



# SAN ANTONIO WATER COMPANY MEETING AGENDA

## *for* ADMINISTRATIVE & FINANCE COMMITTEE

March 23, 2021 @ 3pm

By Virtual/Online or Teleconference Only

**Please join the meeting from your computer, tablet or smartphone.**  
<https://global.gotomeeting.com/join/858005261>

You can also dial in using your phone. United States: [+1 \(872\) 240-3311](tel:+18722403311) **Access Code: 858-005-261**

▪ 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 26, 2021.

5. Administrative and Financial Issues:

A. Financial Reporting

Review of draft financial reports

B. Reserve Fund Targets

Committee discussion

C. Buy Back Policy for Vacation and Sick Leave

Review and consider additional benefits for employees

D. Salary Table Adjustment

Consider adjusting salary table to account for inflation

E. Workers Compensation Insurance

Review renewal proposal and provide recommendation

F. COVID Response

Verbal update

6. Closed Session: None

7. Committee Comments and Future Agenda Items:

- 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 25, 2021 at 3:00pm*

**NOTE:** All agenda report items and back-up materials are available for review and/or acquisition from 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 March 18, 2021, 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 26, 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 3:01 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 Interim Public Works Director for the City of Upland Steve Nix, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell.

1. Recognitions and Presentations: Mr. Lee recognized Director Cable's birthday.
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 November 24, 2020. Motion carried unanimously.
5. Administrative and Financial Issues:
  - A. **Financial Reporting** – Mr. Lee reiterated the items that have prevented further discussion and work on the financial reporting such as end of year financial audit and payroll taxes. He advised that all items are either well underway or have been completed. Once all items have been finalized, full attention can be paid to updating the financial reporting.
  - B. **Employee Benefits** – Director Sanchez reminded the Committee that it had requested staff look at the overall employee benefits package from a revenue neutral perspective to see if there were ways it could be enhanced.

Mr. Lee stated he and Ms. Layton collaborated on putting together a list of employee benefits the company could provide a little to no cost. There were a few such as the sick-leave buyout that come at an expense to the company, however the company is liable to payout accrued sick-leave when an employee leaves the company. Mr. Lee briefly reviewed and explained the remaining suggested employee benefits.

The Committee then discussed with staff each presented employee benefit option.

The Committee agreed that once the employee's medical benefits were covered by the company their dependents should be covered at the 50% rate. They also agreed to eliminate requiring employees to wait a full year of employment in order to contribute to the 401k plan and to add 4 hours of floating holiday time to account for moving to a 9/80 work schedule. There was consensus that vacation buyback and sick leave buyback related to retirement or termination of employment needed additional information before a decision could be made however the committee agreed to recommend allowing 300 hours of vacation accrual and 800 hour of sick leave accrual. Suggested sick leave payout at the end of each calendar year was not approved for recommendation. Offering a 457(B) deferred compensation plan for employees was also approved for recommendation while the possibility of a Flexible Spending Account was considered but eventually dropped.

- C. *Building Reserve Fund*** – Mr. Lee explained the company will have roughly \$1.7 million from the sale of the southern portion of the 17<sup>th</sup> Street and Benson Avenue property. The funds are not currently categorized for any specific use, however, staff questions whether or not they should be earmarked for a particular project or projects.

Director Sanchez stated there is concern that SAWCo has this large amount of reserves that was not identified to any particular project yet should be in order to justify such a large amount.

There was clarification that although funds can be earmarked for specific projects the Board is able to move the funds to a different project, if need be, later on.

Director Cable acknowledged that the discussions that took place during the sale of the southern portion of the 17<sup>th</sup> Street and Benson Avenue property was that the funds would go towards the building of a new office and yard facility on the northern part of that property. Building a new SAWCo office and yard on the northern part of the property was part of the intention of the sale of the southern part of the property.

Director Sanchez stated the idea is to establish a fund with the proceeds from the sale of the southern portion of the property for that exact purpose so that the funds are available when the project is approved. Adding that during the annual budgeting process it would be wise to attribute funds to each capital improvement project (CIP).

The Committee continued discussion and agreed a fund titled Facility Modernization should be set up to earmark funds for modernizing the office and yard facilities that the staff and Board is currently looking at building. It was also suggested that specific dollar amounts be earmarked for specific items such as wells, pumps, distribution system, etc. according to the CIP.

Mr. Lee pointed out the capital improvements are being funding by the sale of water. The \$1.7 million dollars SAWCo is receiving is not from the sale of water but the sale of real property. He clarified that the recommendation is to take the \$1.7 million dollars of revenue from the sale of real property and earmark it for use towards facility modernization of the office and yard. Management will then bring to the Board for approval in the near future how they propose to utilize the funds.

There was consensus on the Committee to bring to the Board the recommendation that the \$1.7 million dollars of revenue from the sale of real property be placed in a Facility Modernization fund for use towards building the office and yard facilities.

- D. *Ontario Museum Request*** – Mr. Lee reported staff received a request from the Ontario Museum to contribute to a local water exhibit. SAWCo will be donating some historical artifacts such as the mining cart and old pipeline to the museum for the exhibit which will likely open in 2022 or 2023. The items will be insured for the time they are with the museum.

- E. *COVID Response*** – Mr. Lee reported the stay-at-home orders have been lifted. No data was given as to why the State lifted the orders early. The move has not changed how the office and field are conducting day to day business.

6. Closed Session: None.

7. Committee Comments and Future Agenda Items: Director Sanchez commented financial reporting and a few of the employee benefits discussed but not approved will be placed on the next AFC agenda.

Director Thomas mentioned the entire Board reviewing CIP's for the upcoming 5 years. Mr. Lee advised the Water Master Plan is currently being updated and will be completed this year. Once completed it will be reviewed at both the Committee and Board level.

Director Zuniga stressed SAWCo having all of its facilities in good working order and aesthetically pleasing. The Committee concurred. Mr. Lee would like to take some funds to clean up any abandoned property or facilities SAWCo owns and reassess their usefulness or possibly sell.

8. Adjournment: Seeing no further business, the meeting was adjourned at 4:16 p.m.

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Assistant Secretary  
Brian Lee

Item Title: Review of Proposed Financial Statements

Purpose:

To review the proposed midyear financial statements format

Issue:

Develop statement and report formats that can be used to provide midyear snapshots of the Company's financial health.

