



SAN ANTONIO WATER COMPANY MEETING AGENDA

for ADMINISTRATIVE & FINANCE COMMITTEE

May 26, 2020 @ 3pm

By Virtual/Online or Teleconference Only

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/391815941>

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Access Code: 391-815-941

▪ 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 January 28, 2020.

5. Administrative and Financial Issues:

A. Compensation & Benefit Study

Recommendation to approve Request for Proposal (RFP)

B. Salary Range Adjustment

Consider adjusting salary table to account for inflation.

C. Company Response to COVID-19

Discussion regarding Company's response to the virus.

D. Stock Auction - August 2020

Recommend timeline approval for proposed stock auction

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 May 26, 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 [7:00 – 11:30 and 12:30 – 5:00] and alternating Fridays [7:00 – 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 May 21, 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

January 28, 2020

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Jose Sanchez, Bob Cable, Rudy Zuniga, and Tom Thomas. Also in attendance were Martha Goss and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: Mr. Lee advised information needed for Item 5D did not meet the deadline for the meeting therefore Item 5D should be deleted from the agenda.

Mr. Lee requested adding the Property and Casualty Insurance Proposal from EPIC Insurance to the agenda as Item 5E. The Committee unanimously agreed to add the item to the agenda as Item 5E.

3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Cable moved and Mr. Zuniga seconded to approve the meeting minutes of October 22, 2019 and November 13, 2019. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. ***Proposed Financial Policies*** – Mr. Sanchez clarified the first page attached to Agenda Item 5A does not represent a policy or policies, they are suggested targets for some of SAWCo's financial reporting duties. He stated the targets are up for discussion.

The Committee reviewed the proposed investment policy in its entirety and with discussion and suggestions for edits and revisions.

Mr. Zuniga moved and Mr. Cable seconded to approve the Investment Policy as amended. Motion carried unanimously.

The Committee then discussed the proposed reserve policy. As part of the Water Company's reserve accounts they currently utilize a Depreciation and Obsolescence account. The Committee agreed to rename the account the Capital Investment and Depreciation Reserve Fund for better accuracy.

Mr. Cable moved and Mr. Zuniga seconded to approve the Reserve Policy as amended. Motion carried unanimously.

After discussion the Committee decided to table the review of the request for qualifications for investment services to allow for further revisions.

- B. ***SB998 – Policy and Procedure*** – Mr. Lee advised the Committee of the State's mandate that water service cannot be disconnected for non-payment without following strict guidelines. Staff brought forward policy and procedure for following the soon to be implemented legislation.

Mr. Cable stated that as long as the policy and procedure are in compliance with the legislation he suggested moving forward with implementing them.

Mr. Sanchez advised changing verbiage to read SAWCo is changing current policy to comply with the legislation instead of observe it.

Mr. Cable moved and Mr. Zuniga seconded to recommend the Board approve the proposed policy and procedure to comply with SB998. Motion carried unanimously.

- C. *Employee Recognition Policy Amendment*** – Mr. Lee recommended amending the employee recognition reward program to remove gift cards and include monetary amount in paycheck to affect the necessary tax withholdings.

Mr. Zuniga moved and Mr. Cable seconded to recommend the Board approve amending the employee recognition reward program to remove gift cards and instead include a monetary amount in the employee's paycheck for purposes of tax withholdings. Motion carried unanimously.

- E. *General Liability Insurance Proposal*** – Mr. Thomas explained SAWCo experienced significant saving by moving to this plan a few years back. He advised he read the proposal from cover to cover, noticed only a few very minor changes, and felt renewal was warranted.

Mr. Cable moved and Mr. Sanchez seconded to approve recommending the Board renew liability insurance under JPRIMA as present by SAWCo's insurance broker EPIC. Motion carried.

6. Closed Session: None.

7. Committee Comments and Future Agenda Items: Mr. Thomas suggested a possible AFC meeting after the February Board Meeting.

Mr. Sanchez commented the Committee will be working on ratios and implementing the policy in upcoming meetings after Board approval of the policies.

