review your own personnel file with Management at a mutually convenient time to answer any questions. You may request a copy of your personnel file and/or copies of all documents that you have previously signed or received. You may also add your response with informational copies to an appropriate party of any disputed item within your personnel file.

Prior to making a copy of personnel records or allowing inspection, the Company may redact the names of nonsupervisory employees. Under no circumstances will the Company provide access or copying of the following categories of personnel file documents: records relating to the investigation of a possible criminal offense; letters of reference; ratings, reports, or records that were obtained prior to employment, prepared by identifiable examination committee members, or obtained in connection with a promotional examination.

Promptly notify your manager when important changes in your personal circumstances occur. These include:

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- Driving record or status of driver's license if you operate a Company vehicle or regularly drive on Company business
- Changes in address or contact information
- Changes in your dependents or beneficiaries (deadlines apply to reporting changes affecting your benefit plans)
- Completion of educational and training courses
- Emergency contact information

TERMINATION

Resignation

If you desire to resign from Company employment, two weeks' written notice is encouraged. If you do not provide advance notice, the Company may deem you to be ineligible for rehire. Your immediate supervisor is available to answer any questions you may have regarding resignation procedures.

If you provide at least 72 hours notice, your final paycheck will be given to you prior to the end of your last day of work. If no advance notice is given, the Company will make your final paycheck available within 72 hours of your last day of work. The check will include payment for time worked, overtime if applicable, and any available accrued leave time for which you are eligible based on legal requirements.

Other Terminations

In addition to resignation, termination may occur for any of the following reasons:

- When the Company decides to exercise its right to terminate you as an At Will employee.
- You do not report to work for ~~three~~ two consecutive working days and fail to contact the Company during that time. (See *Attendance* section)
- The Company, in its sole discretion, deems that your performance, behavior or conduct warrant *immediate* discharge. (See *Serious Misconduct* section.)
- A layoff as a result of a reduction in the workforce due to economic conditions or Company-wide reorganization that eliminates jobs or results in changed job aptitude or skill requirements.

If you are terminated for any of the above reasons, your final paycheck will be given to you prior to the end of your last day of work. The check will include payment for time worked, overtime if applicable, and any available accrued vacation time for which you are eligible based on legal requirements.



YOUR TIME OFF BENEFITS

For information regarding your eligibility for time off benefits, refer to *Your Benefits: Eligibility* section.

VACATION

The Company grants regular full-time and regular part-time employees paid vacation to provide you with time to rest and relax away from work or to address other personal needs. Vacation may be used for any planned or unplanned absence, such as vacation, a personal illness, a child's or other family member's illness, preventive healthcare appointments or personal business.

Vacation time-off benefits start accruing your first pay period. Use of vacation is permitted before completion of your first year based on available accrual. Following is the accrual schedule for full-time employees:

Full-time employees hired after June 1, 1999:

Completed Years of Employment	Vacation Hours Per Year
1-4	80
5-15	120
16 or more	160

Full-time employees hired before June 1, 1999 will receive 184 hours Vacation per year.

Regular part-time employees accrue vacation benefits at the rate of 1 hour for every 30 hours worked.

Vacation may be taken in increments of at least 0.25 hours. You may not take vacation time off in excess of what you have accrued as of the last day of the preceding pay period.

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The maximum number of Vacation hours you may accrue is 200. When you reach the maximum allowable vacation accrual, no further leave will accrue until your balance is reduced below the maximum allowed. When the balance is reduced below the maximum, you will once again begin to accrue vacation time up to the maximum allowed accrual. Vacation balances are reflected on your pay stub.

~~You accrue~~ Vacation is accrued as follows:

- ~~While~~ While actively at work,
- ~~While on~~ While on paid time off, provided you return to work following an absence,
- ~~While on unpaid leave of absence shorter than 30 calendar days, provided you return to work following an absence. If you are on~~ While on unpaid leave of absence shorter than 30 calendar days, provided you return to work following an absence. If you are on ~~Vacation accrual will cease on the thirty-first day of any~~ Vacation accrual will cease on the thirty-first day of any ~~unpaid leave of absence of longer than 30 days, you will no longer accrue vacation.~~
- If you are a reinstated employee returning from military leave, your vacation accrual rate is determined by including your period of military leave in the calculation of your continuous service time, as if you had not been absent.

Vacation leave is compensated at your current rate of pay. Company-observed holidays occurring during your vacation will not be considered vacation days.

If you become ill while you are on vacation, the General Manager may authorize use of sick leave in place of vacation leave, provided you provide prompt notification and any documentation the General Manager may require.

Vacations are scheduled with your supervisor's advanced approval, consistent with Company needs. Requests for vacation time should be submitted to your supervisor as soon as possible in a new calendar year. Your wishes will be considered in evaluating leave requests. The Company retains full discretion to schedule planned vacations and vacation requests may be denied to meet business needs.

Upon separation of employment from the Company, you will be paid for all unused accrued vacation time. You will accrue vacation only through the last pay period in which you actually worked. Compensation for accrued vacation will be at your rate of pay at the time of termination.

HOLIDAYS

Observed Holidays:

In addition to vacation, the Company provides regular full-time employees with nine (9) commonly observed paid holidays. The Company recognizes the following holidays each year:

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New Year's Day	Labor Day
Martin Luther King's Birthday	Thanksgiving Day
President's Birthday	Day after Thanksgiving Day
Memorial Day	Christmas Day
Independence Day	

If a holiday falls on a Sunday, you will have the following Monday off. If the holiday falls on a Saturday following a working Friday, you will have the preceding Friday off. If the holiday falls on a Saturday following a non-working Friday, you will have the preceding Thursday off. If a holiday falls on a non-working Friday, you will have the preceding Thursday off. The Company will also close its office ½ day on Christmas Eve Day for which you will receive ½ day of holiday pay.

Holiday pay will be based on your base hourly rate of pay for a 9-hour day if the holiday falls on a 9-hour work day. Holiday pay will be based on your base hourly rate of pay for an 8-hour day if the holiday falls on an 8-hour workday. You will receive holiday pay if you are a regular full-time employee and you are on paid status.

Holiday hours will not be included when determining overtime hours. ~~for that forty (40) hour work week.~~ Non-exempt, regular full-time employees who are required to work on a holiday will receive pay for the number of hours worked in the time period and will also receive holiday pay.

Unless prior arrangements have been made and approved, you must work your regularly scheduled workdays immediately before and after the holiday to receive holiday pay. Holidays occurring during your vacation are not charged against your vacation balance unless you fail to return to work following vacation or paid sick time is approved by the General Manager.

If you are on an unpaid leave of absence, you are not eligible for holiday pay. Employees on paid disability leave receive disability pay, not holiday pay, for the holiday. Exempt employees on approved military leave without pay are entitled to holiday pay regardless of pay status.

Personal Holidays:

The Company grants 32 hours of personal holiday paid time off on January 1 of each calendar year to regular, full-time employees. New employees hired after January 1 will be granted personal holiday time on a pro-rata basis, based on the proportion of the year the employee will have worked. Personal holiday time off may be used for any purpose, including special occasions, such as a birthday, anniversary or religious holiday, or to extend your normal holiday or vacation. Use of this time off requires your supervisor's prior approval and scheduling must be in accordance with the Company's business needs.

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If you have a remaining balance of personal holiday time off on December 31, you will only be awarded on January 1 of the next calendar year the number of additional hours that will bring you to a total of 32 hours. Employees who terminate employment during the calendar year will be paid for any unused personal holiday hours.

SICK LEAVE

The Company grants employees with paid sick leave to provide you with time to recover from illness or an accident or to address other personal or immediate family [refer to Family Definitions located under General Employment Policies] healthcare needs.

Beginning on the 1st day of employment, employees accrue sick leave at the rate of:

Regular Full-time Employees	8 hours per month
Regular Part-time Employees	One hour of sick leave for every 30 hours worked.
Part-time Employees	One hour of sick leave for every 30 hours worked.

Regular Full-time Employees will accrue sick leave while actively at work or on paid time off (such as vacation or Company-observed holidays), provided you return to work following absence. If you are on an unpaid leave of absence of longer than 30 days, you will cease to accrue sick leave.

The maximum number of sick leave hours that you may accrue is 460 hours for all employee categories. When you reach the maximum allowable sick leave accrual, no further leave will accrue until the balance is reduced below the maximum allowed. When your balance is reduced below the maximum, you will once again begin to accrue sick leave time up to the maximum allowed accrual.

Sick leave will be granted upon the oral or written request of an employee for themselves or an immediate family member (as previously defined) for the diagnosis, care or treatment of an existing health condition or preventive care, or for an employee who is a victim of domestic violence, sexual assault, or stalking. For reasons defined in this paragraph the employee may use all of the paid time off they have available.

With the exception of bereavement needs, you may not take sick leave off in excess of what has been granted as of the last day of the preceding pay period.

If you need to take sick leave, you must notify your supervisor as soon as practicable. We request notification no later than an hour after your normal start time on each day when sick leave is

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needed. If you become ill while on duty, you must notify your supervisor prior to leaving your worksite. Failure to comply may result in the loss of sick leave pay for the work shift in which proper notification was not provided.

You may be required to take sick leave if, in the reasonable opinion of your supervisor, you are exposing fellow employees to hazard, illness or injury.

The use of paid or unpaid sick leave time off is generally not cause for discipline. However, the Company expects you to maintain an acceptable standard of attendance. ~~Regardless of the cause, Excessive absenteeism will~~may result in corrective action up to and including termination.

The Company reserves the right to investigate any reported illness/injury or require you to present proof of illness in the form of a Doctor's Statement or Release from Work for any day(s) you are using sick leave. Further, if you are absent for more than three days as a result of illness/injury, you ~~may be required~~are expected to present a Doctor's Statement when you return to active work.

If you are returning to work following a non-work-related injury/illness that may affect your ability to perform essential job functions in a safe and efficient manner, you must contact the Accounting and Personnel Specialist prior to commencing work. The Accounting and Personnel Specialist will review your medical release and, if needed, have the Company physician review your condition to confirm that you can safely and efficiently perform job functions or based on the medical release whether modified/light duty may be necessary at which point the Company will engage in the interactive process. (See Accommodation of Disabled Applicants and Employees Section)

ADMINISTRATIVE LEAVE

The Company understands that management and other exempt employees are expected to work the necessary hours to successfully accomplish assigned work responsibilities, even when this exceeds the normal workweek. In recognition of this requirement, the Company provides management and other exempt employees with administrative leave which may be used for any purpose including vacation, sick leave and other personal time off requirements.

Management and exempt employees covered by this policy are awarded 40 hours of paid administrative leave on January 1 of each calendar year. Eligible employees who are hired during the calendar year will be awarded administrative leave time on a pro-rata basis, based on the proportion of the year they will have worked.

If you have a remaining balance of administrative leave time on December 31, you will only be awarded on January 1 of the next calendar year the number of additional hours that will bring you

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to a total of 40 hours. Employees who terminate employment during the calendar year will be paid for any unused administrative leave time.

The Company retains full discretion to schedule administrative leave to meet its business requirements. When taking administrative leave employees are expected to provide as much advance notice of the absence as possible.

JURY DUTY/COURT APPEARANCE

In accordance with state law, the Company provides time off for employees who are called to serve as a juror or required by court order to serve as a witness in a court action in which you are not a party. You will receive paid leave at your base rate for the period of your absence for jury duty, up to a maximum of ten days or total of 80 hours. You are expected to report to work on any day in which you are excused from jury duty with two or more hours left in the workday. Exempt employees will be paid for jury duty time to the extent required by law. Your per-diem juror fee, reimbursement for mileage and other court service fees must be assigned to the Company.

You are expected to notify your supervisor of the need for time off for jury duty or to serve as a witness as soon as a notice or summons from the court is received. You may be required to show the summons, as well as proof of your presence pursuant to the summons to your supervisor and/or the General Manager.

If you are called as a witness in a Company-related case or hearing, this time will be considered work time.

If you are ordered to appear in court as a witness in a court action or you must appear in court as a witness in any legal proceeding in which you are a party in interest, you may use accrued vacation or administrative leave time or take unpaid leave for the period of your absence from work.

BEREAVEMENT LEAVE

Regular full-time employees will be granted paid sick leave for bereavement purposes in the event of the death of an immediate family member or domestic partner (see Sick Leave section for more information regarding Sick Leave).

You may take up to three normally scheduled workdays per incident to attend the funeral and take care of personal matters related to the death of an immediate family member, and this time off may be taken, even if you do not have 3 days of accrued sick leave. At the General Manager's discretion, proof of death may be required.

If you require more than three workdays off, you may use vacation time or request an unpaid leave of absence, subject to the approval of the General Manager.

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Full-time employees are expected to use vacation leave to attend the funeral of relatives or friends other than those listed in the above policy. You may also be excused by your immediate supervisor to attend the funeral of deceased Company employees without loss of pay, at the discretion of the General Manager.

TIME OFF FOR VOTING

The Company encourages employees to vote in local, state and national elections. Since the polls are open for long periods, employees are encouraged to vote before or after working hours. In circumstances where an employee's work schedule does not provide sufficient time to vote on an election day, the Company will provide a reasonable amount of time off during scheduled work time, including up to two hours of paid time off, for employees to vote. Employees who need time off to vote should notify their supervisor at least two days prior to election day and submit proof of voting. The company reserves the right in its sole discretion to specify a time period during which the polls are open for employees to leave work to vote.~~If necessary, you may take up to two hours leave from work to vote in a governmental election or referendum. You may use vacation time or unpaid leave for this purpose.~~

SCHOOL ACTIVITIES LEAVE

- In accordance with state law, the Company allows employees up to eight hours per month during the school year, or a maximum of forty hours annually, to attend their children's school activities during grades kindergarten through 12. This ~~also~~ applies to employees who ~~are~~ is a parent, legal guardian, stepparent, foster parent, grandparent, or person standing loco parentis to the child ~~egal guardians or who have custody of a child or children~~. You may use vacation time or unpaid leave for this purpose.

You are expected to notify your supervisor as far in advance as possible if you wish to take time off to attend your children's school activities during working hours.

PREGNANCY DISABILITY LEAVE

Consistent with California law, the Company provides a leave of absence, to a maximum of four months (17 1/3 weeks), to you for disability caused by your pregnancy, childbirth or related medical condition. Full-time and part-time female employees are eligible for pregnancy disability leave as of their first day of employment.

Such leave may be taken:

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- When you are disabled by pregnancy, childbirth or related medical conditions;
- At any time during or after pregnancy;
- When you are suffering from morning sickness;
- For prenatal care.

Note: Pregnancy disability leave is not intended for “baby bonding time.” Once you are no longer disabled, you are no longer eligible for pregnancy disability leave.

Pregnancy disability leave may be granted for up to four months (17 1/3 weeks or 88 workdays for a full-time employee) per pregnancy. Part-time employees are entitled to leave on a pro-rata basis. Pregnancy disability leave will usually begin when ordered by your physician. You must provide the Company with written certification from a healthcare provider. The leave does not have to be one continuous period. You may take pregnancy disability leave intermittently, as needed, in hour or partial hour increments.