Manager's Recommendation:

Review and provide feedback.

Background:

The Company Accounting / Personnel Specialist has put together the attached draft reports as an example of what we could implement for better midyear financial reporting based on comments received from Committee members.

Impact on the Budget:

None.

Previous Actions:

None.



## Monthly Income Statement

March

	Actual	Budget	\$ Variance	% Variance
<b>Operating Revenues</b>				
1185 - Domestic Water Income (Base)	27,558.44	25,000.00	(2,558.44)	110.23%
1215 - Domestic Water Income (Supplemental)	15,869.71	16,000.00	130.29	99.19%
1220 - Domestic Water Income (Tier 3)	19,883.67	18,000.00	(1,883.67)	110.46%
1230 - Domestic Water Income (Readi/Chrg)	33,450.74	34,000.00	549.26	98.38%
1235 - Domestic Water Availability Charge (WAC)	10,132.06	11,000.00	867.94	92.11%
1245 - Municipal Water Income (Base)	183,620.67	184,000.00	379.33	99.79%
1268 - Municipal Water Income (Readi/Chrg)	6,900.00	9,000.00	2,100.00	76.67%
1274 - Misc Water Income (Base)	11,075.60	15,000.00	3,924.40	73.84%
1275 - Misc Water Income (Supplemental)	4,205.78	10,000.00	5,794.22	42.06%
1276 - Munnicipal Water Availability Charge (WAC)	39,732.00	45,000.00	5,268.00	88.29%
1280 - Misc Water Income (Tier 3)	-	30,000.00	30,000.00	0.00%
1288 - Misc Water Income (Readi/Chrg)	1,860.00	1,800.00	(60.00)	103.33%
1290 - Misc Water Availability Charge (WAC)	1,922.00	5,000.00	3,078.00	38.44%
1295 - Dormant Water Availability Charge (WAC)	8,733.41	10,000.00	1,266.59	87.33%
1300 - Sale of Water/From Storage	-	-	-	0.00%
1400 - Stock Transfer	360.00	350.00	(10.00)	102.86%
1410 - Late/Re-establishment Fee	85.00	100.00	15.00	85.00%
1420 - Return Check Fee	-	-	-	0.00%
1430 - Stock Certificate Storage and Handling Fee	40.00	5,000.00	4,960.00	0.80%
<b>Total Operating Revenues</b>	<b>365,429.08</b>	<b>419,250.00</b>	<b>53,820.92</b>	<b>87.16%</b>
<b>Operating Expenses</b>				
2175 - Facility Related Field Labor	26,296.06	30,000.00	3,703.94	87.65%
2235 - Repairs to Facilities and Equipment	20,801.97	21,000.00	198.03	99.06%
2265 - Power-Gas & Electric (utilities)	18,468.50	15,000.00	(3,468.50)	123.12%
2475 - Customer Service	6,006.90	9,000.00	2,993.10	66.74%
2498 - Conservation	29.15	40.00	10.85	72.88%
2205 - Non-Facility Related Labor	9,745.06	12,000.00	2,254.94	81.21%
2210 - O & M - All Other	-	-	-	0.00%
2295 - Supplies (Inventory & Tools Expense)	519.17	1,000.00	480.83	51.92%
2715 - Property Taxes	-	-	-	0.00%
2805 - Water Resource Mgmt.	2,573.81	3,500.00	926.19	73.54%
2115 - Administrative Services	35,727.52	40,000.00	4,272.48	89.32%
2130 - Development/Water Svc. App.	-	-	-	0.00%
2325 - Payroll Taxes	8,715.01	15,000.00	6,284.99	58.10%
2355 - Worker's Compensation Insurance	1,995.00	2,000.00	5.00	99.75%
2385 - Benefit Pay (Vac., sick, etc.)	17,754.36	30,000.00	12,245.64	59.18%
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc)	21,656.38	35,000.00	13,343.62	61.88%
2430 - Benefit Administrative Services	1,185.00	5,000.00	3,815.00	23.70%
2445 - Office/IT Support	3,027.25	10,000.00	6,972.75	30.27%
2505 - Directors Fees & Expense	4,250.00	6,575.00	2,325.00	64.64%
2535 - Liability Insurance	29,894.00	28,000.00	(1,894.00)	106.76%
2595 - Communication	2,849.88	4,575.00	1,725.12	62.29%
2625 - Dues & Publications	-	-	-	0.00%
2655 - Outside Services	459.31	1,500.00	1,040.69	30.62%
2745 - Income Tax Expense	-	-	-	0.00%
2775 - Accounting	5,767.79	6,000.00	232.21	96.13%
2776 - Legal	19,891.00	20,000.00	109.00	99.46%
2790 - Human Resources Expense	4,662.28	4,500.00	(162.28)	103.61%
2865 - All other	162.66	200.00	37.34	81.33%
<b>Total Operating Expenses</b>	<b>242,438.06</b>	<b>299,890.00</b>	<b>57,451.94</b>	<b>80.84%</b>



## San Antonio Water Company

<b>Income (Loss) From Operations</b>	<b>122,991.02</b>	<b>119,360.00</b>	<b>(3,631.02)</b>	<b>103.04%</b>
<b>Nonoperating Revenues (Expenses)</b>				
1725 - Misc. Income	1,100.60	2,000.00	899.40	55.03%
1750 - Service/Litigation Agreements	76.93	100.00	23.07	76.93%
1753 - Ground Lease Income	4,707.84	5,000.00	292.16	94.16%
1755 - Interest Earned	12,101.49	15,000.00	2,898.51	80.68%
1785 - Gain on Sale of Asset	-	-	-	0.00%
<b>Net Nonoperating Revenues (Expenses)</b>	<b>17,986.86</b>	<b>22,100.00</b>	<b>4,113.14</b>	<b>81.39%</b>
<b>Income (Loss) Before Depreciation</b>	<b>140,977.88</b>	<b>141,460.00</b>	<b>482.12</b>	<b>99.66%</b>
2565 - Depreciation/Amortization	76,248.57	80,000.00	3,751.43	95.31%
<b>Net Income (Loss)</b>	<b>64,729.31</b>	<b>61,460.00</b>	<b>(3,269.31)</b>	<b>105.32%</b>