8. Adjournment: The committee determined there was no further business and adjourned the meeting at 3:50 p.m.

Assistant Secretary
Brian Lee

Agenda Item No. 5A

Item Title: Compensation & Benefit Study

Purpose:

To present the Request for Proposal (RFP) for a Compensation and Benefit (Comp & Benefit) Study for consideration and/or comments prior to sending out proposals for performing the Study.

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 and advises staff as appropriate as to the content and intent of the RFP for recommendation for Board approval.

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.

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.



San Antonio Water Company

Incorporated October 25, 1882
Serving the original Ontario Colony lands

A REQUEST FOR PROPOSALS

TO PROVIDE CONSULTING SERVICES TO THE SAN ANTONIO WATER COMPANY

PROJECT TITLE:

COMPENSATION AND BENEFIT STUDY

RESPONSE DUE BEFORE 3:00 PM

ON JULY 6, 2020

Introduction

The San Antonio Water Company is soliciting proposals from qualified firms for consulting services to conduct a Compensation and Benefit Study as described herein.

The purpose of the Compensation and Benefit Study is to address if there have been any industry economic changes over the last several years. A Classification Plan was last done in 2014. At that time, all positions were reviewed to recognize that positions performing similar work with essentially the same level of complexity, responsibility, and knowledge, skill and abilities are classed together. Salary ranges are regularly adjusted by the Consumer Price Index (CPI). Position descriptions exist for all current Company employees.

While the Company does not desire to do another Classification Plan at this time, we recognize that changes have taken place since the last review. Due to personnel changes and coverage for the office, the Board approved the position of Administrative Assistant. The Company utilized an employment agency to obtain a part-time person to provide additional help. However, no salary range was established.

The other change that was not anticipated was the full-time Administrative/Conservation Specialist requesting to go to part-time. While the essential job duties are able to be done under the part-time basis, this change did reduce customer service ability. The part-time Administrative Assistant was given more hours to fill this need.

General Information

The San Antonio Water Company (SAWCo) is a private non-profit mutual water company that was incorporated on October 25, 1882 and in accordance with Internal Revenue Code Section 501(c)(12), is exempt from federal income taxes. The Company is governed by a seven-member Board with staggered elections held every two years with four-year terms. SAWCo delivers potable water to a population of approximately 3,371 residents and estimated 1,200 connections. Water is also delivered to entities of Upland, Ontario, Chino, Monte Vista Water District, local golf courses and rock product entities. The Company is basically comprised of two departments: Office and Field.

Scope of Services

- Consultant to utilize the following Inland Empire water industry entities:
 - City of Upland
 - Monte Vista Water District
 - Cucamonga Valley Water District
 - City of Ontario
 - And two other water companies of comparable complexities
- Consultant to conduct salary survey by comparing monthly maximum base salary for each existing position classifications and position description (see attachments). Included in the survey will be the benefit structure for the six 444gencies.

- Consultant to recommend appropriate salary range and benefits for each existing or proposed position based on the compensation and benefit survey results, internal relationships and equity.

Study Conclusion

- Consultant to prepare a written report of recommendations that includes discussion of methods, techniques and data used to develop the Compensation & Benefit Study.
- Consultant to provide instructional information that will allow Company staff to conduct yearly and as-needed individual salary audits and adjustments consistent with study methods until the next formal study is conducted.
- Consultant to attend meetings, if requested, throughout the process with the General Manager, Assistant General Manager and/or the Board to explain methodology, survey results and recommendations. The consultant should budget for two meetings.

Schedule

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

Proposal Due Date	July 6, 2020
Interview	TBD – If necessary
Board of Director’s Approval	August 18, 2020
Consultant’s Notification	August 19, 2020

Proposal Requirements

The proposal shall not exceed 11 pages excluding resumes, cover letter, dividers, front and back covers. No other documents will be reviewed. Please do not submit additional material. Responses to this RFP shall be in the following order and shall include:

Executive Summary (2 pages maximum)

Summarize the contents of your firm’s proposal in a clear and concise manner.

