



SAN ANTONIO WATER COMPANY MEETING AGENDA

for ADMINISTRATIVE & FINANCE COMMITTEE

January 23, 2024 @ 3:00 pm
At Company Office 139 N. Euclid Ave., Upland, CA 91786 with
option of Virtual/Online or Teleconference

Members of the public may join the meeting by computer, tablet or smartphone.

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Access Code: 740-597-461

▪ 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 September 26, 2023.

5. Administrative and Financial Issues:

A. Selection of Chair and Vice-Chair (no memo)

B. Discussion on 4/10 Work Schedule

C. Discussion on Uniform Policy

6. Closed Session: None

7. Committee Comments and Future Agenda Items:

- This is the time for committees' 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 March 26, 2024 at 3:00pm

NOTE: All agenda report items and back-up materials are available for review and/or acquisition from SAWCo's Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [8:00a – 11:30a and 12:30p – 4:00p] and alternating Fridays [8:00a – 11:30a and 12:30p – 3:00p] and on SAWCo's website www.sawaterco.com. The agenda is also available for review and copying at the Upland Public Library located at 460 N. Euclid Avenue.

POSTING STATEMENT: On January 18, 2024, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), the Upland City Hall at 450 N. Euclid Ave., the Upland Public Library at 460 N. Euclid Ave., and on SAWCo's website.

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

September 26, 2023

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 3:02 p.m. on the above date as noticed. Committee Members present were Bill Velto 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 Zuniga moved and Director Velto seconded to approve the meeting minutes of May 23, 2023. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. ***Presentation, Discussion and Possible Action on Company's 401k program*** – Mr. Lee advised SAWCo has a 401k program currently in place, that has been in place for quite some time. In an effort to determine whether the Company is getting the best value, a Request for Proposal (RFP) was issued earlier this year and received two responses, one from our current provider and one from Morgan Stanley.

Mr. Lee introduced Ali Rahimi, representative of Morgan Stanley, who will be presenting the proposal for Morgan Stanley. Mr. Lee stated staff recommended to stay with SAWCo's current provider and ask Morgan Stanley to do a benchmarking study.

Mr. Rahimi thanked the Committee and staff for the opportunity to present. He stated he came upon this opportunity from Mr. Lee's predecessor Charles Moorees who referred him to Teri Layton. Mr. Rahimi provided a Retirement Solutions Deck and started the focus on Cost of Administration.

Mr. Rahimi referred to page 7 of the Retirement Solutions Deck, Cost Comparisons, which he stated Morgan Stanley does every three years, compared to SAWCo's current plan that was last done 5-6 years ago. He stated plan benchmarking is more comprehensive for both parties.

Mr. Rahimi stated the cost is not where the staff's focus is but rather more on the lack of support and the lack of performance staff are receiving. He stated we can make changes to lower costs from 1.37% to 1%.

Mr. Rahimi reassured he would meet with each employee individually and determine what is financially best for everyone. Director Velto commented on how important a close relationship between employee and financial advisor is.

Mr. Rahimi stated Ms. Layton is currently the fiduciary of the plan. He stated 16 of 25 funds do not meet Morgan Stanley guidelines and that tends to happen when a company does not

have 338 fiduciary support. If SAWCo would make the switch to Morgan Stanley, they would take that responsibility of fiduciary of the plan.

Mr. Rahimi also recommended getting rid of the TPA, third party administrator. Director Velto commented that by having the right qualified fiduciary and getting rid of the third party, the company can lower costs and be more efficient.

Director Velto questioned if the company was to make a complete change to Morgan Stanley what the timeline would be and the cost. Mr. Rahimi stated there is no cost, it will be a few meetings before decisions are made and including a 30-day blackout period where employees cannot make any changes.

Mr. Rahimi's last recommendation was to include automatic enrollment for employees and automatic escalation for each year.

Mr. Lee stated staff recommends moving forward to the Board with the recommendation to switch to Morgan Stanley.

Director Zuniga moved and Director Velto seconded to approve to move forward to the Board to move forward with Morgan Stanley.

B. Discussion on Field Services moving to a 4/10 work schedule – Mr. Lee stated he has received multiple requests from Operations staff to move to a ten-hour workday, four days a week. The proposal is for Operations staff to move to a 4/10 schedule but keep Administrative staff to the current work schedule.