**Income Statement  
2020 Q1**

**Jan-Mar**

	Actual	Budget	\$ Variance	% Variance
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## San Antonio Water Company

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## Income Statement YTD - April

YTD - April

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## San Antonio Water Company



2790 - Human Resources Expense	4,662.28	4,500.00	(162.28)	103.61%
2865 - All other	162.66	200.00	37.34	81.33%
<b>Total Operating Expenses</b>	<b>242,438.06</b>	<b>299,890.00</b>	<b>57,451.94</b>	<b>80.84%</b>
<b>Income (Loss) From Operations</b>	<b>122,991.02</b>	<b>119,360.00</b>	<b>(3,631.02)</b>	<b>103.04%</b>
<b>Nonoperating Revenues (Expenses)</b>				
1725 - Misc. Income	1,100.60	2,000.00	899.40	55.03%
1750 - Service/Litigation Agreements	76.93	100.00	23.07	76.93%
1753 - Ground Lease Income	4,707.84	5,000.00	292.16	94.16%
1755 - Interest Earned	12,101.49	15,000.00	2,898.51	80.68%
1785 - Gain on Sale of Asset	-	-	-	0.00%
<b>Net Nonoperating Revenues (Expenses)</b>	<b>17,986.86</b>	<b>22,100.00</b>	<b>4,113.14</b>	<b>81.39%</b>
<b>Income (Loss) Before Depreciation</b>	<b>140,977.88</b>	<b>141,460.00</b>	<b>482.12</b>	<b>99.66%</b>
2565 - Depreciation/Amortization	76,248.57	80,000.00	3,751.43	95.31%
<b>Net Income (Loss)</b>	<b>64,729.31</b>	<b>61,460.00</b>	<b>(3,269.31)</b>	<b>105.32%</b>



## Balance Sheet 2020 Q1

### Assets

Current Assets		Prior Period	Current Period	Change
10100	Petty Cash	250.00	250.00	-
10200	Checking Account	1,939,084.07	1,164,001.35	(775,082.72)
10300	Savings-Money Market	2,204,785.46	1,205,960.20	(998,825.26)
10400	Savings-CD Accounts	20,000.00	20,000.00	-
10415	D&O Checking Account	745,690.85	307,573.75	(438,117.10)
10438	Depre/Obsolescence Res (LAIF)	2,323,561.74	5,128,495.78	2,804,934.04
11100	Accounts Receivable-Domestic	227,497.48	205,388.42	(22,109.06)
11200	Accounts Receivable-Municipal	416,342.47	291,199.17	(125,143.30)
11250	Accounts Receivable-Misc.	34,977.77	20,708.55	(14,269.22)
11260	Accounts Receivable - Dormant	12,016.34	9,350.60	(2,665.74)
11275	Contra Accounts Receivable - Unapplied Credits	(12,311.29)	(11,184.53)	1,126.76
11300	Accounts Receivable-Other	216,249.64	215,973.85	(275.79)
12100	Inventories-Materials & Supply	107,569.56	96,954.45	(10,615.11)
13100	Prepaid Insurance	8,868.75	8,868.75	-
13105	PREPAID POSTAGE	369.00	369.00	-
<b>Total Current Assets</b>		<b>8,244,951.84</b>	<b>8,663,909.34</b>	<b>418,957.50</b>
<b>Long Term and Fixed Assets</b>				
11301	Note Receivable	1,376,000.00	1,032,000.00	(344,000.00)
14150	P.V.P.A. Investment	1.00	1.00	-
14151	457B Plan Investment	24,740.60	29,261.07	4,520.47
15100	Land & Water Rights	920,161.26	920,161.26	-
15110-1507J	Work in Progress "Proj J"	63,160.15	72,466.00	9,305.85
15110-1602U	Work in Progress	477,677.92	478,092.33	414.41
15110-1901	Work In Progress	400.00	349,467.33	349,067.33
15110-1904	Work in Progress-GIS	43,078.10	44,660.60	1,582.50
15110-2001	Work In Progress	44,830.16	66,435.50	21,605.34
15110-2002	Work In Progress	23,001.37	30,816.54	7,815.17
15110-2003	Work In Progress	77,571.14	85,511.31	7,940.17
15110-2004	Work In Progress	-	5,789.33	5,789.33
15150	Buildings & Site Improvements	1,746,624.52	1,746,624.52	-
15200	Wells-Shafts, Bldgs, & Equip	4,888,725.22	4,887,026.90	(1,698.32)
15250	Boosters-Bldgs & Equip	2,448,690.30	2,448,690.30	-
15300	Reservoirs	3,081,272.33	3,081,787.33	515.00
15350	Tunnels, Forebay, & Ponds	1,587,111.19	1,587,111.19	-
15400	Spreading Works-Cucamonga Wash	54,859.53	54,859.53	-
15410	Spreading Works-SanAntonio Wsh	50,235.18	50,235.18	-
15450	Pipelines	16,434,612.48	16,435,127.48	515.00
15500	Autos & Equipment	513,205.56	513,205.56	-
15550	Tools	106,751.11	106,751.11	-
15600	Telemetry System	600,886.90	600,886.90	-
15650	Office Equipment	519,101.84	522,200.61	3,098.77
15990	Accumulated Depreciation	(13,185,576.67)	(13,473,024.17)	(287,447.50)
16100	Documents & Studies	867,778.67	867,778.67	-
16100-1905	WIP- Master Plan and Asset Managment Program	35,818.92	49,710.71	13,891.79
16990	Accumulated Amortization	(664,955.91)	(681,379.76)	(16,423.85)
<b>Total Net Long Term and Fixed Assets</b>		<b>22,135,762.87</b>	<b>21,912,254.33</b>	<b>(223,508.54)</b>
<b>Total Assets</b>		<b>30,380,714.71</b>	<b>30,576,163.67</b>	<b>195,448.96</b>



## Liability

### Current Laibilities

20100	Trade Accounts Payable	126,267.70	13,187.07	(113,080.63)
20115	D&O Trade Accounts Payable	22,237.50	-	(22,237.50)
20600	Water Hydrant Meter Deposit	1,700.00	850.00	(850.00)
GN-20820	Accrued Vacation Payable	20,404.60	20,404.60	-
OP-20820	Accrued Vacation Payable	24,818.57	24,818.57	-
<b>Total Current Laibilities</b>		<b>195,428.37</b>	<b>59,260.24</b>	<b>(136,168.13)</b>