If requested by you and recommended by your health care provider, your work assignment may be changed as required to protect the health and safety of you and your child. Requests for transfers ~~will be and other requests for~~ reasonable accommodations ~~ed if the job and seniority rights of others are not adversely affected.~~ from a pregnant employee will follow the Company's procedures and policies in the Accommodation of Disabled Applicants and Employees Section. Temporary transfers due to health considerations will be granted when possible. You will receive the pay that accompanies the job to which you will transfer, as is the case with any other temporary transfer due to temporary health reasons. (See *Accommodation of Disabled Applicants and Employees Section*)

It is your responsibility to:

- Provide at least 30 calendar days' advance notice, or as much notice as feasible, before a leave is to begin.
- Provide a written certification from your health care provider within 15 calendar days of your request for the leave, unless it is not feasible for you to do so. You may not be required to provide such documentation for intermittent and recurring absences for pregnancy related reasons such as morning sickness.
- Consult with your supervisor regarding the scheduling of any planned medical treatment to minimize disruption to the operations of the Company. Any such scheduling is subject to the approval of your health care provider.
- Maintain contact with your supervisor during the duration of the leave of absence.

Certification must include:

- Date on which you became disabled due to pregnancy;
- Probable duration of the period or periods of disability;

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- A statement that, due to the disability, you are unable to perform one or more of the essential functions of your position without undue risk to yourself, the successful completion of your pregnancy or to other persons.

The Company will require re-certification from the health care provider if additional leave is requested/required.

You must exhaust all accrued sick leave prior to utilizing unpaid leave while on an approved pregnancy disability leave. You may use any other accrued paid leave ~~during your pregnancy leave~~. Short-term disability benefits, if available, may also be utilized under the terms of that plan. ~~Unless an exception is granted by the General Manager, Paid leave will be used in the following order:~~

- Accrued, unused sick leave.
- Vacation and personal holiday time.
- Any other available paid leave time.

While you are on paid pregnancy disability leave, your insurance benefit coverage will continue in the same manner as if you were actively at work, beginning on the date the pregnancy disability leave begins and continuing up to four months in a 12-month period. You will continue to be responsible for any additional dependent premiums. Once you have exhausted your pregnancy disability leave and paid leave time and move to unpaid leave status, you will be provided the opportunity to continue medical and dental benefits through CalCOBRA coverage. ~~You will not accrue~~ Vacation or sick leave accrual while on unpaid pregnancy disability leave of more than 30 days shall be treated the same as any other unpaid leave policy.

At the conclusion of your pregnancy disability leave, you will be returned to your former position or to an equivalent position. The Company may make a determination to deny your reinstatement where you would not have been employed at the time reinstatement is requested because of legitimate business reasons unrelated to the leave. under certain circumstances. You have no greater right to reinstatement than any other employee who had been if you were continuously employed, ~~rather than on leave~~. You will be provided with required notice of the Company's intent to deny reinstatement and/or be given the option to return to work.

When you are ready to return from pregnancy disability leave, you must report to your supervisor with a medical release to return to work prior to beginning any activity in your work area.

If the end of the four-month leave period has been reached and you are unable to return to your regular position for continuing health reasons, you should notify your supervisor at least five days prior to your approved return date. The Company may be required to make a good faith effort to accommodate your medical condition in accordance with provisions of the Americans with

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Disabilities Act. The General Manager, in consultation with you, your supervisor and your health care provider, will make a determination as to whether an accommodation can be made as provided for in the Accommodation of Disabled Employees section. This may include approval of an extended medical leave where doing so would not impose an undue hardship to Company operations. Provided you are not eligible and/or do not request additional leave and/or cannot be reasonably accommodated, you will be separated from employment on the fourth calendar day following the end of the approved four-month leave of absence. The separation will be treated as a voluntary resignation.

If the end of the approved leave period has been reached prior to the end of the four-month allotment and you have neither returned to work nor provided certification from the appropriate health care provider extending your leave of absence, you will be separated from employment on the fourth calendar day following the end of the approved leave. The separation will be treated as a voluntary resignation.

The Company reserves the right, at its sole discretion, to extend a leave due to an employee's pregnancy disability beyond the four months required by law. (See Other Unpaid Leaves of Absence section.)

BREASTFEEDING

Lactation Break Time and Location

The Company will provide a reasonable amount of break time to accommodate any employee desiring to express breast milk for the employee's infant child each time the employee has a need to express milk. The break time shall, if possible, run concurrently with any break time already provided to the employee. If the employee takes lactation breaks at times other than their provided break times, then the lactation break shall be unpaid or the employee may choose to use accrued leave.

Those desiring to take a lactation break at times other than their provided break times must notify a supervisor prior to taking such a break. Breaks may be reasonably delayed if they would seriously disrupt operations. Once a lactation break has been approved, the break should not be interrupted except for emergency or exigent circumstances.

The Company will provide a room or other appropriate location in close proximity to the employee's worksite that is not in a bathroom to express milk in private. The room or location will meet the following requirements:

- Be shielded from view and free from intrusion while being used to express milk;
- Be safe, clean, and free of hazardous materials;
- Contain a surface on which to place a breast pump and personal items;

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- Contain a place to sit; and
- Have access to electricity needed to operate an electric battery-powered breast pump.

An employee occupying such private area shall either secure the door or otherwise make it clear to others through signage that the area is occupied and should not be disturbed. All other employees should avoid interrupting an employee during an authorized break under this section, except to announce an emergency or other urgent circumstance.

The Company will provide access to a sink with running water and a refrigerator, or other cooling device, suitable for storing milk, in close proximity to the employee's work area.

Lactation Accommodation

An employee may make a request for lactation accommodation, either orally or in writing, with [INSERT NAME/POSITION] his or her supervisor.

Following receipt of a request for lactation accommodation, the Company will provide a timely written response to the employee in which the Company will indicate if it is unable to provide the requested break time or a requested location for the purposes of expressing breast milk.

An employee does not believe that the Company is providing an appropriate lactation accommodation should immediately inform the [INSERT NAME/POSITION] General Manager.

An employee who does not believe that the Company is providing an appropriate lactation accommodation as required by state law has the right to file a complaint with the California Division of Labor Standards Enforcement/Labor Commissioner.

~~The Company supports and encourages the practice of breastfeeding by striving to accommodate your needs and by ensuring that you are provided with adequate facilities for breastfeeding or the expressing of milk for your child/children. The Accounting and Personnel Specialist will work collaboratively with you and your supervisor to accommodate your request for time and an appropriate location for you to breastfeed or express milk for your baby, provided such accommodation does not seriously disrupt Company operations.~~

MEDICAL DISABILITY LEAVES OF ABSENCE

The Company may grant an unpaid medical disability leave of absence if you are temporarily incapacitated because of a non-work related injury/illness and you have exhausted your paid sick leave and any short-term disability benefits, if available. A disability is defined as any illness/injury, either physical or mental, that prevents you from performing the essential functions of your position. Medical disability also includes absences from work for elective surgery or related medical conditions.

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To request an unpaid medical disability leave, you must provide a statement from a licensed physician stating when a leave is expected to begin and the expected date of return. All requests for unpaid medical disability leaves must be approved by the General Manager.

While you are on an unpaid medical disability leave, you have the opportunity to continue your medical and dental insurance through CalCOBRA coverage. You will not continue to accrue vacation or sick leave while on an unpaid medical disability leave of more than 30 days.

The Company reserves the right to select a health care provider at the Company's expense to obtain a second opinion regarding the expected duration and medical necessity for your extended disability leave.

You must notify the Company at least five (5) days prior to returning to work. When you return from disability leave:

- You must report to your supervisor with the required medical release to return to work before beginning any activity in your department.
- The Accounting and Personnel Specialist will notify your supervisor of any work restrictions and assist in determining how to accommodate them.

~~Ordinarily, the maximum duration for a medical leave is one year, except as may be otherwise required by law.~~ If you are unable to return from the leave within the specified time frame, you must contact your supervisor at least five days prior to your approved return date. If you are unable to return to work within the maximum allowable medical disability leave or if you accept alternate employment during the leave, your employment with the Company will be terminated. The separation will be treated as a voluntary resignation.

MILITARY SERVICE AND RESERVE LEAVE

In accordance with federal and state law, the Company grants military service or reserve leave to you if you enter the Uniformed Services of the U.S. or State Militia and if you are fulfilling a Unit Field Training or Military Reserve obligation in compliance with military orders. You are required to provide advance notice of need for military leave, to the extent practicable.

In the event of military reserve/training duty, you will be provided with unpaid leave for the duration of the time shown on your military orders and enough travel time to get to and from the base. To receive Company pay for this time, you may use any unused accrued vacation.

Military leave, benefits and payment will be provided in accordance with the California Military Veterans Code. You will be eligible for reinstatement following military service leave as established by state and federal law. The Accounting and Personnel Specialist is available to

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answer questions you may have regarding military leave, payment, reinstatement and participation in the Company's benefit plans.

OTHER LEAVES OF ABSENCE

In addition to the paid and unpaid leave outlined above, the Company may also provide other types of leave at its sole discretion and in accordance with Federal and State laws.

To request a leave of absence, you must submit a written request to your Supervisor and the General Manager. The General Manager's prior approval for a leave of absence is required.

EXTENDED LEAVES OF ABSENCE

The Company may grant an extended leave without pay to you if you are unable to perform essential job functions or for other good and sufficient reasons in the Company's sole discretion. An extended leave of absence without pay must be approved by the General Manager in writing prior to the absence.

Extended medical leave, beyond any leaves approved under the Medical Disability Leave and Pregnancy Disability Leave Policies, may be granted in accordance with the requirements of the Americans with Disabilities Act as a reasonable accommodation for your continuing health condition when granting such leave does not create an undue hardship to Company operations.

If you are unable to return from an approved medical or pregnancy disability leave of absence within the specified time-frames, you must contact your supervisor at least five days prior to your approved return date. The General Manager will determine if additional extended leave may be granted, consistent with Company policy and practice.

Other requests for extended personal unpaid leave may be granted under unusual circumstances and in the sole discretion of the Company. If you are requesting an extended leave, you must exhaust all accrued unused vacation and sick leave, as appropriate, prior to taking such leave.

Extended personal leave requests may be favorably considered for such purposes as:

- Returning to school to obtain a baccalaureate or graduate degree or a special certificate, if the degree or certificate is likely to enhance your performance or advancement in the Company.
- Resolving extended family problems of a unique and compelling nature.
- Other circumstances of mutual benefit to you and the Company.

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While you are on an approved extended leave without pay, you may elect to continue to participate in the Company's health and welfare programs as if you were actively at work, provided you pay in advance to the Company on a monthly basis the full employer and employee costs for the benefit plans in which you choose to participate. Failure to reimburse the Company for benefit costs on a timely basis may result in termination of your leave and your employment with the Company.

If you do not elect to participate in the Company's health plans, you will be notified of your CalCOBRA rights to continue healthcare benefits coverage.

An extended leave of absence will result in a break of continuous service with the Company. If you are re-hired following a break in continuous regular employment, you will be considered a new employee.

No guarantees will be made regarding the availability of a position or reemployment at the end of an extended leave. Failure to return to work following a leave of absence without pay will be considered a voluntary termination as of the date the leave of absence began.

YOUR BENEFITS

The Company offers a comprehensive benefits program designed to give eligible employees time off to help balance family and work needs, provide protection from financial loss and help provide future security for the employee and the employee's family.

This section is meant to highlight some features of the benefit plans available to eligible Company employees (time-off benefits are described in a separate section). These plans are described in more detail in the Summary Plan Descriptions that are provided to you upon enrollment in these programs. In the event of any contradiction or misinterpretation of any information in this handbook, provisions in the plan contracts will govern in all instances.

ELIGIBILITY

Employees are eligible to participate in the Company's benefits programs as follows:

Type of benefit	Eligibility Participation Date	Eligible Employees
Insurance and Other Benefits		
Medical Insurance Section 125 Plan (available for premium only dependent coverage for medical, dental, vision, etc.)	30 calendar days after the first of the month following date of hire	Full/ Regular Part-Time Employees
Vision and Dental Insurance	First of the month following two months of continuous full-time employment.	Full-Time Employees
Employee Assistance Program	First of the month following two months of continuous full-time employment.	Full-Time Employees
401 (K)	On 1 st day of the Plan Year (January 1st) or the 1st day of the seventh month of the Plan Year (July 1st), following one year of employment.	Full-Time Employees and eligible Part-Time Employees
Life and AD&D Insurance	First of the month following two months of continuous full-time employment.	Full-Time Employees
Educational Assistance	First of the month following three months of continuous full-time employment.	Full-Time Employees

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Type of benefit	Eligibility Participation Date	Eligible Employees
Statutory Benefits	As mandated by law	Full/Part-Time Employees
Paid Time Off		
Observed/Personal Holidays	Upon Hire	Full-Time Employees
Jury Duty	Upon Hire	Full/Part-Time Employees
Administrative Leave	Upon Hire	Exempt Employees only
Vacation	Upon Hire	Full-Time/ Regular Part-time Employees
Sick Leave Bereavement Leave	Upon Hire	Full-Time/Part-Time Employees
Other Time Off		
Pregnancy Disability Leave (Unpaid) Workers' Comp Leave Military Training Leave Medical Disability Leave for serious illness (Unpaid) Bereavement Leave (Unpaid) Recognized Religious Holidays (Unpaid)	Upon Hire	Full/Part-Time Employees
All Other Types of Leaves of Absence	First of the month following three months of continuous full-time employment.	Full/Part-Time Employees

The Company conducts annual benefits re-enrollment periods, also known as “Open Enrollment,” during which you are permitted to make benefit elections decisions for the coming Plan Year.

If you have a change in your family status, contact the Accounting and Personnel Specialist promptly to discuss your situation. Family status changes, such as marriage, birth or adoption of a child, divorce or legal separation, etc., may affect either your need or eligibility for certain benefits or your covered dependents’ CalCOBRA rights. Typically, to be eligible to add or delete eligible dependents or to make other permitted changes to benefit elections, you must notify the Accounting and Personnel Specialist within thirty days of the “qualifying event” (e.g., the date of marriage, birth of a child, etc.).

Employees who elect not to be covered by the Company’s benefits plan must sign a waiver.

MEDICAL AND DENTAL INSURANCE

The Company offers fully paid medical, vision, and dental plans to eligible employees. In addition, the Company pays 50% of the cost of premiums for the plans in which you elect to enroll your dependents upon completion of one year of service. Premium allowance amounts are subject to change. The cost of your share of the insurance premiums for your spouse/domestic partners and/or dependent children is paid through payroll deduction. A plan summary will be provided to you upon enrollment.

SECTION 125 CAFETERIA PLAN

A Section 125 Cafeteria Plan allows you to pay for medical insurance premium costs for spouse/domestic partner and/or dependent children on a pre-tax basis. The Company pays 50% of the premium costs for dependent medical, dental and vision coverage upon completion of one year of service.

LIFE INSURANCE AND ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE

The Company provides to its full-time employees a Company-paid group term life insurance plan and accidental death & dismemberment insurance (AD&D) plan. The benefit amount is a minimum of \$100,000 and pays one times your annual salary up to a maximum of \$150,000.

