

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

March 26, 2024

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

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Director Miller moved and Director Zuniga seconded to approve the meeting minutes of January 23, 2023. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. ***Salary Table Adjustment*** – Mr. Lee reported the annual review of the cost of living in the Inland Empire, and if the Company wants to adjust the Company salary tables to account for the inflationary changes. The change last year was 3.05%, which would shift the current salary tables up.

Mr. Lee added it does not impact current salaries, it keeps the salary tables consistent with inflation and during employee review process, employees have the opportunity to get an x-percentage of a raise if they are in the bottom of their salary range. He added this does affect one employee who is currently being paid at the lowest scale of their salary position, they would bump up automatically, which amounts to about \$1,800.00 annually. He also mentioned the previous class and comp study was completed in 2020 and the next one is scheduled for 2025.

Director Velto questioned if this adjustment of the salary table is being used as a merit raise for employees.

Mr. Lee responded this adjustment is not used as a merit raise. The merit raise is based purely on merit and there is a three-tier merit bracket that is looked at. He further explained the COLA salary table adjustment is not automatically given to each employee, rather each employee has a chance to get a bigger percentage merit raise if, after the COLA adjustment they are at the bottom of their salary range and perform well, they may get a bigger merit raise.

Mr. Hoffman added another reason for the adjustment being presented is the competitive marketplace. For example, adjusting the salary ranges, for new hires there is an understanding the Board is considering COLA.

Director Velto added he wishes to form an academy, formed by water boards and surrounding water agencies, either starting at the high school or college level to start training the youth in water and water treatment.

Director Cable moved and Director Miller seconded to recommend the Board approve adjusting the Company's salary table upwards of 3.05% based on the 2023-2024 cost of living in the Inland Empire. Motion carried unanimously.

- B. ***Consideration for 4/10 Work Schedule*** – Mr. Lee stated legal counsel had drafted a memo that is in the packet for the proposed 4/10 work schedule and has been distributed to all employees. He added a secret vote, where employees will vote either for or against the proposed 4/10 schedule, will occur Tuesday, April 9, 2024.

Mr. Lee suggested whichever the outcome may be for or against the proposed schedule, to bring the results back to the full Board at the April Board Meeting and decide if the Board would like to move forward or not.

Director Velto questioned if any employee has come forward not in favor of the 4/10 schedule.

Mr. Lee responded no employee has expressed rejection of the proposed 4/10 schedule but there have been a lot of questions and the impact of a new schedule.

Director Cable commented that even though he is not a fan of the 4/10 schedule he understands it is a great incentive to keep employees, makes a Company competitive, and a monetary incentive where employees will take less pay for a 4/10 schedule.

Mr. Lee concluded if employees vote in favor of the proposed 4/10 schedule, he will announce the results at the April 2024 Board Meeting and in hopes the full Board will also be in favor of the 4/10 schedule, which will give staff enough time for managerial and administrative work to have a start date of July 1, 2024.

Mr. Hoffman added his legal team have gone over the employee handbook as it currently stands and are prepared to present any amendments needed. He added the June Board Meeting will be for the approval of the updated employee handbook to in turn start the proposed 4/10 schedule as anticipated on July 1, 2024.

Mr. Lee added the updated employee handbook is anticipated to be brought to the AFC Committee at the May 2024 AFC Meeting.

Director Miller moved and Director Zuniga seconded to accept the proposed 4/10 schedule, starting no earlier than July 1, 2024, and taking it to the full Board at the April 2024 Board Meeting. Motion carried unanimously.

- C. **Consideration for a 'Cash in-leu option' for Company Health Plan** – Mr. Lee stated this is absent in the opposition, he needs to research before this can be brought up. He stated before he continues to research this option, if the committee is in favor of this then he will continue to research and involve legal counsel.

Director Cable questioned if this option is legal for the Company to consider.

Mr. Lee responded, yes, the company can legally do this and has confirmed with legal counsel, but there are several issues that need to be looked at before staff can move forward.

He stated the overall concept is if an employee chooses not to sign up for the company offered health plan, that is a savings to the Company. He added the question being is the Company willing to put some of that money back to the employee, where both sides benefit.

Director Zuniga asked if the Company is or is not currently offering a good health plan to the employees.

Mr. Lee responded there have not been any specific complaints regarding the current plan. He added the Company is grandfathered into the current health plan and not subject to the Obamacare regulation, which is a huge benefit.

Mr. Hoffman emphasized today staff is asking if the committee is interested in exploring this option further or not in favor of this option.

There was a general consensus that it is a binary decision and will remain a binary decision.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: Director Velto asked if the Company has any property, not being utilized, that is available to lease for revenue income to be added to the future agenda.

Mr. Hoffman reiterated Director Velto's suggestion of adding to the future agenda of SAWCo's participation in an academy to train youth in the water industry.

8. Adjournment: Seeing no further business, the meeting was adjourned at 3:25 p.m.


Assistant Secretary
Brian Lee