### Long-term Laibilities

20152	457B Deferred Comp Liability	24,740.60	29,261.07	4,520.47
21500	Unclaimed Credits	614,939.12	614,939.12	-
22100	Deferred Gain	1,372,237.78	1,029,178.33	(343,059.45)
20650	Deferred Revenue Deposit	4,824.00	4,824.00	-
<b>Total Long-term Laibilities</b>		<b>2,016,741.50</b>	<b>1,678,202.52</b>	<b>(338,538.98)</b>

### Stockholders' Equity

30200	Contributed Capital - Ext. Fee	447,258.02	447,258.02	-
30210	Contr. Property, Plant & Equip	2,432,256.77	2,432,256.77	-
30300	Capital Account	1,500,000.00	1,500,000.00	-
30310	Unissued Capital Stock	(861,100.00)	(861,100.00)	-
30400	Retained Earngs-Brd Designated	2,656,215.35	2,656,215.35	-
30410	Retained Earnings-Unrestricted	20,900,254.84	20,900,254.84	-
	Current YTD Net Income	1,093,659.86	1,763,815.93	670,156.07
<b>Total Stockholders' Equity</b>		<b>28,168,544.84</b>	<b>28,838,700.91</b>	<b>670,156.07</b>
<b>Total Laibilities &amp; Stockholders' Equity</b>		<b>30,380,714.71</b>	<b>30,576,163.67</b>	<b>195,448.96</b>

Item Title: Review of Reserve Fund Targets

Purpose:

To review and discuss reserve fund targets

Issue:

Develop Company Reserve Fund Targets.

Manager's Recommendation:

Review and provide feedback.

Background:

The Company recently established an updated Reserve Fund Policy. Establishing actual reserve fund targets is a logical next step.

Impact on the Budget:

None.

Previous Actions:

None.



## Purpose

Fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. It is the purpose of this Reserve Policy to ensure that sufficient funds are available for current operating, capital, and debt service needs. Reserve Funds (Funds) will be accumulated and maintained to allow the Company to fund expenditures in a manner consistent with the Company's Capital Improvement Plan and avoid rate fluctuations due to changes in cash flow requirements.

The Board of Directors will designate specific fund accounts and establish minimum fund balances that it has determined to be in the best interest of the Company. The Board will annually review the level of Funds.

## General Provisions

### Guidelines

The Company has established and will maintain the following primary reserve funds:

- Operating Reserve Funds
- Capital Investment and Depreciation Reserve Funds
- Debt Service Reserve Funds

Each fund will be maintained in a manner that ensures financial soundness and provides transparency to Company Shareholders. Minimum fund balances stated in this policy are considered the minimum necessary to adequately provide for: compliance with applicable statutory requirements, financing repair and replacement of capital facilities, economic uncertainties and financial hardship due to disasters or economic downturn.

The minimum established for each Fund represents the baseline financial condition that is acceptable to the Company.

Fund balances will be reviewed by the Board on an annual basis at or near the end of the fiscal year. Operating Reserve Fund balance that exceeds the established maximum will be transferred annually into the Capital Reserve Fund.

On an as-needed basis, monies from the Capital Reserve Fund can be used to pay for operating emergencies as a supplement to the Operating Reserve Fund.

If the Capital Reserve Fund balance exceeds the established maximum, the Board will make a determination regarding reallocation of excess monies.

## Delegation of Authority

The Board has sole authority to amend or revise the Reserve Funds Policy.

## Operating Reserves

### Purpose

The Operating Reserve Fund is used for unanticipated operating expenses and to meet routine cash flow needs.

### Target Level

The minimum target level for the Operating Reserve is 90 days of Company's budgeted total operating expenses.

The maximum target level for the Operating Reserve is 180 days of Company's budgeted total operating expenses.

### Events or Conditions Prompting the Use of the Fund

Staff may routinely utilize this fund to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses.

The Board may determine to use this fund for extraordinary decreases in revenues or unexpected increases in expenses.

### Periodic Review Dates for Balances

Operating Reserve fund balance will be approved by the Board during preparation of annual budget.

## Capital Investment and Depreciation Reserves

### Purpose

The Capital Investment and Depreciation Reserve Fund is intended for:

- The planned replacement of capitalized assets when they reach the end of their useful lives.
- The emergency replacement of capitalized assets when they have catastrophically failed.

### Target Levels

The Company will strive to maintain a minimum balance totaling 5% of Company's Total Property, Plant and Equipment value as reported in the most recent Independent Auditors' Report.

The Company will strive to maintain a maximum balance below 20% of Company's Total Property, Plant and Equipment value as reported in the most recent Independent Auditors' Report.



### Events or Conditions Prompting the Use of the Fund

The Board will determine when a condition exists matching the purpose of this fund.

### Periodic Review Dates for Balances

Capital Reserve fund balance will be approved by the Board during preparation of annual budget.

## Debt Service Reserves

### Purpose

The Debt Service Reserve Fund is intended to comply with restrictions set forth in legal documents pertaining to the Company's borrowing of money. These funds may be held in trust in favor of the loan holder.

### Target Level

The Company will maintain a minimum balance as determined by conditions set forth in the borrowing documents.

The Company will strive to maintain a maximum balance that is no more than required to ensure continued compliance with conditions of the borrowing documents.

### Events or Conditions Prompting the Use of the Fund

As stipulated in the borrowing documents authorized by the Board.

### Periodic Review Dates for Balances

Debt Service Reserves will be reviewed by staff on a regular basis consistent with the payment schedule conditions of the borrowing documents.

**Agenda Item No. 5C**

Item Title: Buy Back Policy for Vacation and Sick Leave

Purpose:

To discuss options for possible buy back policy for vacation and sick leave.

Issue:

Does the Committee agree with a buy back policy for vacation and sick leave?

Manager’s Recommendation:

Recommend to the full Board to consider a buy back policy for vacation and sick.