EMPLOYEE ASSISTANCE PROGRAM (EAP)

The Company is sincerely interested in the emotional health of individual employees and their family members. The intent of the EAP is to respond to employees and their family members and help them deal with any emotional issues and problems they may face.

401(K)/RETIREMENT

To assist you in saving for retirement, employees who work over 1,000 hours per year are eligible to participate in the Company's 401 (k) benefit plan. You make voluntary pre-tax contributions to the plan, and the Company will provide contributions according to an established schedule based on years of service. These contributions are up to maximum limits set annually by the Internal Revenue Service.

Complete details of the plan, including investment options, distribution information, loan options and administration procedures and fees are available in the summary plan description booklet that you will receive upon enrollment. The Accounting and Personnel Specialist is available to assist you with any questions you might have.

STATUTORY BENEFITS

In addition to your welfare benefits, you receive certain other benefits under federal and state laws. These legislated benefits include Social Security, Unemployment Insurance and Workers' Compensation. These benefits are financed through required contributions made by you and the Company. They can provide you and your family with financial assistance in special circumstances.

State Unemployment Insurance:

If your employment terminates, you may be eligible to receive unemployment insurance under certain circumstances as specified by California law. Claimants terminated for misconduct, including performance may be disqualified for benefits. The Company pays the full cost of this program. Contact your local state employment office at the time of your termination for additional information regarding eligibility for benefits, requirements for filing claims, weekly payments, length of coverage and other information.

State Disability Insurance:

California State Disability Insurance provides temporary income for you if you are unable to work due to a non-work related accident or illness. You are covered under this plan as soon as you are employed by the Company, and benefits begin on the eighth (8th) day of your disability. This benefit is completely paid for by payroll deductions set by California law.

Your physician or the local Employment Development Department office can assist you in filing a claim. You must file the SDI claim promptly to receive the benefits.

Your accrued sick leave (if available) will be used to make up the difference between SDI benefits and your regular base wages. You must provide a copy of your SDI check(s) to the Company in order for the Company to provide proper sick leave payment to you.

Workers' Compensation Insurance:

The Company provides Workers' Compensation Insurance coverage that protects you if you are injured on the job. This coverage provides Company-paid medical, surgical and hospital services, in addition to payment for loss of earnings due to the work-related illness or injury. You will not receive workers' compensation benefits payments for the first three (3) days unless you are hospitalized or unable to work more than 14 days.

If you're injured at work, immediately report the injury - no matter how minor - to your supervisor or the General Manager. If you sustain a work-related injury or illness, you will be examined and treated by a company-designated physician unless you have previously arranged with your supervisor and the General Manager for treatment to be provided by a personal physician. If you are unable to return to work on the day of injury or sickness the Company will pay you through the end of your regular shift for the day.

Fraudulent claims for Workers' Compensation will be vigorously defended. This includes any claims for injuries occurring off the job.

Social Security:

As required by law, a deduction is taken from your wages for Social Security taxes. The Company matches this deduction. The total contribution is credited toward your Social Security benefits, which are available when you retire and/or meet Social Security retirement age requirements. In addition, some federal (not Company) disability and survivor's benefits are financed through Social Security deductions.

EDUCATIONAL ASSISTANCE

The Company encourages employee development and excellence of performance by sharing in the cost of educational programs. Programs provided by accredited academic institutions directly related to the employee's job performance will be considered for cost sharing.

The Company may provide tuition and out of pocket expense reimbursement. Any grant money received by the employee will not be reimbursed. Courses must meet position-related development needs, certification/licensing requirements or be relevant to the Company's technical and strategic goals. Courses must be approved in advance by the General Manager. In addition to the cost of tuition or course fees reimbursement may be requested for related expenses, including registration fees, textbooks and other required course materials, parking fees and examination fees. Other costs charged by the institution that are not directly related to the course/program content are not reimbursable. Allowable reimbursements shall be based on service years as follows:

- \$2,000 – < than 1 year
- \$3,000 – 1 – 5 years
- \$4,500 – > than 5 years

All reimbursements are subject to the employee earning of 2.5 Grade Point Average or higher. Once an employee completes their approved course with a passing grade of a C+ or better or proof of passing a certification exam they may request reimbursement by providing their supervisor with certification and academic receipts. The General Manager shall solely decide whether the request for reimbursement meets any of the eligibility requirements, and maintains the sole discretion to deny requests.

If required by federal and/or state law, taxes will be withheld from the employee's reimbursement.

Reimbursement for job-related courses/programs is subject to the availability of budgeted funds. While participation in this program is beneficial to both the Company and its employees, it should

be understood that participation does not guarantee promotion, transfer or continued employment with the Company.

CAL-COBRA

In accordance with the California Continuation Benefits Replacement Act (Cal-COBRA), the Company provides you and/or your covered dependents an opportunity to continue your group health coverage on a temporary basis beyond the date where coverage otherwise would have ended. Under Cal-COBRA, you and/or your qualified dependents have the right to continue medical, vision, and dental insurance coverage if previously covered under a Company group health plan.

Eligibility for continuation coverage begins when a qualifying event occurs. A qualifying event is an event that results in the loss of group health care for individuals covered under a group health plan. Loss of coverage must be due to:

- Termination of employment, except for gross misconduct
- Your death
- Divorce or legal separation
- Loss of dependent status
- Your entitlement to Medicare coverage
- Reduction of hours or extended leaves of absence

Cal-COBRA coverage may be continued for the following time periods:

- 18 months if the qualifying event is separation from employment
- 29 months in the event you or an eligible dependent was disabled in accordance with the terms of the Social Security Act on the date employment was terminated.
- 36 months, if the qualifying event is:
 - ◆ Your death (dependent coverage)
 - ◆ Divorce or legal separation
 - ◆ Loss of dependent status

When a qualifying event occurs, you are responsible for informing the Accounting and Personnel Specialist promptly. The Company maintains Cal-Cobra status if they remain under 20 employees in a calendar year, which means the carrier would send the Cal-COBRA notice out. If the Company employs more than 20 employees in a calendar year, you and/or your dependents will have 60 days following the date the Accounting and Personnel Specialist mails the notification to

EMPLOYEE HANDBOOK

you to respond to the Cal-COBRA administrator. If a response is not received within 60 days, you and/or your dependents will no longer be eligible for continuation of group health insurance.

SERVICE RECOGNITION

The Company recognizes that its most valuable assets are its employees. Company management believes it is important to recognize and honor employees who, through their commitment and dedicated service, have enhanced the quality of life for the communities we serve.

Service awards are given annually to employees who have completed continuous periods of Company employment, beginning with five years of service.

YOUR PERFORMANCE

DRESS REQUIREMENTS AND UNIFORM ALLOWANCE

The Company's professional atmosphere is maintained, in part, by the image you present to Company customers, the public and others. You are expected to be suitably attired and groomed during working hours or when representing the Company. Clothing must be neat and clean and free from offensive odors.

The Company provides an annual uniform allowance for the purchase and maintenance of work shoes (with toe safety protectors) and work pants for field maintenance and operations personnel. Work shirts, sweatshirts, caps and other uniform items with Company identification and insignia will be provided by the Company and are mandatory. Uniforms are to be worn only during working hours. Any exceptions to this policy must be approved by the General Manager.

It is the responsibility of all employees to maintain their on-duty clothing in a clean, safe and sound condition. Tears, holes, stains and other unsightly conditions will not be tolerated.

Clothing affixed with the Company logo must be returned to the Company for logo removal when no longer suitable for wear during working hours. In the event an employee terminates or resigns, all items with a Company logo must be returned to the Company.

Suitable attire for other employees is defined as:

- ✓ Suits
- ✓ Slacks
- ✓ Skirts
- ✓ Dress
- ✓ Collared and sleeved shirt
- ✓ Blouse
- ✓ Sweater
- ✓ Jumper
- ✓ Culottes
- ✓ Appropriate footwear
- ✓ Blazer, Sports jacket
- ✓ Ties

Jeans may be allowed if considered acceptable in the judgment of the General Manager. Jeans, if permitted, must be neat, clean and unfrayed.

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Hemlines should be no shorter than 4 inches above the knee. Shirts should be buttoned and wrinkle-free.

~~Employees violating this policy will be required to return home on their own time and change into appropriate attire. Repeated violations may be subject to disciplinary procedures.~~

Company-issued hats are allowed. Other headwear will be at the discretion of the General Manager.

Jewelry must not pose a health or safety risk to you, your co-workers or the public.

Hair is to be maintained in a neat and safe manner, in a style that will permit the safe use of hard hats as necessary. If your duties require use of machinery with rotating, reciprocating or moving parts hair will be cut or safely controlled to avoid the possibility of becoming tangled in equipment.

Except under special circumstances, the following are not appropriate during business hours:

- Any blouse, shirt or dress that exposes the mid-drift area
- Any clothing that reveals undergarments
- Sun dresses with bare backs and/or shoulders or revealing necklines
- Shorts (of any kind)
- T-shirts, tank tops, sweatshirts, (unless imprinted with official Company identification/insignia)
- Beach attire
- Flip-flops or thongs
- Torn, dirty or unkempt clothing or shoes of any type
- Biker shorts
- Sweats
- Flashy, skimpy or revealing outfits
- Gym-style outfits
- Extreme hairstyles, makeup and jewelry
- Clothing or Tattoos that exhibit offensive graphics or language

Field personnel may wear appropriate non-uniform clothing while attending or participating in training sessions or seminars.

~~Employees violating this policy will be required to return home on their own time and change into appropriate attire. Repeated violations may be subject to disciplinary procedures.~~

ETHICS/CONFLICTS OF INTEREST

It is vital that you understand the fundamental importance of integrity and the highest standards of ethical conduct as a way of life for the Company. High ethical standards must be evident in both fact and appearance in all the Company does. You are responsible for assisting the Company in maintaining high ethical standards by reporting any situations, practices or conduct that may be in violation of this policy without fear of retaliation or adverse action.

In carrying out your responsibilities, you are expected to adhere to the following principles of conduct:

1. You will demonstrate scrupulous honesty and ethical behavior in your personal conduct, business operations and management practices. You will avoid any conduct or action that would create the appearance of violating legal or ethical standards.
2. You will exercise your discretion in business decisions and dealings with co-workers, vendors, consultants and others in a fair, objective and truthful manner.
3. You will avoid any situation, interest or conduct that conflicts ~~or~~ appears to conflict with impartial performance of your work responsibilities. This requirement extends to the acceptance of gifts that exceed standard business practice from vendors, suppliers and others with whom the Company has a business relationship or potential business relationship.
4. You will maintain and respect the confidentiality of information about Company employees and the Company.
5. You will exhibit mutual respect in your interactions with co-workers, customers and others through civil, courteous and business-like behavior.
6. You will respect others and participate in maintaining a workplace that is free of unlawful or inappropriate conduct, including discrimination, ~~or~~ harassment or retaliation of any kind.
7. You will take initiative to resolve any situations in your area of responsibility that are inconsistent with these above principles. Employees are expected to report situations or actions that appear to be in violation of these principals. Management will investigate all concerns..

You shall not:

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1. Release financial, personal or other confidential or sensitive information about customers, co-workers, the Company or other parties to individuals who have no business reason for access to the information.
2. Take any action or engage in any conduct that violates the law and/or regulations governing the Company's business.
3. Take any action on a matter in which you or a family member has a personal interest. This prohibition also applies in situations involving business organizations in which you or a family member serves as an officer, director, trustee, general partner or employee.
4. Misuse your position for personal or another's private gain.
5. Accept a gift or gratuity of any amount or value from anyone in exchange for special consideration.
6. Accept a personal gift, gratuity or service from vendors or individuals with business interests with the Company without prior discussion with management to ensure no conflict of interest or ethical violation would exist.
7. Obtain, use or divert any Company property for personal use or benefit; nor shall you remove from the premises, alter or destroy any Company property without prior approval from management.
8. Knowingly provide information of material importance to the Company inaccurately or dishonestly, including attendance reports, applications for employment and benefits, etc.
9. Fail to report any action, conduct or situation that you reasonably believe may represent a violation of the Company's legal and ethical obligations.
10. Engage in any other conduct that ~~would be viewed by a reasonably prudent individual as representing a breach of~~violates these principles and standards or other accepted standards of business conduct.

You are permitted to accept standard business gifts of limited value (not to exceed \$50 individually or cumulatively), such as lunches or other items, provided acceptance of such gifts does not create a conflict or violate this policy. If you receive a gift that cannot be accepted, you must either return the gift or pay its market value. With management approval the gift may be shared in the office or given to a charity.

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If you believe you may be in a potential conflict of interest situation with respect to a pending business decision, you should discuss the situation with the General Manager. When so advised, you should remove yourself from the decision making process. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board-delegated powers considering the proposed transaction or arrangement. In an effort to aid such disclosure, each member (board, committee, or staff) shall complete a conflict-of-interest questionnaire as circumstances warrant, but no less frequently than annually.

You should report a potential violation of legal requirements or provisions of the Company's ethics standards to the General Manager.

If you are found to have engaged in conduct in violation of this policy you will be subject to discipline up to and including termination. The severity of the discipline will be based on the facts determined during the investigation and the circumstances of the offense. Conduct involving theft, fraud, embezzlement or other unlawful activity is subject to immediate termination without regard to the dollar amount involved. It is the practice of the Company to pursue prosecution to the fullest extent permitted by law of employees found to have engaged in unlawful activities.-

PERSONAL CONDUCT

You are required at all times, both on and off the job, to conduct yourself in such a manner as to avoid bringing discredit to the Company or otherwise interfere in the normal and routine operations of the Company.

You are required to disclose to the General Manager if you have been convicted of a felony even if you were not incarcerated for such conviction. You are also required to notify the General Manager of any arrest for which you are out on bail or on your own recognizance. You will not be required to provide information that is prohibited by federal or state law.

You are expected to conduct your personal financial affairs in such a manner that creditors and collectors will not have to make use of Company offices or employee time for the purpose of collecting legal debts. Repeated garnishments (not including wage assignments for child or spousal support) by more than one creditor or repeated contact by your creditors that takes substantial time of Company employees and thereby imposes a cost on the Company will be grounds for disciplinary action up to and including termination.

WHILE ON DUTY YOU WILL NOT SUPPORT, INSTIGATE OR HONOR ANY BOYCOTT IMPRESSED ON ANY COMPANY, AGENCY, INDIVIDUAL OR EMPLOYER THAT THE COMPANY DEALS WITH OR PROVIDES SERVICES TO.

CORRECTIVE ACTION

Corrective Action is a process through which the Company, in its sole discretion, may provide improvement opportunities to you if you do not meet job performance expectations or engage in inappropriate personal conduct. The Company's system of corrective action in no way limits or alters the at-will employment relationship. If the Company determines that circumstances warrant, immediate action up to and including termination may be taken without initiating or continuing the corrective action process.

While it is not possible to identify each and every act that may result in corrective action, some examples include:

- Failure to report to work on time.
- Failure to communicate directly to your immediate supervisor or manager if you cannot report to work.
- Poor attendance.
- Receiving or making excessive or repeated non-emergency personal telephone calls during work hours.
- Failure to respect others in a courteous and professional manner.
- Failure to immediately report an accident or injury to your immediate supervisor.
- Failure to maintain equipment assigned to you for use or operation.
- Failure to immediately report breakdowns, improper or unsafe operation of equipment or facilities.
- Failure to perform assigned tasks that are within the scope of your position without undue waste or delay.

