

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Thursday, December 7, 2023

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 9:00 a.m. on the above date at the Company office. Directors present were Rudy Zuniga, Will Elliott, Bill Velto, Kati Parker, Bob Bowcock, Bob Cable, and Becky Miller. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, General Counsel Derek Hoffman and Administrative Specialist Tiffany Dickinson. Director Zuniga presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Shareholder-Public Testimony: None.
4. Consent Calendar Items:
 - A. **Approval of Board Meeting Minutes of November 14, 2023** - Director Velto moved and Director Elliott seconded to approve the Board Meeting Minutes of November 14, 2023. Motion carried unanimously.
5. Budget Workshop:
 - A. **"Draft" CY2024 Administration and Operations Budget** – Mr. Lee briefly commented if the Board had any questions on the budget to raise the questions between now and the December board meeting. He explained the process will be to review the budget first, develop questions, then at the December meeting questions will be answered and staff will be looking for adoption of the budget.

Mr. Lee pointed out the 2024 Quick Data that briefly outlays everything in the budget without going into detail. He added staff are looking to spend \$2 million more than we will be bringing in. He added this will hopefully be the last year we will be digging into the reserves for capital projects. Staff is hoping in 2024 we would like to do a rate study to make sure our expenses are in line with our revenue. The previous rate study was in 2017, and now is an appropriate time with current inflation rates and completing the 2020 Master Plan.

Director Zuniga added the City of Upland is also conducting a rate study and suggested that SAWCo does it at the same time as the City of Upland.

Director Bowcock asked if it will be done in house or will an outside firm be contracted to conduct the rate study.

Mr. Lee responded SAWCo will send out a request for proposals and contract a firm to complete the rate study. He also added the biggest thing from the previous rate study was the introduction of the water availability charge which helped stabilize revenue and brings in about \$600,000 a year.

Ms. Layton added the water availability charge has helped free up inactive shareholders in our books, thus having stock auctions for inactive shareholders with outstanding balances. She also added that during conservation and not selling as much water, there are still fixed costs to address.

Director Parker questioned if the new office project was included in the 2024 Capital Project budget even though construction is not set to begin until 2025.

Mr. Lee responded the new office is included in the 2024 Budget with \$180,000 for design costs. He added we do have to go through CEQA, California Environmental Quality Act, primarily traffic related, and we will need to hire a soil engineer to test the soil of the property.

Mr. Lee explained the way SAWCo is budgeting our reserves is we have 3 reserves: discretionary, nondiscretionary, and modernization. He added any monies that we do not receive from water sales, including property sales, goes into the modernization fund. He also added we have three properties that will be for sale when the Company eventually moves to the new office, and that money will go back into the modernization reserve to offset the cost of constructing the new office.

Director Cable questioned on the 2024 Operating Budget Overview, why was so much money on the table for Domestic Water Income, when the 2023 budget was \$270,000 and the actual amount through September 2023 is only \$143,437 and if it had to do with the tiered rates.

Mr. Lee responded it had nothing to do with tiered rates, but instead it had to do with the wet spring we had and mild summer, simply water demand was not there.

Director Velto asked if SAWCo fell under the same Senate Bill for turning water off for non-payments.

Ms. Layton responded saying SAWCo does follow the SB998 regulations and policies.

Mr. Hoffman added there were laws enacted during Covid that have been laxed since, and legal counsel is currently looking into those updated regulations.

Mr. Lee pointed out non-facility related labor will be merged with facility related labor and human resource expense will be merged with administrative services costs. He explained this is more transparent in what labor costs are instead of having multiple categories.

Mr. Lee discussed that we are due for another Urban Water Management Plan. He said we are hoping to join forces with surrounding agencies to bring down costs and have one for all the agencies.

B. "Draft" CY2024 Capital Improvement and Capital Outlay Budget – Director Parker asked regarding Well 19 questioning why SAWCo is not utilizing the existing pipeline.

Mr. Lee responded saying the existing pipeline is old and has run its course, and the pipeline ran southward across where the Colonies shopping complex currently is located, which would be complicated to maintain.

Mr. Lee added we are shifting the use of Well 19. In the past, Well 19 was an irrigation well and now it will be repurposed as a domestic well.

5. Director's Comments and Future Agenda Items:

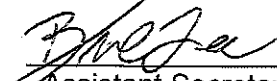
Director Parker applauded Mr. Lee for the work put into the Budget.

Director Velto wished the Board and staff a happy holiday.

Mr. Lee reminded the Board of the End of Year Luncheon being held at Tokyo Kitchen on Tuesday, December 11th beginning at 11:30 a.m.

Adjournment:

With no further business to discuss the meeting was adjourned at 9:31 a.m.



Assistant Secretary
Brian Lee