Firm Background and Experience (2 pages maximum)

Brief description of the firm and subconsultants, if any, including the size of the organization, location of offices and relevant capabilities and resources in relation to the project. This section should include:

- I. Experience with conducting compensation and benefit studies
- II. Similar projects with other water companies or districts
- III. Firm’s local experience
- IV. Management and organizational capabilities
- V. Verification of professional liability insurance for coverage of not less than \$1,000,000.

Organization and Experience of the Team (2 pages maximum, not including resumes)

Proposing firm shall identify the team to be assigned to the project, by name, including at a minimum the principal, project manager, key staff and any subconsultants. Proposing firm shall describe the team's qualifications and experience related to this specific project. Proposing firm shall explain the team's experience regarding all tasks associated with the scope of work. This section should include:

- I. Describe proposed project organization, including identification and responsibilities of key personnel, including sub-consultants. Include only one- page resumes.
- II. Describe the experience of the Project Manager and the experience that the proposed personnel have working on past projects as a team.
- III. Describe project management approach to the work effort, locations where work will be done, responsibilities for coordination with the Company, and lines of communication necessary to maintain project on schedule.

Project Understanding and Approach (3 pages maximum)

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

Proposer shall clearly define the tasks and activities necessary to meet the objectives outlined in the scope of services. This section should include:

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

Past Projects (2 pages maximum)

Proposer shall provide project descriptions of up to three similar projects. Include the following information:

- I. Owner contact name and phone number
- II. Team members
- III. Project description

Proposed Total Professional Fee and Fee Schedule Submitted Under Separate Sealed Cover

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

Include the hourly rates of all staff that will charge to the project.

Company expects to award a 'time and material, not to exceed' contract.

Exceptions to this RFP

The Consultant shall certify that it takes no exceptions to this RFP including, but not limited to, the Professional Services Agreement (attached).

Evaluation Criteria

The evaluation criteria and the respective weights that will be given to each criterion are as follows:

- a) 30% Understanding and approach to the work to be done
- b) 30% Experience of staff for work to be done
- c) 20% Experience of firm with similar kinds of work
- d) 10% Overall clarity and presentation of Proposal
- e) 5% Firm's Local Experience
- f) 5% Proposed Project Fee

Selection Process and Schedule

The Company will enter into negotiations with the top ranked firm. At this time, the Company contemplates the use of a Time and Material Not to Exceed contract for the services requested. Negotiations will cover scope of work, contract terms and conditions, attendance requirements, and appropriateness of the proposed fee.

After negotiating a proposed agreement that is fair and reasonable the General Manager will present the contract to the Company's Board for authorization to execute a contract with the most responsive firm.

Attached Related Documents

- Company standard Professional Service Agreement
- Current Salary Range Structure
- Position Descriptions
 - General Manager
 - Assistant General Manager
 - Administrative Analyst (Vacant)
 - Accounting/Personnel Specialist
 - Administrative/Conservation Specialist
 - Senior Administrative Specialist
 - Administrative Specialist (Vacant)
 - Administrative Assistant (Part Time)
 - Water Utility Superintendent

- Water Utility Worker III
- Water Utility Worker II
- Water Utility Worker I
- Water Utility Trainee

Submittal Requirements

One (1) executed original marked “ORIGINAL” in red ink and 6 copies of the Proposal shall be submitted. One single sealed Proposed Fee Estimate marked “FEE ESTIMATE – 2020 COMPENSATION & BENEFIT STUDY” in red ink shall be submitted separate from the proposal. Emailed proposals will not be accepted. Submit one electronic copy of the proposal in PDF format. The Response shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.

The Response Proposal must be received no later than **3:00 p.m.** local time, on or before **July 6th, 2020** at the office of:

PROPOSAL – 2020 Compensation & Benefit Study
San Antonio Water Company
139 North Euclid Avenue
Upland, CA 91786
Attn: Teri Layton

Failure to comply with the requirements of this RFP may result in disqualification. Questions regarding this RFP shall be submitted in writing to tlayton@sawaterco.com.