Background:

At the November 2020 AFC meeting, when the benefit study was discussed, it was suggested that staff look at some neutrally desirable additional employee benefits that would help the Company remain competitive with surrounding local agencies. After reviewing the benefit study, staff came up with additional benefits for consideration at the AFC’s January 2021 meeting. The AFC reviewed staff’s recommendation and after discussion the Committee adjusted some benefits, however wanted to more information on the vacation time buy-back and sick leave payout on termination or retirement.

**Vacation Buy- Back** About 50% of the water agencies surveyed in the benefit study indicated they offered vacation buy back for their employees. The City of Upland seemed to offer a reasonable approach by allowing employees to buy back 60 hours a year with a required amount of 40 hours to be taken in the same year. The amount is paid out in December. By requiring the use of vacation before paying out and limiting the amount, the Company encourages the use of vacation while providing flexibility. Vacation paid in today’s dollars is a savings to the Company and increased productivity is a plus. This would be a voluntary option and not all employees would participate. If all eligible employees participated, the pay-out could be up to approximately \$25,000. Vacation time is a liability for the company and would need to be paid in full if used, upon termination or retirement.

**Sick Leave** – Again about 50% of the water entities surveyed offered some kind of sick pay out. It varied from 50% @ retirement to conversion to vacation leave. Sick leave is not a liability to the company and therefore nothing is required to pay out when someone terminates or retires. However, when someone is out sick, it produces an additional burden to the employees working. There is a benefit in someone keeping themselves well and providing an incentive is desirable. Below are options offered by other water agencies and the impact to our company.

Water Entity	Sick Pay Out	Eligible Employees in 2021	Possible cost to SAWCo
CVWD	50% @ retirement	0	\$0
Rubidoux Community	50% @ termination/100% @ retirement	0	\$0
West Valley Water District	Pays out 40 hrs if >240hrs/plus 30-50% on retirement based on accrual	6	\$12,000

City of Pomona	Conversion: 2 sick leave hrs for 1 vac leave NTE 48 hrs of additional vac leave	10	\$0
City of Redlands	Annual buy back of 96 hours plus 50% paid on termination based on years of service	10	\$46,000
Additional option	50% paid on hours over 600 hrs.	0	\$0

By allowing employees to convert sick time to vacation time, it incentivizes the employees who continue to stay healthy. It deters any misuse of sick time. It prevents a big payout at the end due to retirement or termination. It's a benefit that considers all the employees and not just the ones near retirement.

The additional option would incentivize those employees who rarely use sick leave and have accumulated a fair amount. However, the newer employees might see this accumulation as such a far reach goal [600 hrs] that it wouldn't be a deter of misuse of sick time. It also causes a pay out of money verses time as the conversion option offers.

Impact on the Budget:

\$0 - \$25,000 [Vacation buy back]

\$0 - \$46,000 [Sick pay buy back]

Previous Actions:

**Agenda Item No. 5D**

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 2.4% upward based on the Riverside / San Bernardino / Ontario 'Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)' change from January 2020 to January 2021.

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](http://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 2020	Jan 2021	Change	% Change
Riverside, et al.	107.580	110.204	2.624	2.4

Impact on the Budget:

Implementing a COLA for 2021 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. 5E**

Item Title: Workers Compensation Insurance

Purpose:

Annual renewal for workers' compensation insurance is due by May 1, 2021. California's system of workers' compensation is compulsory, meaning that employers are required to provide workers' compensation insurance for their employees.

Issue:

We received a quote from Cal Mutual JPRIMA via The Zenith, a Fairfax Insurance Company for review and recommendation.

Manager's Recommendation:

That the Board approve the automatic renewal of our Workers' Compensation 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.

Background:

In 2017, the Board approved changing the Company's Workers' compensation insurance to Cal- Mutual JPRIMA via The Zenith, a Fairfax Insurance Company.

The renewal for 5/01/2021 to 5/01/2022 is attached to this report. The Waterworks Ops base rates have decreased from prior year while the other classes have increased. Zenith has calculated an ExMod of 79% for this year which is down from 81% last year.

See comparison below.

<b>Workers Compensation San Antonio Water Company</b>							
		<b>5/01/2021 to 5/01/2022 Cal Mutual JPRIMA The Zenith, a Fairfax Insurance Company</b>			<b>5/01/2020 to 5/01/2021 Cal Mutual JPRIMA The Zenith, a Fairfax Insurance Company</b>		
<b>State/Class Code</b>	<b>Description</b>	<b>Estimated Payroll</b>	<b>Base Rate</b>	<b>Net Rate</b>	<b>Estimated Payroll</b>	<b>Base Rate</b>	<b>Net Rate</b>
CA 7520	Waterworks Ops	\$423,491	3.85	2.74	\$373,504	4.31	3.07
CA 8742	Salespersons-Outside	\$388,866	0.88	0.63	\$358,069	0.53	0.38
CA 8810	Clerical – NOC	\$181,405	0.59	0.42	\$179,446	0.38	0.27
Experience Modification Factor		79%			81%		
Total Payroll		\$993,763			\$911,020		
ESTIMATED ANNUAL PREMIUM		\$15,371			\$13,297		

Impact on the Budget:

Staff budgeted \$15,000 for this year. [over \$371 of budget]

Previous Actions:

None.



# SAN ANTONIO WATER COMPANY

## Workers' Compensation Insurance Proposal

**5/01/2021 to 5/01/2022**

Presented by:  
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# SAN ANTONIO WATER COMPANY

## Workers Compensation Comparison

		05/01/2020 to 05/01/2021			05/01/2021 to 05/01/2022		
		Cal Mutual JPRIMA The Zenith, a Fairfax Insurance Company			Cal Mutual JPRIMA The Zenith, a Fairfax Insurance Company		
State/Class Code	Description	Estimated Payroll	Base Rate	Net Rate	Estimated Payroll	Base Rate	Net Rate
CA 7520	Waterworks Ops	\$373,504	4.31	3.07	\$423,491	3.85	2.74
CA 8742	Salespersons-Outside	\$358,069	0.53	0.38	\$388,866	0.88	0.63
CA 8810	Clerical – NOC	\$179,446	0.38	0.27	\$181,405	0.59	0.42
Experience Modification Factor		81%			79%		
Total Payroll		\$911,020			\$993,763		
<b>ESTIMATED ANNUAL PREMIUM</b>		<b>\$13,297</b>			<b>\$15,371</b>		





## The Premier Workers' Compensation Specialist

Proposal # R0AOVOA

Date: 03/17/2021

SAN ANTONIO WATER CO

139 N Euclid Ave

Upland CA 91786-6036

MIA GARZA

ALLIED COMMUNITY INSURANCE SERVICES LLC

Prod Cd: 093499A 20.0

### Workers' Compensation Proposal

Policy Period: 05/01/2021 at 12:01 a.m. to  
05/01/2022 at 12:01 a.m.