Corrective Action may involve a verbal or written warning, which will provide performance/conduct expectations and timeframes for improvement. Normally the period in which improvement must be demonstrated will be 90 days. If expected improvements do not occur within the designated time-frame, the Company may take action including suspension, demotion or termination. Conduct that requires repeated warnings will be cause for further discipline, up to and including termination.

SERIOUS MISCONDUCT

Serious misconduct will not be tolerated by the Company and you may be subject to immediate suspension or termination. Serious misconduct includes, but is not necessarily limited to:

EMPLOYEE HANDBOOK

- Using intoxicants to the extent it interferes with your ability to perform your duties including alcohol, narcotics, hallucinatory drugs or unprescribed stimulating or depressing drugs, or being under the influence thereof while on duty, including standby duty. If you are reasonably suspected of being under the influence of any of the above intoxicants you will be immediately required to undergo medical evaluation, which may include a drug/alcohol screening test. (See *Drug-Free Workplace* section.)
- Insubordination or refusal to take direction from managers and supervisors making appropriate and reasonable requests for action or behavior.
- Refusal to perform assigned tasks for any reason other than personal safety.
- Possession, display, use, transfer or selling of firearms, explosives or weapons on Company premises at any time.
- Theft or misappropriation of any property of the Company or of its employees.
- Careless, negligent or intentional mishandling of any Company property, vehicles, materials or equipment.
- Careless, negligent, abusive or other actions that endanger or threaten to endanger yourself, other employees or the public.
- Unauthorized binding of the Company to a contract.
- Placing the Company in a position of liability for damage or injury to another person or property.
- Falsifying work records or fraud of any type.
- Misuse of sick leave.
- Leaving the job during your work hours without approval of your supervisor or the General Manager.
- Violation of safety rules and regulations.
- Becoming uninsurable by the standards of the Company's vehicle insurance carrier for any reason.
- Sleeping on the job.
- Conviction of a felony in a state or federal court that may affect your ability to perform your duties; or that involves an act of moral turpitude.
- Misrepresenting or withholding material facts in securing employment.
- Disclosing confidential information to unauthorized parties.
- Engaging in conduct that is a conflict of interest or a violation of the *Conflict of Interest* policy.
- Exhibiting abusive or grossly inappropriate conduct.
- Harassing (sexually or otherwise), threatening, intimidating or coercing any other employee, customer or the public.
- Any other conduct or behavior deemed by the General Manager to be seriously detrimental to the Company's interests.

WORKPLACE VIOLENCE

Any act or threat of violence by any employee against any individual, including co-workers, visitors or other individuals, in the Company's workplace or property or while conducting Company business will not be tolerated. All employees are expected to understand what constitutes threatening conduct or communication and to play an active part in helping to maintain a safe and secure workplace. The Company practices a zero-tolerance policy with respect to real or implied workplace violence. Full compliance with this policy is a condition of employment for all Company employees.

A threat of violence is an implicit or explicit remark or act that can be reasonably interpreted as intimidating and causes another individual or group of individuals to fear for their physical safety or property. The threat need not be directed at any particular individual but may apply to a group or category of individuals. The apparent ability to immediately act upon the threat is not required.

Prohibited conduct includes, but is not limited to, direct or indirect threats of harm, assault, battery, intimidation, physical fighting, altercations or unauthorized possession or use of weapons. Any actual or implied threat of violence in the workplace will be considered a real and serious danger and will not be tolerated. Any occurrence of such is subject to discipline, up to and including termination. Because intent may be difficult to determine, jokes about physical acts of violence will not be tolerated.

You may not possess weapons, including but not limited to guns, knives, dangerous chemicals, explosives and blasting caps on Company property, including in parked cars and parking lots, or while conducting Company business, except as authorized or issued by the Company.

If you commit violent acts or engage in threatening conduct, you will be subject to discipline up to and including immediate termination and also may be subject to criminal prosecution.

Every verbal or physical threat of violence, including bomb threats and suspicious packages, must be treated seriously. You are expected to report any threat or act of violence to your supervisor and the General Manager immediately. Call 911 immediately in the event of an emergency.

All threats or prohibited physical conduct will be reported promptly to the Police Department or other designated officials. Appropriate preventive or remedial action will be taken and the reporting individual will be advised regarding the results of investigation and actions taken. Every effort will be made to respect and maintain the privacy and confidentiality of the reporting individual as well as the alleged perpetrator. However, the Company cannot guarantee that this information can be kept private.

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If you obtain protective restraining orders that bar an individual from Company property, you must notify your supervisor, the General Manager and the Police Department immediately. This notification should include the name of the individual whom the restraining order is filed against, a description of the individual and a photograph, if available.

If an individual who has made a threat unexpectedly arrives at the workplace and you see the individual, you must notify your supervisor and the General Manager immediately.

Employees who are determined to have made a serious threat and/or present a danger to themselves or others can be placed on an immediate non-disciplinary suspension with pay, pending the results of an investigation.

Training on workplace violence policies and procedures will be given periodically. All employees should understand that certain risk factors and behavior patterns may offer early warning signs of potential violent behavior. You should bring to your supervisor's attention without delay any warning signs you may observe on the part of other employees or individuals who are on Company facilities and property. Your supervisor or manager will consult with the General Manager on appropriate actions to be taken.

SMOKING

The Company prohibits smoking in the workplace and Company vehicles.

DRUG-FREE WORKPLACE

The Company promotes a drug and alcohol-free workplace and strictly prohibits the use, sale, dispensing or possession of alcohol, illegal drugs and controlled substances while in the workplace. Substance abuse will not be tolerated while employees are on Company property, or performing Company related business elsewhere and such conduct ~~and~~ is grounds for disciplinary action, up to and including termination. You are expected to perform your duties with no illegal drugs or alcohol in your body. Compliance with this policy is an essential job qualification for all Company employees.

No alcoholic beverages or illegal drugs are allowed on Company premises. Violation can result in disciplinary action up to and including termination, even for first offense.

Prescription drugs are only allowed on Company premises for whom the drug is prescribed by a licensed medical practitioner and will be used only in the manner prescribed. Violation can result in disciplinary action up to and including termination, even for first offense.

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The Company reserves the right to search, with or without your consent, all areas and property in which the Company maintains control or joint control with you. If ~~the Company~~ it has a reasonable suspicion that you have possession of contraband, the Company may notify the appropriate law enforcement agency for further investigation and action by such agency.

You may be required to submit to a test for the presence of alcohol or drugs when:

- You report to work and ~~appear to be~~ there is reasonable suspicion you are intoxicated or under the influence of an intoxicating substance or drug (e.g., smells of an intoxicating substance, exhibits irrational or inappropriate behavior, thick or slurred speech or is incoherent).
- You drink an alcoholic beverage or use drugs while on the job.
- You are involved in an accident while driving a Company vehicle or operating Company equipment.
- You exhibit dangerous or bizarre behavior.

Refusal to submit to a test is insubordination, is considered to be equivalent to a positive test and is sufficient grounds for dismissal.

Substance-abuse testing will occur on Company time and at Company expense. The specific procedures that will be followed are available from the Accounting and Personnel Specialist. If you provide false information in connection with a urine or blood test, or attempt to falsify test results through tampering, contamination, adulteration or substitution, you are subject to discipline up to and including discharge.

If you have reasonable cause to suspect another employee is under the influence of drugs or alcohol, you should:

- Contact the employee's supervisor or your own supervisor about your concerns.
- Document in writing the facts substantiating your reasonable suspicion and forward it directly to the General Manager.
- If you suspect a supervisor is under the influence of drugs or alcohol, you should immediately contact the General Manager.
- If you request to remain anonymous, your identity will not be revealed unless compelled by law.

While use of medically prescribed medications is not per se a violation of this policy, the Company will not allow you to operate any Company vehicles, or equipment while taking any kind of medication that impairs your performance.

If you are concerned about your ability to safely perform job functions while on prescription medication, you have an obligation to report this to your supervisor. The Accounting and Personnel

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Specialist may contact your physician to determine whether you are able to safely perform job duties while on the medication. The Company reserves the right to send you home until proper clearance from your physician is obtained. Failure to report legal drugs that may interfere with work performance or safety can result in disciplinary action up to and including termination. Information concerning use of legal drugs will be treated as confidential and consistent with the Company's obligations under the Americans with Disabilities Act and state law protecting persons with disabilities.

~~You may appeal any action in connection with this policy to the General Manager.~~

If you have a substance abuse problem you are encouraged to seek assistance. Any form of assistance may be sought with complete confidentiality and with no adverse consequences to your employment. You should be aware, however, that a request for assistance will not insulate you from disciplinary action already contemplated. If you disclose that you have a substance abuse problem and wish to seek treatment the Company will grant you a leave of absence in order to undergo treatment in compliance with its obligations to provide reasonable accommodation as required by state and federal law.

WORK PRACTICES

ADDRESSING YOUR CONCERNS – OPEN DOOR POLICY

At times, you may have a concern about some aspect of working at the Company. It is important that you voice those concerns to your manager to constructively address the issue.

In most cases we encourage you to speak directly with your manager about your concerns. If you are uncomfortable discussing the issue with your manager, discuss it with the General Manager. Company managers are committed to listening and addressing your concerns.

We will make every effort to resolve your issues through these direct discussions. However, there ~~will~~may be situations when issues may not be resolved to your satisfaction.

WORKPLACE SAFETY

The Company is committed to providing a workplace that is safe, healthy and free of hazards. You are expected to observe all workplace safety rules and emergency procedures and are responsible for exercising reasonable care to prevent the possibility of injury to yourself and others. You are expected to attend all scheduled safety meetings and required safety training. You should keep informed about potential workplace hazards and actions to take in the event of incidents and exposures.

You are expected to report all injuries (no matter how slight) to your supervisor immediately. You are expected to report- anything that needs repair or that you consider a safety hazard. If you willfully or deliberately disobey safety rules you may be subject to discipline up to and including termination.

You will not be subject to retaliation of any kind for expressing concerns or making comments or suggestions about any safety-related matters. You (or your physician) have a right to receive information on any hazardous substances to which you may be exposed to in the workplace. Materials Safety Data Sheets are available to you in your work area. You may not be disciplined or discriminated against for requesting such information or exercising any other rights you have under state and federal hazardous substance laws.

To comply with local laws emergency evacuation drills are conducted periodically. You are required to participate in these drills and to follow the instructions of designated emergency team members.

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The Company's emergency procedures are available from your supervisor or manager. These procedures are to be observed in the event of an earthquake, natural disaster, evacuation, fire, bomb threat or other crisis situation.

The following safety guidelines should be observed at all times:

- Report all unsafe or hazardous conditions, including torn carpeting, broken tiles, hanging wires, unsecured shelving, etc. to your manager.
- Obey posted safety and/or warning signs, such as "Wet Paint," "Do Not Enter," etc.
- Keep exits, stairways and aisles clear of materials including combustibles such as boxes, files, furniture, etc.
- Keep work areas clean and in safe condition at all times.
- Do not block fire doors in the open position.
- Do not stack, store or place any materials in a hazardous manner.
- Report lights that have burned out to your supervisor.
- Strictly comply with the Company's "no smoking" policy in compliance with state law.
- Keep fire extinguishers easily accessible and unobstructed.
- If clarification of these guidelines or assistance is required ask your supervisor

For additional information on safety practices and procedures that apply to your department or work area talk with your manager.

If you observe any unsafe condition in the workplace you should report it to your manager and/or the General Manager.

WORKPLACE PRIVACY

The Company recognizes the need for confidentiality in the collection, custody, use and dissemination of personal information concerning employees and those with whom the Company does business. However, you should not have an expectation of privacy in your assigned work area and with respect to any Company equipment or resources, including but not limited to, your Company e-mail, Company computer or other device, or Company voicemail messages. The Company reserves the right to examine the following at any time in its sole discretion, with or without notice or consent:

- Computer files and data on an assigned Company computer
- Electronic communication systems messages and information (e.g., e-mail and voice =mail)
- Desks, filing cabinets and Company vehicles

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Your personal property, e.g., briefcase, purse, vehicle, etc., will not be searched without obtaining your prior consent. The nature of the consent obtained will be carefully documented and you must be present throughout the course of the search.

PERSONAL USE OF COMPANY PROPERTY

Your job may require you to use Company supplies, materials, tools and various types of equipment. As a Company employee it is your responsibility to keep tools and equipment in good working order and to exercise prudent care in using supplies and materials. You should immediately report any faulty or dangerous conditions regarding tools, equipment and machinery to your supervisor.

Additionally, you are expected to comply with the following policies:

- Company tools, equipment or materials of any kind may not be removed from Company facilities or worksites at any time during off duty hours without written permission from the General Manager. This written authorization must be on your person when leaving Company property. Violations of this policy are grounds for discipline up to and including discharge.
- Company supplies and materials, such as paper supplies, stationery and envelopes are not to be used for personal reasons under any circumstances.
- Limited personal use of copiers is permitted with management approval.
- Employees are not to receive personal, non-business-related mail or packages at Company offices.
- You may not make any personal long-distance telephone calls using Company telephones without prior management approval. You may use telephones on a limited basis for compelling personal business that cannot be conducted outside business hours.
- You are prohibited from making use of Company facilities for personal business, including time when you are not on duty, without prior approval from your manager.

Willful or repeated violations of this policy are grounds for discipline, up to and including discharge.

USE OF VEHICLES ON COMPANY BUSINESS

The Company maintains vehicles for employees to operate while conducting Company business. Additionally, the Company may request that an employee drive their own vehicle for Company business. The Company participates in the Department of Motor Vehicle's (DMV) Employer Pull Notice Program. This program is implemented for employees whose duties include driving.

If you operate a Company vehicle, the following policies must be complied with:

EMPLOYEE HANDBOOK

- Company-owned vehicles should not be used for personal business. Employees driving Company-owned vehicles are also prohibited from driving passengers, including family and friends, who are not involved in official Company business unless pre-authorized by the General Manager.
- The General Manager may authorize designated employees to use Company vehicles in order to quickly respond to call-out emergencies. These employees are expected to park and secure the vehicle in a reasonably safe location when not in use. All other Company vehicles must remain secured on Company premises during non-work hours.
- You are personally responsible for all traffic fines and other violations incurred while driving a Company vehicle. You must promptly report any citations received, including parking violations, as well as proof of resolution to the General Manager.

No employee may operate a company-owned vehicle without a valid California driver's license for the particular class of vehicle.

While on standby the Company vehicle must be kept within a reasonable response time of the Company, (i.e. within thirty (30) minutes of the Company headquarters). It is recognized that the Company vehicle may be used by the standby personnel on occasion for personal errands within the response time area.

If you are requested to use a personal vehicle to conduct Company business, the following guidelines must be complied with:

- Employees must receive prior approval from the General Manager in order to drive their own vehicle on Company business.
- Employees must provide proof of automobile insurance coverage at the following limits
 - Bodily Injury Liability at \$300,000 each accident and \$100,000 each person
 - Property Damage Liability at \$100,000 each accident
- The Company will provide a monthly reimbursement allowance for pre-approved use of personal vehicles on Company business.