Agenda Item No. 5B

Item Title: Salary Table Adjustment

Purpose:

To consider adjusting employee salary ranges to match local inflation.

Issue:

Does the Committee recommend adjusting Company salary tables to match inflation?

Manager's Recommendation:

Recommend to the full Board adjusting the Company's salary tables 3.4% upward based on the Riverside / San Bernardino / Ontario 'Consumer Price Index for Urban Wage Earners and Clerical Workers' change from January 2019 to January 2020.

Background:

A Consumer Price Index (CPI) measures changes in the price of consumer goods and services purchased by households. The Federal Bureau of Labor Statistics (BLS) tracks CPI for geographical areas in the States (www.bls.gov).

Based on changes in the CPI tables, companies may adjust wages to ensure employee's 'cost of living' is not impacted negatively by inflation. Adjustment to salary tables based on CPI are called, "Cost of Living Adjustments (COLA)".

Yearly, the Company considers adjustments to its salary tables based on published federal changes to a CPI index.

In 2017 the BLS started tracking CPI for 'Riverside-San Bernardino-Ontario' on a bimonthly basis. In 2019 the AFC committed to using the 'Riverside-San Bernardino-Ontario' CPI 12-month change from December to December when considering COLA adjustments to Company salary tables.

The CPI numbers and respective yearly change are shown below:

Geographic Area	Jan 2019	Jan 2020	Change	% Change
Riverside, et al.	104.062	107.580	3.518	3.4

Impact on the Budget:

Implementing a COLA for 2020 would increase salary ranges only and would increase labor costs for those employees currently at the top of their range at the time of their performance evaluation.

Previous Actions:

None.

Agenda Item No. 5C

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.

Staff

Staff regularly discusses proper hygiene and sanitation. All staff have been instructed to stay home with any flu or cold symptoms. Hand sanitizing wipes have been distributed to all employees and Nitrile gloves have been made available to office staff handling mail and cash.

Visitors

The office was closed to visitors without appointments through May 18th. A sign at the door and notification on our website provides alternative options for payment, along with a contact phone number and email.

Meetings

We have moved all public meetings to teleconferencing only. Governor Newsom has loosened Brown Act requirements to allow such.

Impact on the Budget:

Limited but currently uncategorized

Previous Actions:

None.

Agenda Item No. 5D

Item Title: Stock Auction August - 2020

Purpose:

Recommend approving timeline for a proposed 2020 stock auction in August.

Issue:

Disposition of personal property (shareholder's stock) in order to collect on bad debt is governed by the Commercial Code to be "commercially reasonable."

Managers Recommendation:

That the AFC recommend the Board approve the proposed stock auction and timeline as presented.

Background:

Since we have billed the dormant shareholders with the "water availability charge" for the first time in September 2017, there have been more unpaid bills. As a result, we have held more stock auctions.

There are currently 5 shareholder's stock certificates to be auctioned off for a total of 1.25 shares. This will bring the accounts current and future stock auctions continuing on year to year basis as needed.

Below is a timeline of the process leading up to the stock auction:

<u>Stock Auction 2020 (August) – Anticipated Timeline</u>					
<u>Description</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>Jul</u>	<u>Aug</u>
Address verification	4/30/20				
Final Letter owe w/due date		5/18/20			
AFC Committee Review		5/26/20			
Board Review			6/16/20		
Final due date			6/18/20		
Bid Process			6/19/20		
Bid Form			6/19/20		
Notification of Disposition of Collateral			6/19/20		
Website w/bid form			6/22/20		
Separate letter to shareholders			6/23/20		
Co. Newsletter ad			6/25/20		
Newspaper ad start [3x]				7/14/20	
Stock Auction Date					8/4/20

Previous Actions:

November 9, 2009 – First Stock Auction held

Agenda Date: May 26, 2020

April 20, 2010 – Board approved Stock Auction procedure for collecting unpaid water bills

Impact on Budget:

Collection of outstanding charges owed and reimbursement of all related costs.