

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

March 23, 2021

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 3:02 p.m. on the above date as noticed. Committee Members present were José Sanchez, Bob Cable, Rudy Zuniga, and Tom Thomas. Also in attendance were SAWCo's General Manager Brian Lee and Assistant General Manager Teri Layton.

1. Recognitions and Presentations: Mr. Lee recognized that this is Director Sanchez's last AFC meeting. He thanked Director Sanchez for his time and expertise as the chairman of the Committee.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Director Zuniga moved and Director Cable seconded to approve the meeting minutes of January 26, 2021. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. **Financial Reporting** -- Director Sanchez asked for any comments on the mock-up financial statements included in the agenda packet. Director Thomas felt the reports were a little easier to understand than the current reports utilized. Director Cable felt the reports were more straight forward.

Director Sanchez mentioned the fact the reports are in monthly, quarterly, and annual increments; however, utility billing takes place every two months. Therefore, generating a quarterly report might only make sense one time per year due to no revenue being reported. He suggested the quarterly report not be generated as it is of little value. There were talks of triannual reporting; however, it was determined it would not provide much more information than the year-to-date.

Director Sanchez recommended moving forward with the monthly income statement, the year-to-date, and the year-to-date balance sheet reports as presented in Item 5A.

Director Cable moved and Director Sanchez seconded to move forward with the monthly income statement, the year-to-date, and the year-to-date balance sheet reports as presented in Item 5A. Motion carried unanimously.

Mr. Lee advised the next step is to ensure SAWCo's accounting software can generate these types of statements in the format presented so that they are auditable.

- B. **Reserve Fund Targets** – Mr. Lee reviewed SAWCo policy on fund targets which provides broad targets such as 90 to 180 days or 5% to 20%. Mr. Lee would like to put dollar amounts to these fund targets. Director Sanchez agreed and stated it should be part of the budget process each year. He felt it advantageous to have a separate target ratios monthly report showing actual reserve to targeted reserve.

Discussion regarding what the report should include and how it should be laid out followed. Staff will develop a draft report and present it to the Board for review, adjustments, and determination on whether it should be included in every Board meeting agenda packet.

- C. **Buy Back Policy for Vacation and Sick Leave** – Ms. Layton reminded the Committee that at the last AFC meeting they considered several of staff's recommendations regarding employee benefits. Vacation and sick leave benefits were deferred for further research.

Vacation buyback is offered by several local water agencies such as West Valley Water District, The City of Upland, and Cucamonga Valley Water District (CVWD). Each agency requires a set amount of vacation to remain on the books, a set amount to be utilized each year, and a set amount that can be bought back.

After considerable discussion, Director Sanchez moved and Director Cable seconded to recommend the Board approve allowing for half the number of hours of vacation taken by an employee during the year to be bought back by the employee so long as 40 hours of vacation remained on the books for said employee with the buyback commencing in November of each year. Motion carried unanimously.

Ms. Layton advised the Committee of other local water agencies such as CVWD, Monte Vista Water District, and East Valley Water District that offer sick leave buyback as an employee benefit and described the differences between the plans.

After considerable discussion, Director Cable moved and Director Zuniga seconded to recommend the Board approve 50% payout of sick leave to employees that retire from SAWCo. Motion carried unanimously.

- D. Salary Table Adjustment**– Mr. Lee reported this item is a yearly review of the cost of living based on the Consumer Price Index (CPI) for Riverside/San Bernardino/Ontario for Urban Wage Earners and Clerical Worker (CPI-W). From January 2020 to January 2021 there was an increase in the CPI of 2.4%. As such, he proposes the AFC recommend the Board approve adjusting SAWCo’s salary tables upward by 2.4%. Mr. Lee reminded the AFC that increasing salary ranges does not automatically raise employee pay. Employees at the bottom of their salary range will see an increase to the newly adjusted base pay and those employees at the top of their pay range will have the opportunity for a merit increase during their annual performance evaluation. There are currently no employees that will receive an automatic increase to their pay.

Director Cable moved and Director Sanchez seconded to recommend the Board approve adjusting SAWCo’s salary tables upward 2.4% based on the Riverside/San Bernardino/Ontario for Urban Wage Earners and Clerical Worker (CPI-W) change from January 2020 to January 2021. Motion carried unanimously.

- E. Workers Compensation Insurance** – Director Thomas stated the increase in premiums is equal to the increase in payroll.

Director Cable moved and Director Zuniga seconded to recommend the Board approve the automatic renewal of SAWCo’s Workers’ Compensation Insurance with Cal-Mutual JPRIMA The Zenith, a Fairfax Insurance Company for 5/1/2021 to 5/1/2022 at an annual premium of \$15,371. Motion carried unanimously.

- F. COVID Response** – Mr. Lee stated there was nothing new to report since the update at the Board meeting held the previous week.

Director Sanchez recommended staff investigate the possibility of water utility employees being cleared to receive the COVID-19 vaccinations as they provide a critical service. Ms. Layton advised the Committee that the vaccine is now available for field staff but is not yet available for office staff. All employees were made aware of this status change.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: Director Thomas congratulated Director Sanchez for his hard work during his last meeting as Chair of the AFC. Director Sanchez replied he couldn’t have done it without staff and offered his expertise for future questions regarding the financials.
8. Adjournment: Seeing no further business, the meeting was adjourned at 4:12 p.m.


Assistant Secretary
Brian Lee