VEHICLE ACCIDENTS – WHAT SHOULD YOU DO

If you are involved in an accident while operating a Company vehicle you must follow established procedures to ensure proper reporting. You should document the exact time, location and circumstances of the accident. Take photographs of the accident scene if possible. Obtain contact information for:

- All persons involved in the accident, including names, addresses and telephone numbers.

EMPLOYEE HANDBOOK

- Any witnesses to the accident, including names, addresses and telephone numbers.

You should notify the General Manager. Await direction from manager before leaving the scene unless medical attention is needed. In the event there are injuries or there appears to be significant damage to vehicle or private property call the Police Department immediately. Make no statements regarding responsibility for the accident. If possible, stay with the vehicle until assistance arrives.

If you observe an accident or respond to assist a co-worker involved in an accident, immediately take the steps described above.

COMPUTER USAGE

The Company's electronic systems are intended for the sole purpose of conducting Company business in an efficient and effective manner and are not intended for personal use. "Electronic systems" include, but are not limited to, Company servers, individual workstations and laptops, related program and operating software, peripheral equipment, electronic and voice mail, internet services, facsimile equipment and radio, cellular and land-line telephone services.

Because these systems are intended solely for business purposes, you should have no expectation of privacy with respect to any documents or other materials you write, store, receive or send using these systems. The Company reserves the right to review and inspect, with or without notice, information stored on these systems for any purpose in its sole discretion. Any violation of Company policy regarding use of its electronic systems is subject to discipline up to and including termination.

You are also expected to comply with the following policies:

- Company computers and network systems are configured for proper operation in the Company's technology environment. Any changes to configurations and network settings can only be made by the Company's Information Technology Consultant.
- Company systems contain confidential and proprietary information. You are not permitted to share your password with any other individual for any reason without the express permission of your manager.
- No copyrighted documents may be sent or forwarded using Company electronic mail systems without specific management approval.
- Assigned computers should be diligently cared for to avoid damage. Any problems with your equipment should immediately be brought to the attention of your manager. You will be held financially responsible for damage to hardware and software due to willful misconduct on your part.

EMPLOYEE HANDBOOK

- Because of risk to the integrity of Company systems, strict procedures must be followed regarding the use of software and data. Only Company-authorized and properly licensed software is permitted on Company computers. Unauthorized software, data files, or import devices shall not be downloaded, installed or used on Company systems without their being approved in advance by the General Manager.

Violations of this policy are grounds for discipline up to and including discharge.

Internet and Social Media

Using Company computers to access the internet is limited to sites that are appropriate for conducting Company business. Access to sites that contain offensive, obscene, pornographic, threatening or illegal content or that could in any way embarrass or cause loss of faith in the Company is expressly forbidden

Refrain from using social media while on work time or on equipment the Company provide, unless it is work-related as authorized by your manager. Do not use your Company email addresses to register on social networks, blogs or other online tools utilized for personal use.

Ultimately, you are solely responsible for what you post online. Keep in mind that your conduct or postings that negatively impact the Company may result in disciplinary action up to and including termination.

Inappropriate postings may include:

- Discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct.
- Posting complaints or criticism.
- Using statements, photographs, video or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating.
- Making statements that disparage shareholders, employees, Board members or suppliers, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of age, race, sex, disability, religion or any other status protected by law or company policy.
- Statements that do not maintain the confidentiality of Company's rights (including water rights) and private or confidential information. Do not post internal reports, policies, procedures or other internal business-related communications.

EMPLOYEE HANDBOOK

It is important to always be honest and accurate when posting information or news and if you make a mistake, correct it quickly. Be open about any previous posts you have made or altered. Remember that the internet archives everything, even deleted postings.

- Do not create a link from your blog, website or other social networking site to a Company website without identifying yourself as an employee.
- Express only your personal opinions. Never represent yourself as a spokesperson for the Company. If the Company is a subject of the content you are creating, be clear and open about the fact that you are an employee and that your views do not represent those of the Company. It is best to include a disclaimer such as “The postings on this site are my own and do not necessarily reflect the views of San Antonio Water Company.”

MEDIA CONTACTS

Employees should not speak to the media on the Company’s behalf without written permission from the General Manager. All media inquiries should be directed to the General Manager or the President of the Board.

Agenda Item No. 5D

Item Title: Compensation & Benefit Study

Purpose:

To present the proposals for a Compensation and Benefit (Comp & Benefit) Study for consideration and/or comments prior to Board approval.

Issue:

A classification and compensation review were performed in 2014 with feedback on how our Company compares with outside agencies in the water industry. The Company's job classifications and positions were reviewed and adjusted per the results. The primary goals of the study this time will be to evaluate any changes since the last review and compare benefit and wages with competing water entities.

Manager's Recommendation:

That the Committee reviews the proposals, provides comments as appropriate, and recommend to Board to award the contract to Reward Strategy Group (RSG) with a not to exceed figure of \$18,700.

Background:

Since establishing position descriptions with the help of outside Human Resource firm in 1994, management has conducted in-house reviews and updates to keep our respective position descriptions reflective of Company growth and needs.

In 2005, the Company sent RFPs to firms to conduct marketplace research and legal compliance review of the Company's human resource documents and our compensation and benefit plans. This work yielded in a revised employee handbook with updated legal language, slight benefit changes, and proposed ranges utilizing performance-based merit salary increases. Following this study, the salary ranges were adjusted annually by approval of the Board based on the Consumer Price Index (CPI).

In 2014, the Company sent RFPs to firms to conduct a Classification & Compensation Study. Job descriptions were updated based on the work done and salary ranges were provided for all positions.

The purpose of this study in 2020 is to address any changes in job positions since the last study and to adjust salary or benefit changes to remain competitive or in line with the water industry standards.

Staff contacted nine HR consulting companies and ended sending request for proposals to four confirmed companies. Of those companies, we received three proposals. Following is management's breakdown of proposals and results based by criteria and fees:

Award Criteria	Weight	RSG	Deloach & Assoc.	RMC
Understand/approach	0.30	0.28	0.20	0.18
Experience of staff	0.30	0.30	0.20	0.25

Experience with similar work	0.20	0.20	0.20	0.10
Clarity/presentation of proposal	0.10	0.08	0.10	0.08
Firm's local experience	0.05	0.05	0.05	0.00
Proposed Project Fee	0.05	0.03	0.05	0.04
Total Criteria	1.00	0.94	0.80	0.65
Proposal Fee		\$18,700	\$15,940	\$18,000

Understanding and approach to work being done:

Reward Strategy Group (RSG) scored highest in this category. They conducted our position description questionnaires at last study in 2014. They are aware what each job entails and would be able to move quickly with understanding. Their focus would be on any changes since that time and moving to outside work. DeLoach scored less due to having to complete this work again and therefore taking additional time of staff and consultant to understand each position. RMC scored lowest since they seemed to go straight to requesting information and relying possibly on staff to assist in work.

Experience of staff for work to be done:

RSG scored highest in this category. RSG was able to identify staff's experience and past work with SAWCo. They have proven capability of individuals.

Experience of firm with similar kinds of work:

Both RSG and DeLoach received the highest criteria based on their work with water agencies and work provided.

Overall clarity and presentation of Proposal:

DeLoach scored the highest in the clarity of their proposal but they added additional work that was not requested or required at this time which is why they scored a little lower on the understanding of project.

Firm's Local Experience:

RSG and DeLoach received the highest criteria based on their experience with local water agencies including SAWCo.

Proposed Project Fee:

DeLoach was the lowest fee but grading criteria did no place this as a heavy emphasis.

Impact on the Budget:

\$30,000 budgeted for 2020

Previous Actions:

In 2014, the Company hired Reward Strategy Group (RSG) to perform a classification & compensation study which included reviewing job positions and revising SAWCo's position descriptions according to job tasks and included a review of compensation.

Classification & Compensation S

<u>Award Criteria for Classification & Compensation Study</u>	<u>Weight</u>
Understanding and approach to work being done	0.30
Experience of staff for work to be done	0.30
Experience of firm with similar kinds of work	0.20
Overall clarity and presentation of Proposal	0.10
Firm's Local Experience	0.05
Proposed Project Fee	0.05
	<hr/>
	1.00

Bid Amount

Incidental /travel charges included?

Study 2020

Reward Strategy Group, Inc.	Deloach & Associates Inc	RMC Consultants, LLC
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Compensation and Benefit Study



LETTER OF TRANSMITTAL – EXECUTIVE SUMMARY

July 6, 2020

Ms. Terri Layton, Assistant General Manager
San Antonio Water Company
139 N. Euclid Avenue
Upland, CA 91786

Subject: Proposal to Conduct a Compensation and Benefit Study

Dear Ms. Layton;

DELOACH & Associates, Inc. (“Consultant”) is pleased to submit our proposal to conduct a Compensation and Benefit Study for the San Antonio Water Company (“Company”). The Company is undertaking this effort to evaluate the competitiveness of its current compensation and benefit plan within a defined labor market taking into consideration changing economic conditions and any resulting impacts on employee compensation.

Our firm is uniquely qualified to provide value to your organization based on our experience working with water and wastewater utilities throughout California. This effort includes assignments for city, county, special district, and mutual water companies as well as for for-profit and non-profit clients. We have previously been retained by the Company to conduct the General Manager recruitment in 2018. Our extensive experience assessing and maximizing organizational performance has guided our approach to this project. Our goals for this effort are established in our understanding of the challenges confronting the water industry and in particular the smaller and medium sized utility, as well as our demonstrated expertise in developing long-term strategies that maintain and build operational efficiency.

Our proposal offers the following benefits and advantages:

1. **DEDICATED PROJECT TEAM:** Our team will be committed to this effort from start to finish. Each member of our team has worked on a variety of compensation and benefit assessments of similar or larger scope and is intimately familiar with the issues and challenges facing utilities today. We are experienced with the time demands and service delivery expectations associated with projects and assignments such as the Compensation and Benefit for the Company.
2. **PROJECT APPROACH:** Our understanding of the Company, its customer base, and its position within the communities it serves has guided our approach to this project. A comprehensive compensation and benefit study will provide the Company with an assessment of their current competitive position and assist with making decisions consistent with its compensation strategy. This information will be useful in evaluating the Company’s ability to attract, retain and motivate employees to ensure a competent and motivated workforce. For purposes of this proposal the labor market will consist of the City of Upland, Monte Vista Water District, the Cucamonga Valley Water District, the City of Ontario and other water agencies of comparable size and scope.



- 3. COMPENSATION MANAGEMENT STRATEGY:** The expense associated with employee compensation is a growing component of the overall cost of conducting business. The process of determining adjustments in employee wages (Cost-of-Living) based on traditional economic indicators can be problematic given their inherent volatility. Similarly, comparisons to public agencies participating in defined public pension programs (PERS) can be difficult from a benefit equity perspective. The same issue exists with costs associated with employee benefits. We have included in our proposal a compensation management strategy that is designed to provide the Board and staff with the tools and information necessary to manage employee wages and remain competitive in the labor market from year to year.

As President of DELOACH & Associates, Inc., Mr. DeLoach is authorized to negotiate terms and conditions as well as obligate Consultant at all times during the duration of this project. We have carefully read and understand each provision of the Request For Proposal (“RFP”). Our company is dedicated to each of our client’s projects and commits the necessary resources to achieve the highest levels of quality control, commitment to meeting project timelines and budget to ensure the highest quality work product.

Thank you for considering DELOACH & Associates, Inc. for your Compensation and Benefit Study. Please feel free to contact us if you have any questions regarding our proposal or need additional information about our company. We look forward to working with the San Antonio Water Company.

Respectfully submitted,

Robert A. DeLoach, President
DELOACH & Associates, Inc.
8780 19th Street, Ste. 402
Rancho Cucamonga, CA 91701
Office: (909) 758 – 0273
Mobil: (951) 206 – 5886
Robertadeloach1@gmail.com
www.deloachassociates.com



FIRM EXPERIENCE AND QUALIFICATIONS

DELOACH & Associates, Inc. is a full-service management consulting firm focused on municipal and private utility management. We are a private California Corporation, (S-Corporation, Fed I.D. # 27-3798195) located in Rancho Cucamonga, CA., and have worked extensively throughout the State of California as well as completed several projects in Arizona and Nevada. Locally, our client relationships have included the San Antonio Water Company, the Three Valleys Municipal Water District, the City of Pomona, Fontana Union Water Company, Chino Basin Watermaster, West Valley Water District and the City of Colton. We have extensive experience working within multiple organizational sectors including both union and non-union work environments, City Councils, Special District and non-profit Board of Directors, LAFCO's and Joint Power Authorities.

Our firm's areas of expertise include organizational development and staffing assessments, employee compensation/benefit and classification studies, operational performance assessments, strategic planning, board and city council development, executive recruitment services and executive management performance appraisals. Our dedicated team of professionals is uniquely qualified based on our combined years of utility management experience allowing us to respond to our client needs as demonstrated by our record of successfully completed projects.

Representative Experience and References

Hidden Valley Lake Community Services District

Project title: Compensation and Benefit Study
Contact: Penny Quadras, Administrative Services Manager
(707) 987 – 9201
pcuadras@hvlcsd.org

The Hidden Valley Lakes Community Services District ("District") retained Consultant to complete a compensation and benefit study within the labor market consisting of Lake, Napa, Yolo, Colusa and Sonoma Counties. The District had not conducted a comprehensive assessment of its employee's wages and benefits in almost ten years. The compensation study consisted of a 'median wage' comparison and an analysis of comparative benefits including employer contributions to pension programs from agencies in the identified market area. The Study provided the District's Board of Director's with the information necessary to develop a "lead, lag, or match", compensation strategy. (The District has 10 budgeted FTE's.)

Pajaro-Sunny Mesa Community Services District

Project title: Compensation Plan Update
Contact: Don Rosa, General Manager
(831) 722 – 1389
donrosa@pajarosunnymesa.com

PSMCS D selected our firm in 2015 to develop a comprehensive compensation and classification plan. In 2020, the agency retained us to conduct an update of the original effort. The District is located in Monterey County and has 9 FTE's. Since the original plan was developed several employee position descriptions and job requirements had changed requiring a review of their individual position classification and reporting relationships within the organizational structure.



City of Pomona Utilities Department

Project title: Comprehensive Organizational Assessment – Staffing Assessment
Contact: Darron Poulsen, Director of Utilities
(909) 240 – 6122
dpoulsen@vwwra.com

DELOACH & Associates, Inc. was retained as a sub-consultant to Woodward-Curran and was tasked with conducting a Staffing Study (“Study”) as part of a larger strategic planning effort for the City. The Study was comprised of an assessment of its current operations, allocation of staffing resources, and development of comparative data from agencies of comparable size and scope to support recommended staffing levels. We were also tasked with conducting compensation and classification comparative review, which was used to evaluate the City’s current competitive posture. (The City has 52 employees.)