Employer's Liability Limits: 1,000,000/1,000,000/1,000,000

Group Membership: WATER INDUSTRY GROUP >= \$10,000

**Estimated Payroll :** **\$993,762**

Total Estimated Premium (without fees): \$14,786

Total State Fees & Assessments: \$585

**Total Estimated Premium Incl Charges: \$15,371**

### Selected Payment Plan

Selected Payment Option: Installment Plan

Billing Type: Direct Bill

Frequency: Monthly

Deposit Premium: \$2,218 / 15%

State Fees & Assessments: \$88

Total Due Up Front: \$2,306

Zenith Insurance Company and its wholly owned subsidiary ZNAT Insurance Company (together, "Zenith") offer flexible payment options and there is never a charge for installments.

You will be billed directly by Zenith Insurance Company.

The remaining amount due will be paid in 8 installments of \$1,634.

### Dividend Plan for WATER INDUSTRY GROUP >= \$10,000

This proposal is based on the employer's membership in the WATER INDUSTRY GROUP >= \$10,000, and if accepted, will make the insured member eligible for future dividends which may be declared by the Zenith Insurance Company Board of Directors. Under California workers' compensation insurance, a dividend is a refund to the policyholder that represents a portion of the premium that the insurer did not need to pay claims or meet expenses.

Under California law it is unlawful for an insurer to promise the future payment of dividends under an unexpired workers' compensation policy or to misrepresent the conditions for dividend payment. Dividends are payable only pursuant to conditions determined by the Board of Directors or other governing board of the Zenith Insurance Company following policy expiration. Forfeiture of a right to, reduction in the amount of, or delay in the payment of a policyholder's dividend due to the policyholder's failure to accept renewal of the policy or subsequent policies issued by the same insurer is illegal and constitutes an unfair practice.

It is a misdemeanor for any insurer or officer or agent thereof, or any Insurance broker or solicitor, to promise the payment of future workers' compensation dividends. Past dividend performance is no guarantee of an insurer's future dividend performance.

This proposal is good until 05/01/2021 at 12:01 a.m. and is subject to the terms and conditions of the policy for which this proposal is given, including any special conditions and/or exclusions that may apply. This proposal does not constitute an insurance policy.

- \* This proposal is based on information given to us. Please verify the information contained in this proposal and read the Proposal Disclaimer carefully.
- \* This proposal was issued by: Zenith Insurance Company, 7440 N. Palm Avenue Suite #103, Fresno, CA 93711 Phone: (559) 449-4732, Underwriter: Giuliana Huter

## California Premium Calculation Zenith Insurance Company

STATE COVERAGE									
State	From	Through	Class Code	Description	No. of Emp FT/PT	Est. Payroll	Manual Rate	Est. Manual Premium	Est Net Rate*
CA	05/01/21	05/01/22	0012-0	PAID FURLOUGHED WORKERS DURING A GOVERNMENTAL EMERGENCY ORDER IMPACTING EMPLOYMENT	0/0	0	0.00	0	0.00
CA	05/01/21	05/01/22	7520-0	WATER COMPANIES--ALL EMPLOYEES--INCLUDING CONSTRUCTION OR EXTENSION OF LINES.	5/0	423,491	3.85	16,304	2.74
CA	05/01/21	05/01/22	8742-0	SALESPERSONS--OUTSIDE.	2/0	388,866	0.88	3,422	0.63
CA	05/01/21	05/01/22	8810-0	CLERICAL OFFICE EMPLOYEES--N.O.C.	2/1	181,405	0.59	1,070	0.42

\*Est. Net Rate is the manual rate modified by an experience modification factor (if applicable) and other adjustments.

## California Adjustments and Calculation Details

05/01/21 to 05/01/22

State Manual Premium			\$20,796
Modified Premium (estimated)		(79.00%)	\$-4,367
Employers Liability Limits 1,000,000 Per Accident 1,000,000 Per Disease 1,000,000 Policy Limit		(.00%)	\$0
Risk Adjustment		(-10.00%)	\$-1,643
Ciga Charges		0	\$0
State Regulatory Assessment		.034856	\$515
State Regulatory Fraud Assessment		.004734	\$70
Total State Assessments			\$585
<b>Total Estimated Policy Premium &amp; Fees</b>			<b>\$15,371</b>

The experience modification factor has been estimated. When the actual experience modification factor is published, it will be endorsed to our policy with no change in risk adjustment factor.

## Notices and Disclaimers

**PROPOSAL DISCLAIMER:** *This proposal is subject to the information provided by you and/or the insurance agent, verification of this information and the applicable rates and underwriting guidelines applicable at the time. All proposals are for illustration purposes only; the actual premiums and coverage will be based on certain underwriting criteria, manuals, rates, rating plans and classifications. We reserve the right to change our manuals and apply the changes to the policy if authorized by law or a governmental agency regulating this insurance. The premium calculation details shown are estimates. The final premium will be determined after the policy ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by the policy. The final premium may also be affected by certain state legislative and/or regulatory changes. If the final premium is more than the premium you paid to us, you must pay us the balance. If the final premium is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy. You may be subject to a cancellation penalty in the event you cancel the policy prior to the policy expiration date. In the event any provision of this proposal and any provision of the policy, including endorsements, if any, are inconsistent or conflicting, the inconsistent or conflicting provision of the policy shall control.*

**POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE:** *Coverage for acts of terrorism is included in the proposal. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under the coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019, and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of the annual premium that is attributable to coverage for acts of terrorism is CA \$0.00 per \$100 of payroll and does not include any charges for the portion of losses covered by the United States government under the Act.*