Director Velto inquired if SAWCo has looked into call for services on the weekend.

Mr. Lee commented that having ten-hour days would increase efficiency and that is what he is trying to prove with this proposal.

Director Velto questioned if staff has thought about surveying the San Antonio Heights residents. He wants to make sure the residents are comfortable with the switch to the 4/10 schedule. Mr. Lee reassured there will always be an operations staff member on call even when the office is closed. Mr. Lee stated he has an upcoming presentation for the Heights Association and is willing to bring up the schedule change proposal discussion at the meeting.

There was consensus on the Committee to bring the item to the November AFC Committee Meeting for further review.

C. Discussion and Possible Action on Board's Annual End-of-Year Employee Gift – Mr. Lee advised the annual end of year employee gift is a budgeted item, about \$15,000. The previous gift amount was increased to \$1,500 per employee as a thank you to SAWCo employees.

Director Velto inquired if the gift was taxable. Mr. Lee responded it is taxable, everything given to Company employees is taxable.

Director Zuniga questioned if staff is recommending continuing the Board gift or to raise or lower the amount.

Mr. Lee requested authorization to continue the end of the year Board gift of \$1,500.00 to the employees.

There was consensus on the Committee to recommend the Board authorize staff to continue the end of year Board Gift of \$1,500.00 to SAWCo employees. Motion carried.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: Seeing no further business, the meeting was adjourned at 3:54 p.m.

Assistant Secretary
Brian Lee

Agenda Item No. 5B

Item Title: Consideration for 4/10 Work Schedule

Purpose:

To consider a change in Company standard operating hours.

Issue:

Consider shifting to a 4/10 work schedule

Manager’s Recommendation:

Staff to bring back a full proposal for consideration at the AFC’s regular March 2024 meeting.

Background:

In early 2019 the Company shifted to a 9/80 work schedule, whereby employees would work 9 hour days Monday through Thursday and 8 hours every other Friday. That schedule totals 80 hours during a two week period. To date staff has not received any negative public feedback regarding the change in schedule.

Operations staff has asked about switching to a 4/10 work schedule. As proposed the employees would work a full 40-hour week work schedule with a 10-hour work day four days a week. This item was discussed at the regular September 2023 AFC meeting with staff proposing to return with additional details.

After internal discussions and organizational review it is now proposed that the entire company shift to a 4/10 schedule.

Staff has reviewed multiple Human Resource(HR) articles supporting that a 4/10 work schedule increases productivity, reduces absenteeism, improves employee morale and job satisfaction, and provides better work-life balance. Additionally, extending office hours Monday through Thursday increases flexibility to shareholder’s personal schedules to conduct business in the morning and in the evening.

There is an efficiency benefit to a 4/10 work schedule whereby the field crews gain an additional hour each work day to complete tasks and reduce set-up/break-down time over the course of the work week. Balancing this benefit is an increase of 4 hours standby time (overtime at time-and-a-half) on the proposed Friday off, increasing labor costs about \$217 per 2-week pay period (\$5,633 / year).

To offset the additional cost, staff proposes eliminating the Friday after Thanksgiving as an official company holiday, thereby reducing the number of company holidays by one (9 to 8). This reduction saves the company about \$4,500 per year.

The City of Upland, the City of Pomona and Cucamonga Valley Water District work a 4/10 schedule. Monte Vista Water District is currently adopting a 4/10 schedule.

The proposed hours of operation are as follows:

<u>Office</u>		<u>Field</u>	
M through Th	6:45 a.m. to 5:30 p.m.	M through Th	6:00 a.m. to 4:30 p.m.
45 minute lunch		30 minute lunch	
Fri	Closed	Fri	Closed

If the AFC is agreeable, staff will work with legal counsel on a memo to employees that describes the proposed change and legal requirements. Staff proposes bringing a draft memo back to the AFC in March for review before distribution to employees. Employees will be provided time between receipt of the memo and a companywide vote to change the schedule. Per California law two-thirds of the employees must vote in the affirmative to consider making the change. If the employees vote in the affirmative to make the change staff would bring the proposal to the full Board for final consideration.