Valley Center Municipal Water District – San Diego County

Project title: Compensation and Classification Study
Contact: Gary Arrant, General Manager
(760) 749 – 1600
garant@vcmwd.org

VCMWD retained DELOACH & Associates, Inc. to conduct a compensation and classification study to evaluate the competitiveness of its current employee wage and benefit program in the San Diego County and Riverside County labor market. The effort resulted in development of revised position descriptions and a “total compensation” analysis benchmarked to agencies within their geographic labor market. (The VCMWD has 71 employees)

Other representative experience including classification and compensation studies:

- | | |
|------------------------------------------------|------------------------------------------|
| Scotts Valley Water District | San Lorenzo Valley Water District |
| Indio Water Authority | Elsinore Valley Municipal Water District |
| Sonoma County Water Agency | Placer County Water Agency |
| East Valley Water District | Mission Springs Water District |
| Association of California Water Agencies | |
| Victor Valley Wastewater Reclamation Authority | |

FIRM ORGANIZATION AND EXPERIENCE

We have a dedicated team of professionals that will be committed to this Compensation and Benefit Study. Each member of our team has worked on a variety of water and wastewater utility project and is experienced with the time demands and service delivery expectations associated with projects and assignments such as this Study for the District.

The team of professionals assigned to this project is noted below:



Robert A. DeLoach
Project Manager

Mr. DeLoach is President and founder of DELOACH & Associates Inc., a full service management consulting practice focused on public and private sector utility management.

After completing his education at the California State University Pomona in 1975, Mr. DeLoach obtained his C-27 State Contractors license and successfully operated a landscape and irrigation construction business. In 1983 he transitioned into the public sector and became the Director of Public Works and Engineering for the City of Azusa and then in 1990 with the City of Pomona where he managed municipal public works, engineering, water, sewer and storm water systems. In 1997, he assumed the executive leadership role as General Manager and CEO for the Cucamonga Valley Water District and President of Fontana Union Water Company. The vision to develop his current consulting business was driven by the need for focused utility management experience in the private sector consulting arena. In 2010 he established DELOACH & Associates, Inc. and has successfully worked with public and private water and wastewater agencies in California and Arizona as well as many of the firms that support the utility industry.

In addition to the background and experience noted above, Mr. DeLoach is currently a Project Director for The Pacific Institute based in Seattle, WA, and since 2017, served as President and CEO of Integrated Stormwater Resources, a private storm water utility focusing on infrastructure financing.

Mr. DeLoach will serve as the Project Manager for the Compensation and Benefit Study and will coordinate the entire firm's efforts including responsibility for all work products and deliverables and for the successful completion of the project.

JoLynne Russo-Pereyra
Technical Consultant/Survey Analytics

Ms. Pereyra will serve as the Technical Consultant for this project and will be responsible for survey analytics, technical report writing and graphics development of the final work product. Ms. Pereyra has over 25 years of municipal water and wastewater experience serving in various capacities in both city and special district government. She has served as an instructor with the University of California in Riverside where she taught strategic and organizational leadership. As a consultant member of our team Ms. Pererya has been engaged in numerous consulting assignments related to organizational and professional development, and employee training. Additionally, Ms. Pereyra has served as the Assistant General Manager for the Cucamonga Valley Water District. She obtained her Bachelors degree in Political Science from the University of California, Santa Barbara and her MPA from Columbia University in New York.

Beth Barry
Administrative Coordinator

Ms. Barry has worked for DELOACH & Associates, Inc. since 2014 and will serve as the Administrative Coordinator for this project. In this capacity she will be responsible for providing administrative support and coordination for all aspects of the project including the project budget and schedule. Ms. Barry will also serve as the primary liaison with the Company and will be continuously available to Company staff as needed. Since joining our team Ms. Barry has worked on a number of classification, compensation and organizational assessment projects for cities, counties and special districts. Prior to joining our firm Ms. Barry had over 15 years of



administrative experience and worked extensively in the areas of executive administration and customer service support both in the private and public sector.

PROPOSED SCOPE OF WORK

The San Antonio Water Company is seeking assistance and expertise in evaluating its compensation and benefit plan for its employees (Full-time, Part-time and Trainee positions) in relation to public agencies of comparable size and scope, (labor market). The Study will provide an analysis of current employee wages and benefits and recommended changes that are equitable and competitive. Through the use of a personalized Position Description Questionnaire ("PDQ") we will be able to demonstrate that employee position classifications align with actual job duties to insure equitable position comparisons. The Study will include survey data from agencies developed by the Company and surrounding areas from which it would be reasonable to expect that prospective candidates would be willing to commute to work.

The Company is a private non-profit mutual water company that was incorporated in 1882 and governed by a seven-member board of directors. The Company delivers potable water to a population of approximately 3,400 customers with estimated 1,200 connections. The Company also delivers water to several public entities, a golf course and sand and gravel companies.

Conducting a Compensation and Benefit Study will provide the Company with an assessment of its competitive position in the labor market and assist the Board of Director's in making decisions consistent with its compensation philosophy. This information will be useful in evaluating the Company's ability to attract, retain and motivate employees to ensure a competent and motivated workforce while enhancing opportunities for internal growth and professional development.

Our experience in linking the organizational structure with its performance effectiveness is a key component of our strategy in creating the optimum compensation strategy for the Company. Understanding the performance capacity of the current organizational structure is integral to our critical path process of initiating a compensation study.

Our proposal will include the following tasks:

Task 1 – Conduct project orientation with Company representatives, establish the Project Team, initial documentation review, and compensation survey methodology.

The objective of Task 1 is for Company and the Consultant is to introduce their respective project team members, review the Professional Service Agreement and related contract documents, review project scope of work, and schedule.

1. Review project scope of work, project objectives, project deliverable schedule, and review Consultant work plan and schedule.
2. Review benchmark survey methodology and survey components (Wages: Monthly maximum base salary. Benefits: Provided by the Company.)
3. Introduction of the Position Description Questionnaire ("PDQ") and methodology for disseminating and collecting completed PDQ's from employees.

Task 2 – Assessment of the current compensation philosophy, identify current recruitment and retention issues related to compensation.

The objective of Task 2 is to understand the functionality of the current compensation plan and any issues impacting employee attraction and retention.



1. Identify issues and constraints within the current plan to include salary compaction, overlap, and the District's competitive position of "lead, match or lag" within the current labor market.
2. Review employee position classifications, personnel rules and related documents related to employee compensation and benefits.
3. Analyze and understand compensation and benefit trends and issues over the past 10 years and the increase or decrease in employee related expenses.
4. Identify position classifications to serve as labor market benchmark positions and internal relationships.

Task 3 – Evaluate the performance effectiveness of the current staffing plan and how employee compensation strategies impact operational effectiveness and service levels.

The objective of Task 3 is to analyze how the current organizational structure functions, its ability to accommodate growth, and analyze organizational trends related to competitive compensation strategies.

1. Identify internal Key Performance Indicators ("KPI") and potential impacts to the current compensation plan.
2. Conduct interviews with Company employees responsible for key operational and administrative performance, review responses to the PDQ to verify work requirements and nature of supervision received or exercised.
3. Identify operational best practices that can be leveraged to improve effectiveness of the compensation plan.

Task 4 – Conduct compensation and benefit comparison survey and collect organizational benchmark data.

The objective of Task 4 is to provide the Company with a comparison of its compensation plan within the current labor market.

1. Collect salary and benefit data from agencies identified in the labor market survey. (Note: Benefit survey to include employer contributions to pension programs.)
2. Conduct follow-up discussions with survey agencies as necessary to clarify information.
3. Identify emerging trends in management of employee compensation and benefits including employee pension programs.
4. Prepare a summary report of employee benefit data collected through the labor market survey.

Task 5 - Preparation of a final Compensation Study Report. Presentation of final report and recommendations to the Company's Board of Directors.

The objective of Task 6 is to prepare the final Compensation Study Report incorporating the findings, collected survey data, trend analysis and presentation of final report.

1. Prepare Compensation Study report and presentation
2. Presentation to District Board of Directors and employees.



PROJECT SCHEDULE

Consultant will commit the resources necessary to complete the Compensation Study within a timeframe mutually developed by the Company and Consultant consistent with our proposed Scope of Work. For purposes of demonstrating our proposed project schedule, an August 19, 2020 start date has been used. Some tasks identified in our Scope of Work will run concurrently.

San Antonio Water Company – Project Schedule	August	September	October	November
Study Tasks				
Task 1 – Project kick-off, data collection & study methodology	--- (1 week)			
Task 2 – Review current compensation plan & job descriptions	---- (2 weeks)			
Task 3 – Evaluate current staffing plan, interviews & KPI’s	----- (3 weeks)			
Task 4 – Conduct compensation & benefit survey	----- (5 weeks)			
Task 5 – Prepare written Study report & presentation	----(2 weeks)			
	Projected time to completion: 13 weeks			

Notes to Project Schedule:

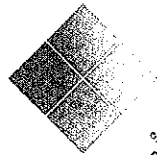
1. Schedule shown is consistent with Scope of Work as proposed. Consultant shall make best efforts to complete Compensation and Benefit Study ahead of project schedule.
2. Schedule can be modified to reflect additions or deletions to individual components of Scope of Work.
3. Completion of salary and benefit survey may be impacted by the responsiveness of survey agencies.
4. Based on scheduling needs Consultant will be available for presentations to the Board of Directors and staff beyond the anticipated completion date.



Fee Estimate
2020 Compensation & Benefit Study
for the
San Antonio Water Company

July 2020

Submitted by



DELOACH
— & ASSOCIATES, INC —





FEE ESTIMATE – 2020 COMPENSATION AND BENEFIT STUDY

This detailed cost proposal is submitted under separate cover as requested by Company in the RFP to conduct the Compensation and Benefit Study for thirteen (13) authorized Full-time, Part-time and Trainee positions. The following table shows our current hourly rates. Additional services authorized by the Company but not included in the Scope of Work will be billed at these rates. All direct and incidental costs (e.g., travel, reproduction and mailing costs, etc.) are included in our labor rates.

Title	Hourly Rate
Project Manager	\$190
Tech. Consultant/Survey Analytics	\$110
Administrative Coordinator	\$60

The Professional Fee to conduct the Compensation and Benefit Study for the San Antonio Water Company based on the Scope of work outlined in the Request for Proposal is **\$15,940.00**. A breakdown of the fee components by task follows:

SCOPE OF WORK AND TASK FEE SCHEDULE

Task 1

Description	Hours	Hourly Rate	Total
Project Manager	4	\$190	\$760
Tech.Consultant	2	\$110	\$220
Admin. Coordinator	3	\$60	\$180
Task 1 Total			\$1,160

Task 2

Description	Hours	Hourly Rate	Total
Project Manager	4	\$190	\$760
Tech.Consultant	2	\$110	\$220
Admin. Coordinator	1	\$60	\$60
Task 1 Total			\$1,040

Task 3

Description	Hours	Hourly Rate	Total
Project Manager	8	\$190	\$1,520
Tech.Consultant	5	\$110	\$550
Admin. Coordinator	3	\$60	\$180
Task 1 Total			\$2,250

Task 4

Description	Hours	Hourly Rate	Total
Project Manager	18	\$190	\$3,420
Tech.Consultant	13	\$110	\$1,430
Admin. Coordinator	34	\$60	\$2,040
Task 1 Total			\$6,890

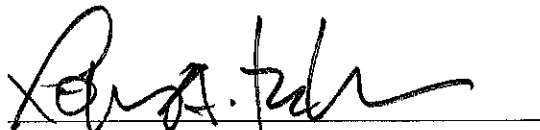
Task 5

Description	Hours	Hourly Rate	Total
Project Manager	20	\$190	\$3,800
Tech.Consultant	4	\$110	\$440
Admin. Coordinator	6	\$60	\$360
Task 1 Total			\$4,600

Notes to Fee Proposal:

1. Fee proposal is represented as a total fee inclusive of expenses.
2. Consultant shall invoice Company at intervals agreed upon by Company and Consultant. Invoices shall include all work performed during respective billing periods.

Respectfully Submitted:



Robert A. DeLoach, President
DELOACH & Associates, Inc.



RMC Consultants

Response to San Antonio Water Company's request for Proposals to provide consulting Services

**Presented by:
Jerry Edge
July 6, 2020**



Executive Summary

This project is one that I have performed many times over the course of my career. Once I have the contract, I will develop a survey instrument to be used in collecting the wage and benefit data.

The next step is to work with internal personnel to identify the two additional companies needed for the compensation survey.

Once identified, we will contact either via phone or in person the subject companies and obtain their commitment to participate in the survey.

Once this is done the survey would be sent to all participants with a deadline for their return. Once I receive their data, I will analyze it and make a comparison with each position under study and prepare a report that will summarize the survey data and make recommendations for any changes to the salary structure for managements review.

I will also highlight any salary that needs to be reviewed based on the data collected. I will work with management to make recommendations for equity increases where the data indicates.

The benefit data will also be summarized and compared with the benefits at San Antonio Water Company. Differences will be outlined ad discussed with management



I am Jerry Edge and I am the Owner of RMC Consultants. RMC has no employees. I will be doing all of the work on this project.

In 1995, I founded my own compensation consulting firm to provide client companies with a wide range of compensation, benefits, and performance management consulting services. This includes base pay compensation, executive compensation, variable compensation including sales incentive, and international compensation.

One of my first consulting jobs was with IVAC in San Diego. IVAC had been a subsidiary of Eli Lilly and was sold to a group of venture capitalist at the end of 1994. I was asked to establish a compensation plan and a set of new benefits. After five months working off and on with the new company. I was enticed to go to work full time with the company that later became Alaris Medical Company. I only accepted because I could continue my consulting.

Although I have no experience with water companies my attached resume outlines my experience in compensation and benefit which are extensive for both domestic and international companies.

I have not done any work in the Upton area, but the process is the same regardless of where the company is located.

I have worked in management positions with five different companies.as my resume indicates.



RMC Consultants' proposal to provide Compensation Consulting services to the San Antonio Water Company.

Project Purpose:

The purpose of the Compensation and Benefit Study is to determine:

1. If the base salary of the employees at San Antonio Water Company are competitive with the local labor market. If not, then make recommendations to changes in the compensation ranges at San Antonio Water Company.
2. If the benefit package at San Antonio Water Company is competitive with the local labor market.

Project Scope:

Compensation

Consultant will develop a compensation and benefit survey document and a cover letter to the selected companies explaining why the survey is being done. Included will be a statement that San Antonio is sponsoring the survey and there will be no charge for participating.

To increase the number of companies who participate it would be helpful if contact was also made by someone in the equivalent position at San Antonio Water Company.

It will also state that they will receive a summary of the data for each position. Depending upon the number of pieces of data the summary will include the following:

- Median
- Average
- Percentiles
 - 25th
 - 50th
 - 75th

This data will be summarized and will not be company specific.

The data from the participating companies will be used to conduct a comparison of the survey data to the comparable position at San Antonio Water Company. This will be done using an



excel spreadsheet, displaying each incumbent, their current wage rate, their position title, and the average wage rate from the equivalent position from the survey. (I used the average rate here, but that could be the median or any percentile)

This spreadsheet with its formulas will be the property of San Antonio Water Company. If necessary, Instructions will be developed for its future use.

A recommendation for salary range adjustments, new ranges as appropriate and benefits recommendations will be made based on the data received from the survey. Once the ranges are agreed upon, I will work with management to determine if there are internal equity issues and if such exist make recommendations to correct the issues. A cost estimate of each recommendation will also be calculated.