**NOTICE OF MEDICAL PROVIDER NETWORK/PANEL:** *Our medical management team maintains a comprehensive medical provider network or panel depending on the region, that includes a full range of health care providers, primary, and specialty care physicians, as well as hospitals and associated services. The health care service providers in our network have been selected based on their geographic location, specialty and credentials. All workers' compensation medical treatment provided under the policy will be administered by appropriately credentialed providers according to nationally accepted evidence-based treatment guidelines.*

**CALIFORNIA EXECUTIVE OFFICER, PARTNER, MANAGING MEMBER EXCLUSIONS:** *Any Officer, Director, Partner or Managing Member that desires to be excluded from coverage must complete the attached waiver (one signed waiver per excluded individual) - the law strictly prohibits our ability to exclude these individuals from coverage until we have received and accepted a signed waiver. Please return any/all signed waivers with binding order or instructions to your local Zenith underwriting office.*

**California Short-Rate Cancellation Disclosure Notice**

**IMPORTANT NOTICE ABOUT THE POLICY OF INSURANCE FOR WHICH YOU HAVE APPLIED  
 PLEASE READ THE FOLLOWING INFORMATION CAREFULLY**

The policy for which you have applied contains a cancellation provision that permits us to refund premium on a basis other than the pro rata when you cancel the policy. Under the policy for which you have applied, if you cancel the policy, your final premium will be calculated based on the time your policy was in force with us, increased by the percentage specified in the short-rate cancellation table listed below.

Short Rate Cancellation Table

Short Rate Cancellation Table FOR TERM OF ONE YEAR							
Days Policy In Force	Percent of One Year Premium	Days Policy In Force	Percent of One Year Premium	Days Policy In Force	Percent of One Year Premium	Days Policy In Force	Percent of One Year Premium
1	5%	95-98	37%	219-223	69%		
2	6%	99-102	38%	224-228	70%		
3-4	7%	103-105	39%	229-232	71%		
5-6	8%	106-109	40%	233-237	72%		
7-8	9%	110-113	41%	238-241	73%		
9-10	10%	114-116	42%	242-246	74%	(8 mos.)	
11-12	11%	117-120	43%	247-250	75%		
13-14	12%	121-124	44%	251-255	76%		
15-16	13%	125-127	45%	256-260	77%		
17-18	14%	128-131	46%	261-264	78%		
19-20	15%	132-135	47%	265-269	79%		
21-22	16%	136-138	48%	270-273	80%	(9 mos.)	
23-25	17%	139-142	49%	274-278	81%		
26-29	18%	143-146	50%	279-282	82%		
30-32	19%	147-149	51%	283-287	83%		
33-36	20%	150-153	52%	288-291	84%		
37-40	21%	154-156	53%	292-296	85%		
41-43	22%	157-160	54%	297-301	86%		
44-47	23%	161-164	55%	302-305	87%	(10 mos.)	
48-51	24%	165-167	56%	306-310	88%		
52-54	25%	168-171	57%	311-314	89%		
55-58	26%	172-175	58%	315-319	90%		
59-62	27%	176-178	59%	320-323	91%		
63-65	28%	179-182	60%	324-328	92%		
66-69	29%	183-187	61%	329-332	93%		
70-73	30%	188-191	62%	333-337	94%	(11 mos.)	
74-76	31%	192-196	63%	338-342	95%		
77-80	32%	197-200	64%	343-346	96%		
81-83	33%	201-205	65%	347-351	97%		
84-87	34%	206-209	66%	352-355	98%		
88-91	35%	210-214	67%	356-360	99%		
92-94	36%	215-218	68%	361-365	100%	(12 mos.)	

## PRIVACY NOTICE FOR CALIFORNIA RESIDENTS

This Privacy Notice for California Residents supplements the information contained in Zenith's Privacy Statement (<https://www.thezenith.com/zenith/privacy-center/privacy-statement>), Zenith's Privacy Policy for California Residents (<https://www.thezenith.com/zenith/privacy-center/privacy-policy-for-california-residents>), and any other privacy notices previously provided to you. This notice applies solely to natural persons who are residents in the State of California ("consumers" or "you"). We adopt this notice to comply with the California Consumer Privacy Act of 2018 ("CCPA") and any terms defined in the CCPA have the same meaning when used in this notice.

### Information We Collect

As insurance companies that write workers' compensation insurance and commercial property and casualty insurance, we collect personal information about you when it is necessary to conduct the business of insurance.

*When you or a business you are associated with applies for workers' compensation insurance or you or a business you are associated with is a workers' compensation insurance policyholder, we may collect the following information:* 1) your name; 2) your physical and mailing address; 3) your email address; 4) your telephone number; 5) your signature; 6) your Social Security number, federal employer identification number or other federal or state identification number; 7) your date of birth; 8) your and your employees' driver's license numbers; 9) salaries and compensation paid by the business to you, other owners and your employees; 10) prior insurance policy numbers, loss runs and insurance experience and history; 11) information about your financial assets; 12) education, employment, and employment history and/or professional employment information to verify your eligibility or those of other owners for exclusion from coverage under the workers' compensation law; 13) your marital status and 14) your bank account number and details, credit card number and details, and other financial information to process premium payments and refunds.

Some of the items listed above may be considered personal information subject to the CCPA. In general, we will have collected the following categories of personal information from consumers similar to you within the last twelve (12) months (please see Zenith's Privacy Policy for CCPA referenced above for a complete list of categories Zenith will have collected):