Previous Action:

None.

Impact on Budget:

Yearly labor increase of \$1,133

- Increase of \$5,633 for Standby
- Decrease of \$4,500 for elimination of Friday after Thanksgiving Holiday

Agenda Item No. 5C

Item Title: Uniform Policy and Annual Clothing Allotment Update

Purpose:

To present a proposed update to the Company's Uniform Policy and Annual Clothing Allotment

Issue:

The current uniform policy for field personnel does not accurately reflect current needs or practices.

Manager's Recommendation:

The AFC recommend that the Board adopt the updated Uniform Policy and Annual Clothing Allotment

Background:

The Water Company's Uniform Policy and Annual Clothing Allotment for the Field Operations staff clarifies the items such as logoed short sleeve shirts, sweatshirts, etc. provided by SAWCo and for how often said items will be replaced.

The need for certain items has diminished while the frequency of replacing other items has increased.

Attached is a "draft" update for comments and consideration.

Impact on the Budget:

Unknown but minimal

Previous Actions:

Board revised policy in May 2014.

Board approval of increase in Annual Clothing Allotment 2023

San Antonio Water Company Policy and Procedure

Section: Uniforms

Subject: Uniform Policy and Annual Clothing Allotment

Section No:

Effective: 5/20/2014

Revised: 5/30/2018
4/18/2023

Purpose: All Field Maintenance and Operations Personnel must wear Company approved uniforms while on duty. The annual allowance shall be used by individual field employees to acquire and/or replace approved uniform clothing items in accordance with policy.

Procedure:

The approved clothing allowance monies are \$600.00 per employee and are reimbursable upon submission of original receipts accompanying a check requests. The allowance shall reset every January 1st. Any allowance remaining in the prior year shall not carry forward to the next year.

Individuals purchasing uniform clothing under the clothing allowance plan shall adhere to the following as-needed purchases:

- Five (5) pair of sturdy denim pants (blue jeans). May be replaced annually as needed.
- One (1) pair of steel-toe work boots that must be worn at all times while on duty. May be replaced annually as needed.

SAWCO will provide the following:

- Ten (10) short sleeve shirts, or long sleeve shirts, or combination of the same color (grey). Company identification will be on the back and front of each shirt with the name of the employee on the front in an appropriate location. Replaced annually or as needed.
- Five (5) sweatshirts (crewneck or hooded) of the same color (navy) with Company identification on the front and back and employee name on the front in an appropriate location. May be replaced annually or as needed.
- One (1) jacket (navy) with or without hood, with company identification and employee name. The Jacket **MUST** be returned upon termination and can be replaced if damage or overly worn every 5 years.
- One (1) dress polo shirt of the same color with Company identification and employee name on the front. May be replaced annually if needed.
- Cap or floppy hat that shades ears with the Company identification across the front. May be replaced annually or as needed..

The above quantities are based on regular employees. On-call personnel shall be issued two additional uniform items as mentioned above. They are as follows:

- Two (2) additional sturdy denim pants (blue jeans). May be replaced annually as needed (included in the yearly allotment of \$600.00)

- Two (2) additional short sleeve shirts, or long sleeve shirts, or combination of the same color (grey). Company identification will be on the back and front of each shirt with the name of the employee on the front in an appropriate location. May be replaced annually as needed (SAWCO provides).
- Two (2) sweatshirts (crewneck or hooded) of the same color (navy) with Company identification and employee name. May be replaced annually as needed (SAWCO provides)

It is the responsibility of each employee to maintain their on-duty clothing in a safe and acceptable appearance at all times. Clothing must be clean and in good condition. Tears, holes, stains and any other irresponsible appearance will not be tolerated. Uniforms can be neatly repaired as necessary. Clothing allowance is provided once a year. If additional items are needed during the year, it will be the financial responsibility of the employee to purchase them.

In exchange for new annual uniforms, worn-out uniforms shall be turned into the Company. In the event an employee is terminated or resigns, all uniform items including shirts, sweatshirts, polos, jackets, and caps will be returned to the Company.

Exceptions to this Policy will be reviewed by the General Manager on a case-by-case basis.

Revised 4/19/2023