Confidentiality:

Client may from time to time communicate to Consultant, or Consultant may otherwise gain access to, certain confidential business information with respect to Client's operations, business plans, etc. Consultant shall treat all information as confidential whether or not so identified, and shall not disclose, or permit the disclosure of the information within its organization to the extent necessary to perform the services and by agreement, instruction or otherwise. Consultant shall ensure that others to whom it gives access to the information under the terms of this proposal shall comply with the obligations of confidentiality set forth in this paragraph. The foregoing obligations of this paragraph shall not apply to any information that has been or is through no fault of Consultant hereafter disclosed in publicly available sources or information.

Sincerely,


Jerry T. Edge
Founding Partner
RMC Consultants



References:

Jim Runchey
760-917-3555

This project was with IVAC after they were spun off from Eli Lilly. They were sold to a group of venture capitalist at the end of 1994. I was asked to establish a compensation plan and a set of new benefits. This project lasted 5 months and I ended up becoming the Director of Global Compensation at the new Company, Alaris Medical Systems, Inc.

Ms. Katy Sanford
PCE SanDiego
619-235-0961

This project was to conduct a market analysis and develop a compensation structure for their hourly employees located in San Diego, State of Washington, and Hawaii.

Mr. Erik Anderson
Top Golf
425-830-4478

This project was to conduct a market analysis and recommend the appropriate compensation for the executive team of Top Golf.

Skills and Accomplishments

I have experience in all areas of human resources management including compensation, benefits, management development and training, EEO, international human resources, safety, security, medical, and policy and procedure development. I have special expertise in compensation, benefits, International Human Resources, and Human Resources Information Systems.

- Worked with manufacturing to restructure from traditional manufacturing work to self-directed work teams, which increased productivity by 35%.
- Led a task force to develop team member compensation, including skill-based pay and small group incentives.
- Developed a program to successfully remove an automatic cost-of-living adjustment (COLA) and replace with a pay-for-performance program that created savings of over \$2,000,000 per year.
- Developed compensation and benefits plans for Americans, third country nationals and local national employees in England, Ireland, France, Belgium, Sweden, Japan, Korea, Singapore, India, Malaysia, Thailand, Australia, Canada, Venezuela, and Mexico.
- Developed an in-house temporary employment agency that saved over \$500,000 per year.
- Facilitated a purchasing management team to develop a mission, vision and values that were used to guide the purchasing personnel in the accomplishment of their strategic business plan.
- Took an internal video communications function and converted it to a business profit center that provided funding of \$250,000 per year for internal services.
- As a member of the Board of Directors Compensation Committee, made recommendations on officer compensation.
- Developed and implemented a performance management system that reduced turnover by 70%.
- Developed and implemented management, sales and other incentive plans for a variety of clients.
- Guest speaker at a variety of groups in the United States and Mexico on Compensation and general Human Resources issues.
- Human Resources Team member on numerous acquisitions due diligence projects.
- Led an effort to uncover who was selling proprietary blueprints to a competitor. This led to the termination of two employees and the bankruptcy of the competitor.
- Recognized expert in both domestic and international employee compensation.
- Appeared as an expert witness in a wage and hour labor issue.

Employment History

RMC CONSULTANTS
President

January 1995 to Present

In 1995, I founded my own compensation consulting firm to provide client companies with a wide range of compensation, benefits and performance management consulting services. This includes base pay compensation, executive compensation, variable compensation including sales incentive, and international compensation. Over the past 20 years I have worked with over 40 clients on projects that range from developing compensation structures to conducting a study, analysis and recommendations of the human resources function of 22 state colleges, technical schools and state universities. The recommendations were approved by the State Legislation.

903 Shelby Springs, Spring Hill, TN 37174

Callaway Golf Company
Director Global Compensation

SAN DIEGO, CA
November 2000 to January 2005

I was responsible for the development, implementation and administration of all compensation and benefit programs, human resources information system, payroll, and international human compensation for Callaway. Most of my time is directing the base compensation and payroll staff as well as developing and administering the executive compensation program, sales and management incentive plans, and the performance management system.

ALARIS Medical Systems
Director Corporate Compensation & Benefits

SAN DIEGO, CA
December 1995 to October 2000

I was responsible for the development, implementation and administration of all compensation and benefit programs, human resources information system, and international human resources for ALARIS. This includes executive compensation, incentive plans and the performance management system. I also am the Human Resources representative on the due diligence and integration team for mergers and acquisition activity.

SOLAR TURBINES INCORPORATED
Director Human Resources

SAN DIEGO, CA
July 1979 to January 1995

Solar, a subsidiary of Caterpillar, Inc., is a manufacturer of industrial gas turbines and gas compressors. In 1994 Solar had revenues of approximately \$850,000,000 and employed approximately 4,500 employees in the United States and 15 foreign countries.

Last position held was Director of Human Resources. For over 16 years held a variety of positions with responsibility for policy development and implementation for all areas of Domestic and International Human Resources. This included directing the training, staffing, college relations, compensation, benefits, HRIS, medical, safety, and security. In addition, managed the video communications function, which is a business entity that sells services to outside customers.

MORRISON INCORPORATED
Director Compensation

MOBILE, AL
January 1976 to July 1979

Morrison is a full-service cafeteria chain with 150 public cafeterias and 350 contract food service facilities. It is a vertically integrated company, owning and operating food processing plants, food service equipment manufacturing plants, a china manufacturing plant, a coffee plant, and a chemical company.

As first Director of Compensation for Morrison, I was responsible for the development, implementation, and administration of the wage and salary program, the performance management program, and the employee benefits program. I was a member of the Board Compensation Committee.

SOUTHERN RAILWAY COMPANY
Manager Salary Administration

WASHINGTON, DC
September 1966 to January 197

I was responsible for the salary administration program for 4200 salaried employees. This included job analysis, job descriptions, conducting job audits, job evaluation using the Hay Guide Chart Profile Method of evaluation, developing pay policy and salary structures.

I also held various positions in human resources and the track maintenance departments.

903 Shelby Springs, Spring Hill, TN 37174

Education:

GEORGE WASHINGTON UNIVERSITY
DBA (completed course work)

WASHINGTON, DC
1971-1976

GEORGIA STATE UNIVERSITY
MBA, Management

ATLANTA, GA
1969

UNIVERSITY OF NORTH CAROLINA
BS Business Administration

CHAPEL HILL, NC
1966

Professional Associations

WorldatWork, (formerly American Compensation Association), life member, (Past National President and Chairman of the Board). I hold their Certified Compensation Professional (CCP) designation.

I hold the Certified Employee Benefits Specialist (CEBS) designation from The International Foundation of Employee Benefit Plans.

I have held leadership positions in the local, regional and national professional associations.

- National President of American Compensation Association
- Regional President of American Compensation Association
- Board Member of Compensation & Benefits Association of San Diego
- Past Member of Board of Directors of San Diego Repertory Theatre

Other Activities

I have taught Compensation Management and Human Resources Management at San Diego State University.

I have taught Compensation Management at the Graduate School of Business at Chapman University and Webster University.

Publications

Ghorpade, Ph.D., Jai, & Edge, Jerry; Understanding Skill-Based Pay, American Compensation Association, 1997.

Davis, Michael L., & Edge, Jerry T., Executive Compensation: The Professional's Guide to Current Issues & Practices, San Diego, Windsor Professional Information, 2004.

Edge, Jerry T., Mergers and Acquisitions: How-To Series for the HR Professional, 3rd Edition, WorldatWork Press, 2013.

Lindenberger, Wade and Edge, Jerry T., How Internal Auditors Can Help Ensure Executive Compensation Compliance", Work Span, WorldatWork, Volume 1, 2011.

Beatty, James R. and Edge, Jerry T., Compensation, A Practitioners Approach, Authority Publishing, Gold River, CA, 2017.



RLI Insurance Company

Peoria, Illinois 61615

A stock insurance company, herein called the Company

PERSONAL UMBRELLA LIABILITY POLICY

This Declarations page with "Policy Provisions" completes this policy.

DECLARATIONS

Policy Number	PUP1348268	9/18/2019	
Named Insured & Mailing Address	Agent		
JERRY EDGE ULRIKE EDGE 903 SHELBY SPRINGS SPRING HILL, TN 37174	11007 FAIA Member Services, Inc. PO Box 16579 Tallahassee, FL 32317		
Primary Residence Address (if different than above) Same As Above	Insured's Brokering Agent 61686 ACG South Insurance Agency (800) 891-4222		
Policy Period - 12:01 A.M. standard time at the address of the Named Insured as stated herein.	From 09/20/2019	To 09/20/2020	
Limit of Coverage	\$ 1,000,000	each occurrence	
Excess Uninsured/Underinsured Motorists Limit of Coverage	\$ 0	each accident	Coverage Rejected
Policy Premium	\$220		
Self-Insured Retention:	\$500	each occurrence	
Forms included at issue will appear on Page 2 of this Declaration.			
REQUIRED BASIC POLICIES			
It is agreed by you that you and any Relative will be covered by an Automobile liability policy for any Automobile you operate or your Relative operates for at least the minimum limits listed below. It is also agreed by you that you and any Relative will be covered by a personal liability policy for at least the minimum limits listed below. If you or your Relatives are not covered under your policies for at least the minimum limits listed below, they must be covered under another Automobile liability policy and another personal liability policy for at least the minimum limits below. If you or your Relatives own a Farm, Seasonal/Secondary/Rental Properties, Recreational Vehicles or Watercraft, you or your Relatives, as the case may be, agree to carry the appropriate policy (or endorsements) listed below covering both you and your Relatives for at least the minimum limits listed below.			
Basic Policy	Minimum Limit of Coverage		
A. Automobile Liability	Bodily Injury	\$ 250,000	each person
		\$ 500,000	each occurrence
	Property Damage	\$ 50,000	each occurrence
		or	
	Bodily Injury	\$ 300,000	each person
		\$ 300,000	each occurrence
	Property Damage	\$ 50,000	each occurrence
		or	
	Bodily Injury and Property Damage Combined Single Limit	\$ 300,000	each occurrence

(continued on page 2)

FEE ESTIMATE – 2020 COMPENSATION AND BENEFITS STUDY

SAN ANTONIO WATER COMPANY

Consulting Services to conduct a compensation and benefit study

Project Timetable and Costs:

This would be the only project I would be working on and I will give it my full attention. I would expect the project to take no more than 2 months. This assumes that the designated companies return their data to me in a timely manner.

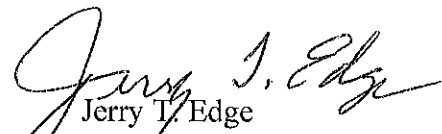
Project Cost consists of two types of cost:

Fees: Fees are based on the time incurred completing the project plus out of pocket expenses. My normal fee is \$375/hr. or \$3,000/day. I would expect that this project will only take 6 days (2 of which will be visits to your Company) of my time for a total of \$18,000. If the time worked is less than 6 days only time worked would be billed.

I am also willing to negotiate a time and material not to exceed contract.

Expenses: Expenses are out of pocket charges for travel, hotel, ground transportation, meals, project support expenses, etc. Any expenses other than mileage will only occur with your prior approval.

I look forward to working with you on this project. Meanwhile please call me with any questions you would like to discuss. Thank you again for the opportunity to submit this proposal for professional services.


Jerry T. Edge
903 Shelby Springs
Spring Hill, TN 37174

760-519-5326

San Antonio Water Company

Proposal to Conduct a Compensation & Benefits Study

July 2020

Prepared by:



Reward Strategy Group, Inc.

12707 High Bluff Drive, Suite 200, San Diego, 92130
(858) 259-3800 | rewardstrategy.com

Contact person: Allan Crecelius
acrecelius@rewardstrategy.com

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SECTION 1 – EXECUTIVE SUMMARY

Reward Strategy Group (RSG) is pleased to respond to San Antonio Water Company's request for proposals to conduct a compensation and benefits study. The purpose of the study is to address changes that have occurred since the last review, in 2014. The consultant is tasked with recommending an appropriate salary range and benefits for each existing or proposed position, based on survey results, internal relationships and equity.

RSG is very well qualified to perform the services requested by SAWCo:

- ◆ Compensation, as well as classification, are the **core** specialties of RSG's consulting practice.
- ◆ RSG has **three decades** of experience in conducting effective compensation studies for a wide variety of both public and private sector organizations.
- ◆ We have extensive experience in providing compensation surveying and plan analysis/design for water agencies in California.
- ◆ RSG has successfully performed classification and compensation studies for the Company in the past, providing us with detailed knowledge and understanding of the Company's mission, organization and pay plan.

FIRM & CONTACT INFORMATION

Legal Name: Reward Strategy Group, Inc. (a California corporation) founded in 1987
Address: 12707 High Bluff Drive, Suite 200, San Diego, CA 92130
Telephone: (858) 259-3800 Fax: (858) 792-7465
Primary Contact: Allan Crecelius, President Email: acrecelius@rewardstrategy.com
Website: www.rewardstrategy.com Principal business: Human Resource Consulting



SECTION 2 – RSG’S BACKGROUND & EXPERIENCE

ABOUT RSG

Reward Strategy Group, Inc. is a California corporation founded in 1987. RSG has been in continuous, successful operation since its founding. Although RSG has clients nationwide, the majority of our consulting assignments are in California. The corporate headquarters is located in San Diego, with a satellite office in Pasadena.

Over the past 32 years, we have successfully served more than 300 client organizations throughout the public, private and not-for-profit sectors. Classification and compensation are the firm’s *core* practice areas. The firm’s principals are recognized experts in position classification processes and compensation plan analysis and design. RSG has an excellent understanding of the organization, operations and classifications of California water agencies.

In a typical year, more than half of our consulting is with cities, counties, water districts, educational institutions and special districts in the western United States. It is indicative of the value we bring to consulting engagements that dozens of organizations have retained us repeatedly over the course of many years for new projects. The firm’s financial stability is evidenced by three decades in business, successfully serving dozens of clients each of those years.

WHY RSG?

- ◆ RSG brings two very senior consultants to this engagement, who have studied thousands of water organization positions.
- ◆ We have a tried-and-true approach to total compensation plan analyses, enabling very thorough work while maintaining an efficient process.
- ◆ We are skilled at building an accurate compensation survey database that is statistically relevant and fully representative of the labor market in which SAWCo competes for its employees.
- ◆ We are dedicated to communication with our clients throughout a study.
- ◆ Our consultants’ skills and abilities are well known by San Antonio Water Company.

RSG has assisted hundreds of organizations with ...

- ... quantitative job evaluation and internal job content relationship analyses;
- ... market total compensation surveying, requiring experienced benchmark job comparability analysis;
- ... interpretation of federal/state laws relating to compensation practices;
- ... design and implementation of improved salary and benefits programs.



SECTION 3 – ORGANIZATION & TEAM EXPERIENCE

THE CONSULTANT TEAM

RSG will dedicate **two** consultants to this study.

