

San Antonio Water Company

MEETING AGENDA

for

AD HOC COMMITTEE FOR OFFICE FEASIBILITY STUDY

January 19, 2023 @ 3:00pm

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 August 12, 2020.

5. Administrative Issues:

A. ***Discussion and Possible Action Regarding New Company Office and Yard Options***

Review and discuss concept plans.

6. Closed Session:

None.

7. Committee Comments and Future Agenda Items:

- 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 AdHoc Committee Meeting is to be determined

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

POSTING STATEMENT: On January 17, 2023, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), on the public bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall), and on the Water Company's website.

SAN ANTONIO WATER COMPANY
AD-HOC MEETING
MINUTES
August 12, 2020

An open meeting of the office and yard relocation feasibility Ad-Hoc Committee for the San Antonio Water Company (SAWCo) was called to order virtually at 2:00 p.m. on the above date. Committee Members present were Tom Thomas, Bob Cable, and Brian Lee. Director Jose Sanchez was absent. Also in attendance were SAWCo's Assistant General Manager Teri Layton and Senior Administrative Specialist Kelly Mitchell. Mr. Thomas presided.

1. Recognitions and Presentations: None.
2. Additions – Deletions to the Agenda: None.
3. Public Comments: None.

Steven Nix of the City of Upland joined the meeting at 2:01 p.m.

4. Approval of Committee Meeting Minutes:
Director Thomas inquired whether there was any opposition to the approval of the meeting minutes. Hearing none, the meeting minutes of November 5, 2019 were approved.

5. Administrative Issues:

A. Discussion and Possible Action Regarding New Company Office and Yard Options – Mr. Lee provided a PowerPoint presentation regarding the proposed Office and Yard facility options and considerations. After presenting earlier in the year to City of Upland councilmembers SAWCo's plans for relocating and combining the Office and Yard facilities, it was suggested SAWCo look into leasing property from the City of Upland to meet their needs. SAWCo staff met with City of Upland staff to determine what options, if any, would work for SAWCo in their attempt to combine their office and yard facilities into one location. Mr. Lee went through the numbers with the Committee on what it would cost SAWCo to build a new facility as well as the costs to lease property from the City of Upland.

Mr. Lee reviewed the estimated costs to build a new facility. The numbers were admittedly rough as there were several unknowns. With a contingency of over 25% built in, the rough number for a new building reached \$3.76 million. Not including the contingency, the straight-line depreciation value of \$2.97 million over 120 years for the new building works out to \$2,060/month.

In looking into leasing property, SAWCo would need both office and yard space. The cost to lease 2,500 square feet (sqft) of office space runs roughly \$18 per sqft, per year costing \$3,750 per month. The cost to lease yard and storage space of roughly 9,000 sqft runs approximately \$2/sqft per year costing \$1,500/month. This results in a total monthly cost of \$5,250/month to lease the needed office and yard space.

Regarding leasing specifically City of Upland property, City staff and SAWCo staff determined the only somewhat feasible location would be the public works department. It is currently fully utilized, but reconfiguration may provide space for SAWCo staff, albeit tight. Yard storage and parking space is sufficient, however, it has yet to be determined whether there is enough space for small parts and equipment in the warehouse portion of the site.

Some concerns expressed about leasing property from the City included the costs, whether the public works building is up to code considering it was built in the 1970s, who pays for improvements, utilities and services, and maintenance of common areas. Other concerns are over public perception such as whether SAWCo is receiving favorable treatment from the City or vice versa, and about funds moving

from the City's Water Enterprises Fund (water sales) through SAWCo to the General Fund (lease) as water sales should not be funding the General Fund.

Mr. Lee proposed the Committee recommend the item to the Board for discussion with a recommendation to move forward with building a new facility on SAWCo's Benson Avenue and 17th Street property.

Director Thomas stated that the first consideration for this project was SAWCo would not make any changes unless they are better off than they are now. Currently, SAWCo owns both its office and yard locations outright. He questioned why they would want to move into the public works department to share a small space and pay rent. If they did decide to lease from the City, what would they do with the office and yard properties? If they were to lease or sell those properties, there would be an influx of money not earned from water sales which may cause issues for their tax status. Changes in the City's leadership may be in the near future. Director Thomas felt it might be prudent to wait until after the November elections to make any moves.

Director Cable commented SAWCo has been discussing and planning about building a new facility since January 2017. He expressed concern over one shareholder's disapproval of the move and stated that SAWCo does what is in the best interests of all of its shareholders. Kudos were given to Mr. Lee for answering all of the inquiries and concerns expressed by the City in the eleventh hour. Director Cable encouraged SAWCo to get the building process started as the costs for building is not going to get any cheaper.

There was continued discussion on how and when SAWCo should present its findings. Other ideas to solve the problem were also discussed.

Mr. Nix commented adding SAWCo staff to the public works department would be tight. One benefit he did see was sharing maintenance and fueling facilities.

Director Thomas moved and Director Cable seconded to bring the item to the Board for discussion and possible approval. Motion carried.

Mr. Lee clarified that he would place the item on the agenda for next week's Board meeting and after that, schedule a time to present the information to and have a discussion with the Upland City Council.

6. Closed Session: None.

7. Committee Comments and Future Agenda Items: None.

8. Adjournment:

There being no further business the meeting ended at 3:31 p.m.

Assistant Secretary
Brian Lee