- ◆ **Gina Calderon** is a Senior Principal in RSG and will be the study's **Project Manager and Consultant**. She has extensive consulting experience in compensation and benefits surveying and plan analysis/design. Ms. Calderon will participate in all meetings with SAWCo.
- ◆ **Allan Crecelius** is RSG's President and will be the project's **Subject-Matter Expert**. He will be involved in survey job comparability analysis/QC and in the development of salary range allocation recommendations. He has 40 years of management consulting experience and has advised a large number of water agencies.

The work on this study will be performed in RSG's offices. We anticipate RSG/SAWCo meetings will be conducted via video conference during the ongoing COVID-19 difficulties.

Bios for Ms. Calderon and Mr. Crecelius follow.

GINA CALDERON, SENIOR PRINCIPAL

Gina Calderon has been with RSG for over 10 years, preceded by 15 years as a manager in both for-profit and nonprofit companies. She has worked with executives, managers, staff and governing boards in more than 90 organizations, bringing a range of technical expertise to client engagements that leads to highly effective plans and programs.

During her consulting career, Ms. Calderon has successfully managed classification and compensation projects across the public, private and not-for-profit sectors. Her clients include Santa Margarita Water District, San Gabriel Valley Municipal Water District, Inland Empire Utilities District, Encina Wastewater District, Helix Water District, SAWCo, Southern Nevada Water Authority, San Gabriel Valley Council of Governments, Alameda County Waste Management Authority, Huntsville Rehabilitation Foundation, Southern Nevada Health District, Desert Recreation District; the Cities of Moreno Valley, Hesperia, San Fernando, Atherton, Pasadena, Long Beach and Rialto, the County of Los Angeles; San Bernardino County Superior Court and Los Angeles Superior Court; Compton Unified School District, Huntington Beach City School District, Cabrillo College, State Center Community College District and Antelope Valley Community College District.

Ms. Calderon graduated from UCLA with a BS in economics and received an MBA from UCLA Anderson Business School. Prior to joining RSG, she was a manager in both for-profit and nonprofit organizations in Southern California.

ALLAN CRECELIUS, PRESIDENT

Allan Crecelius has been the President of RSG since the firm's founding in 1987. His vast experience in management consulting is focused on classification and compensation, performance management and organization analysis. His consulting projects have ranged from studies for *Fortune 500* companies to engagements with small or start-up entities. He has been retained by more than 300 organizations, assisting them to better execute their strategies by operationalizing how they define performance, deliver service and reward success.

Prior to becoming RSG's President in 1987, Mr. Crecelius was the Managing Partner–Western Region for Sibson & Co., Inc., a nationally recognized compensation consulting firm. With Sibson, he was responsible for managing staff in four offices and leading the firm's consulting practice in executive compensation and organization effectiveness. Previously, Mr. Crecelius was the Vice President– General Consulting for the Hay Group, an international human resources consulting firm.

Mr. Crecelius received a Bachelor of Science degree in Engineering from the United States Military Academy at West Point, served as an officer in the U.S. Army for 10 years, and is a decorated combat veteran. He is frequently retained as a speaker in national/regional symposiums on planning, organization and compensation issues. He is the author of a number of articles and the co-author of the 1994 book, *Strategic Management — Creating Your Organization's Future*.



SECTION 4 – PROJECT UNDERSTANDING & METHODOLOGY

STUDY SCOPE

Conduct a full salary and benefits survey, document results, conduct competitive analysis, conduct internal job content relationship analysis, present findings, recommend salary range allocations of all studied classifications, and provide information to assist with plan maintenance.

STUDY OBJECTIVES

- ◆ Assist SAWCo in identifying the appropriate survey comparators that effectively represent the Company's labor market, which will include two cities and two water districts listed in the Company's RFP, plus two additional to-be-determined water agencies.
- ◆ Plan and carry out a comprehensive total compensation survey of salaries and benefits in the six comparison agencies.
- ◆ Analyze and document all survey findings for cash compensation and employee benefits/costs.
- ◆ Assess the market competitiveness of SAWCo's current salary ranges and benefits and make recommendations to develop an improved compensation and benefits package that supports SAWCo's goals and strategies.
- ◆ Recommend allocation of all classifications into an appropriate salary range based on internal job relationship analyses and external market competitiveness.
- ◆ Provide instructional information to SAWCo staff to conduct future salary audits and range adjustments.

STUDY METHODOLOGY

This section outlines the actions RSG's consultants will take to perform the study.

- ◆ **Gather and Review Background Information.** The consultants will review all relevant organizational information, classification documentation, and current salary and benefits plans covering SAWCo's positions. Having conducted SAWCo's 2014 compensation study, as well as other consulting, RSG understands the Company's organization, culture and HR processes.
- ◆ **Initial Meetings; Prepare and Gain Agreement on the Salary and Benefits Survey Plan.** We will work with SAWCo management to agree on the full range of study requirements. With the input gained from the Company's background information, combined with RSG's decades of compensation consulting experience, our consultants will develop a salary and benefits survey plan. We will present this plan to the Company for concurrence or modification.
- ◆ **Carry Out the Approved Survey Plan.** With the agreed-upon plan, we will conduct the salary survey and build an accurate survey database for each benchmark class.
- ◆ **Benefits Plan Survey.** To collect comparison agency benefit plan information, our consultants will collect MOUs and conduct a series of email exchanges with benefits administrators in the survey

comparators and obtain each agency’s level/cost of benefits. We will document the survey findings and comparisons in appropriate tables.

- ◆ **Document Survey Results.** Our consultants will prepare data sheets and summary tables that display the competitive market pay practices for the surveyed classes and comparisons with SAWCo’s current ranges. We will review survey findings and their implications with the General Manager and Assistant General Manager
- ◆ **Internal Job Content Evaluation.** RSG will utilize an effective quantitative job evaluation process to determine the internal job content relationships between and among all SAWCo classes.
- ◆ **Design New Salary Schedule.** RSG will model and design a new salary range schedule that most effectively accommodates the identified internal job content relationships, blended with the market salary survey findings.
- ◆ **Allocate Classifications into the New Salary Range Structure.** The consultant team will make recommended salary schedule range assignments for all studied classes based on the classification information compiled, our internal job content relationship analysis, and the market survey results.
- ◆ **Present the Compensation Recommendations.** RSG will review our salary recommendations with the General Manager and appropriate management.
- ◆ **Recommend Any Benefits Plan Changes.** Develop and document RSG’s suggestions for any needed additions or modifications to SAWCo’s employee benefits package based on our competitive assessments.
- ◆ **Provide Information to Assist with Future Plan Maintenance.**
- ◆ **Finalize and Present Final Report.**

PROPOSED TIMELINE

Study Element	Timing
Project initiation; receive and review background data and material; recommend benchmark classes and agencies to be surveyed; gain agreement on overall salary and benefits survey plan	Late August
Gather salary range and benefits data from survey agencies	September
Conduct classification comparability analyses in each survey agency; document salary range and benefit plan comparisons; present to SAWCo management.	Sept – Oct
Conduct internal job content evaluation; document internal relationships	October
Assess current salary structures; develop improved structures if needed	October
Allocate studied classes to salary grades/ranges	November
Present preliminary salary and benefits recommendations to Company management	Nov – Dec
Provide information to assist with future plan maintenance	December
Finalize and present Final Report	December



SECTION 5 – PAST PROJECTS

REFERENCES

Project Name	Description of Work	Contact Person, Phone & Email
Las Vegas Valley Water District Classification & Compensation	RSG has been providing compensation and classification plan consulting to this agency continuously since 1994.	Patricia Maxwell, Retired Director, HR (702) 274-4229 (cell) patmax@cox.net
Encina Wastewater District Salary & Benefits Survey	RSG provided recommendations to improve the salary structure and benefits package for all positions.	Debbie Allen, Human Resources Manager (760) 268-8802 dallen@encinajpa.com
Santa Margarita Water District Classification & Compensation	RSG conducted a classification and compensation study for approximately 130 employees in 59 classifications.	Kathleen Springer, HR Manager (949) 459-6537 KathleenS@smwd.com

OTHER WATER AGENCY CLIENTS

Following are examples of additional water organizations for which we have performed compensation studies.

Central Arizona Water Conservation District	Rancho California Water District
Eastern Municipal Water District	Rubidoux Community Services District
Helix Water District	San Antonio Water Co.
Inland Empire Utilities Agency	San Diego County Water Authority
Laguna Beach County Water District	Santa Fe Irrigation District
Leucadia Wastewater District	Southern Nevada Water Authority
Monte Vista Water District	Vallecitos Water District
Olivenhain Municipal Water District	Valley County Water District
Orange County Water District	Veolia North America
Otay Water District	Water Replenishment District of Southern CA
Ramona Municipal Water District	Western Municipal Water District

OTHER RSG CLIENTS

City of Anaheim	County of Los Angeles	Alameda Co. Waste Mgmt Authority
City of Bakersfield	County of Marin	American Red Cross
City of Berkeley	County of San Diego	Chino Valley Independent Fire District
City of Camarillo	Multnomah County, OR	Desert Recreation District
City of Carpinteria	Pima County, AZ	East Bay Regional Park District
City of Corona	Antioch University	Long Beach Transit
City of Culver City	National University	Monterey-Salinas Transit District
City of Del Mar	Thomas Jefferson School of Law	San Diego Housing Commission
City of Hesperia	San Diego State University	San Diego Regional Airport Authority
City of Imperial Beach	Berkeley Unified School District	San Diego Unified Port District
City of Lake Forest	Clovis Unified School District	San Gabriel Valley Council of Govts
City of Long Beach	Compton Unified School District	San Joaquin Regional Transit District
City of Los Angeles	Huntington Beach City School District	Southern Nevada Health District
City of Moreno Valley	LA County Office of Education	SunLine Transit
City of Orem, UT	Oxnard School District	Timken Museum of Art
City of Oxnard	Antelope Valley Community College District	Zoological Society of San Diego
City of Pasadena	Cabrillo Community College District	Altura Credit Union
City of Peoria, AZ	Long Beach Community College District	Boeing Wichita Credit Union
City of Pleasanton	MiraCosta Community College District	California Credit Union
City of Portland, OR	Palomar Community College District	Financial Partners Credit Union
City of Rialto	State Center Community College District	Kinecta Federal Credit Union
City of Riverside	Imperial County Superior Court	Los Angeles Teachers Credit Union
City of Safford, AZ	Los Angeles County Superior Court	Pentagon Federal Credit Union
City of San Bernardino	Orange County Superior Court	Premier America Federal Credit Union
City of San Fernando	Riverside County Superior Court	San Diego County Credit Union
City of San Marino	San Bernardino County Superior Court	SchoolsFirst Federal Credit Union
City of Santa Maria	San Diego County Superior Court	United Nations Federal Credit Union
City of Thousand Oaks		Credit Union National Association
Town of Atherton		



SECTION 6 – FEE SCHEDULE (under separate cover)

DETERMINATION OF STUDY BUDGET

The professional fees for the study are based upon the number of hours that must be dedicated by Ms. Calderon and Mr. Crecelius to accurately perform the work and analyses outlined in this proposal, and to provide the full range of requested deliverables.

NOT-TO-EXCEED COST OF SERVICES

\$18,700 for all professional fees and project expenses.

CONSULTANT BILLING RATES

Consultant hourly billing rates for the duration of this study are shown below. These fees would apply to any additional work requested by SAWCo.

Allan Crecelius \$240

Gina Calderon \$170

BILLING PROCESS

Our firm invoices clients monthly for the fees and expenses incurred that month. Invoices will itemize the consulting work performed during the month and the hours dedicated by consultant.

EXCEPTIONS TO RFP

Reward Strategy Group certifies that the firm takes no exceptions to SAWCo's RFP, including the Professional Services Agreement.

SIGNATURE OF AUTHORIZED OFFICIAL OF THE FIRM

REWARD STRATEGY GROUP, INC.



Allan M. Crecelius
President



SECTION 6 – FEE SCHEDULE (under separate cover)

DETERMINATION OF STUDY BUDGET

The professional fees for the study are based upon the number of hours that must be dedicated by Ms. Calderon and Mr. Crecelius to accurately perform the work and analyses outlined in this proposal, and to provide the full range of requested deliverables.

NOT-TO-EXCEED COST OF SERVICES

\$18,700 for all professional fees and project expenses.

CONSULTANT BILLING RATES

Consultant hourly billing rates for the duration of this study are shown below. These fees would apply to any additional work requested by SAWCo.

Allan Crecelius \$240

Gina Calderon \$170

BILLING PROCESS

Our firm invoices clients monthly for the fees and expenses incurred that month. Invoices will itemize the consulting work performed during the month and the hours dedicated by consultant.

EXCEPTIONS TO RFP

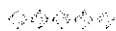
Reward Strategy Group certifies that the firm takes no exceptions to SAWCo's RFP, including the Professional Services Agreement.

SIGNATURE OF AUTHORIZED OFFICIAL OF THE FIRM

REWARD STRATEGY GROUP, INC.



Allan M. Crecelius
President



Agenda Item No. 5E

Item Title: Proposed Financial Policies and Reporting

Purpose:

To discuss and possibly recommend new policies and reporting format for Investments and Reserves.

Issue:

Should the Company establish new policies regarding investments and reserves?
How should the Company financial reports be updated for clarity?

Manager's Recommendation:

Work to develop improved financial reports.

Background:

The Company recently approved new Investment and Reserve policies. The AFC has expressed interest in improving the Company financial reports to better communicate the Company's financial position.

Policies for possible future review include:

- Budget
- Capital Assets
- Debt Management
- Fraud Prevention
- Investment
- Purchasing
- Reserves
- Surplus Property
- Banking
- Audit

Impact on the Budget:

None

Previous Actions:

None.

Agenda Item No. 5F

Item Title: Company Response to COVID-19

Purpose:

To discuss the Company's response to the COVID-19 Pandemic.

Issue:

How are State and Local Government Recommendations and Orders impacting the Company during the Chinese Virus Pandemic?

Manager's Recommendation:

No recommendation. For discussion only.

Background:

While the nation continues to grapple with appropriate responses to the Chinese induced pandemic there has been limited disruption to the Company's operations.

Impact on the Budget:

Limited but currently uncategorized

Previous Actions:

None.

Item Title: General Manager's Goals and Objectives

Purpose:

To Provide General Manager Goals and Objectives for the upcoming yearly performance review.

Issue:

What Goals and Objectives should the General Manger focus on for the upcoming performance review period of Sept 2020 through Sept 2021?

Manager's Recommendation:

Recommend Administrative and Financial Goals and Objectives for consideration by the Board during the General Mangers yearly performance review.

Background:

The General Manager's performance review should occur yearly in September near the anniversary of his hire date. As a part of the review it is appropriate to set goals and objectives for the upcoming year. I am requesting that the AFC consider and forward appropriate goals and objectives to the Board prior to September.

For reference, the following goals were set by the Board for 2019-2020 performance year:

- Modernize Financial Reporting: yearly budget, quarterly reports, policies
- Make recommendation on Automated Meter Reading
- Update Company's Master Capital Improvement Program. Establish 5-year and 10-year improvement program.
- Develop an emergency response plan/risk assessment to identify critical facilities and develop potential solutions should these facilities become impacted.
- Progress report on replacement facility moving forward...timeline for completion.

Impact on the Budget:

None

Previous Actions:

None