Category	Examples	Business Purpose
A. Identifiers	A real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, Social Security number, driver's license number, passport number, or other similar identifiers.	<ul style="list-style-type: none"> <li>Communicating with you</li> <li>Underwriting your policy</li> <li>Administering or investigating a claim</li> <li>Making payments to you</li> <li>Honoring our contractual obligations</li> <li>Improving our products and services</li> <li>Security Purposes</li> <li>Complying with law</li> </ul>
B. Personal information categories described in the California Customer Records Statute (Cal. Civ. Code § 1798.80(e))	A name, signature, Social Security number, physical characteristics or description, address, telephone number, passport number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, credit card number, debit card number, or any other financial information, medical information, or health insurance information.	<ul style="list-style-type: none"> <li>Communicating with you</li> <li>Underwriting your policy</li> <li>Administering or investigating a claim</li> <li>Making payments to you, taking payments from you</li> <li>Honoring our contractual obligations</li> <li>Improving our products and services</li> <li>Security Purposes</li> <li>Complying with law</li> </ul>
C. Characteristics of protected classifications under California or federal law	Age (40 years or older), race, color, ancestry, national origin, citizenship, religion or creed, marital status, medical condition, physical or mental disability, sex (including gender, gender identity, gender expression, pregnancy or childbirth and related medical conditions), sexual orientation, veteran or military status, genetic information (including familial genetic information).	<ul style="list-style-type: none"> <li>Underwriting your policy</li> <li>Administering or investigating a claim</li> <li>Making payments to you, taking payments from you</li> <li>Honoring our contractual obligations</li> <li>Complying with law</li> <li>Improving our products and services</li> <li>Security Purposes</li> </ul>
D. Commercial Information	Records of personal property, products or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies.	<ul style="list-style-type: none"> <li>Underwriting your policy</li> <li>Administering or investigating a claim</li> <li>Honoring our contractual obligations</li> <li>Complying with law</li> <li>Improving our products and services</li> </ul>
E. Internet or other electronic network activity information	Browsing history, search history, information on a consumer's interaction with a website, application, or advertisement.	<ul style="list-style-type: none"> <li>Administering or investigating a claim</li> <li>Improving our products and services</li> <li>Underwriting your policy</li> </ul>

I. Professional or employment-related information	Current or past job history or performance evaluations, income and salary details, credentialing information.	<ul style="list-style-type: none"> <li>• Underwriting your policy</li> <li>• Administering or investigating a claim</li> <li>• Complying with law</li> </ul>
J. Education information that is not publicly available and that is personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g)	Education records directly related to a student maintained by an educational institution or party acting on its behalf, such as grades, transcripts, class lists, student schedules, student identification codes, student financial information, or student disciplinary records.	<ul style="list-style-type: none"> <li>• Underwriting your policy</li> <li>• Administering or investigating a claim</li> <li>• Complying with law</li> </ul>

Personal information does not include:

- Publicly available information from federal, state or local government records.
- Deidentified or aggregated consumer information.
- Information excluded from the CCPA's scope such as personal information collected, processed, sold or disclosed pursuant to the Gramm-Leach-Bliley Act and implementing regulations ("GLBA"), the California Financial Information Privacy Act ("CFIPA"), and the Driver's Privacy Protection Act of 1994 ("DPPA").

When information is subject to an exclusion, your rights under the CCPA are limited.

## Use of Personal Information

We may use or disclose the personal information we collect for one or more of the following business purposes:

- To fulfill or meet the reason you provided the information. For example, if you applied for Workers' Compensation insurance, we will collect your bank account details if you wish to pay your premium by electronic funds transfer.
- To review, investigate, process and pay claims.
- To provide you with support and respond to your inquiries, including investigating and addressing your concerns and monitoring and improving our responses.
- To create, maintain, customize, and secure your account with us, including detecting security incidents and debugging to identify and repair errors that impair existing functionality.
- To process your requests, premium payments transactions, and other payments to and from you and prevent transactional fraud.
- For testing, research, analysis, and product development, including to develop and improve our Website, products, and services.
- To respond to law enforcement requests, regulatory agency requests and as required or allowed by applicable laws, court order, rules or regulations.
- As described to you when collecting your personal information or as otherwise set forth in the CCPA or as otherwise set forth in this Privacy Policy and any other CCPA Privacy Notice (for example, the business purposes set forth in the chart above).
- To evaluate or conduct a merger, divestiture, restructuring, reorganization, dissolution, or other sale or transfer of some or all of Zenith's assets in which personal information held by Zenith is among the assets transferred.
- To conduct fraud investigations and report fraud pursuant to applicable laws, court order, rules or regulations.

Zenith will not collect additional categories of personal information or use the personal information we collected for materially different, unrelated, or incompatible purposes without providing you notice. The business purposes listed above may also apply to the categories of personal information in the chart above.

## Your Rights and Choices

Effective January 1, 2020, the CCPA provides consumers (California residents) with specific rights regarding their personal information. You have the right to know about personal information collected, disclosed or sold. In addition, you have the right, subject to certain exceptions, to request deletion of personal information. You can learn more about your CCPA rights and how to exercise them by visiting our Privacy Policy for California Residents at <https://www.thezenith.com/zenith/privacy-center/privacy-policy-for-california-residents>.

CCPA WC PN (Ed. 01/20)



Insured Name : SAN ANTONIO WATER CO	Policy No:
Insurer/Company No :	Producing Branch: 004

WAIVER OF WORKERS' COMPENSATION COVERAGE

Pursuant to California Labor Code Sections 3351 and 3352, I hereby certify, under penalty of perjury, that I am: [check one box only]

*If the Insured is a Corporation:*

- An officer or member of the board of directors of the above-named insured, which is a **quasi-public or private corporation**, and that I own at least **ten percent (10%)** of the issued and outstanding stock of the above-named insured corporation. As a qualifying officer or director, I elect to be excluded from the corporation's workers' compensation insurance policy with the above-referenced insurer.
  
- An officer or member of the board of directors of the above-named insured, which is a **quasi-public or private corporation**, and: 1) I own at least **one percent (1%)** of the issued and outstanding stock of the above-named insured corporation; and 2) my parent, grandparent, sibling, spouse or child owns at least ten percent (10%) of the issued and outstanding stock of the above-named insured corporation; and 3) I am covered by a health insurance policy or a health care service plan. As a qualifying officer or director, I elect to be excluded from the corporation's workers' compensation insurance policy with the above-referenced insurer.
  
- An owner of a **professional corporation**, as defined in Section 13401 of the Corporations Code, and: 1) I am a practitioner rendering the professional services for which the professional corporation is organized; and 2) I am covered by a health insurance policy or a health care service plan. As a qualifying owner, I elect to be excluded from the corporation's workers' compensation insurance policy with the above-referenced insurer.
  
- An officer or member of the board of directors of the above-named insured which is a **cooperative corporation** organized pursuant to the Cooperative Corporation Law, as set forth in Part 2 (commencing with Section 12200) of Division 3 of Title 1 of the Corporations Code, and I am covered by both: 1) a health insurance policy or a health care service plan; and 2) a disability insurance policy that is comparable in scope and coverage, as determined by the Insurance Commissioner, to a workers' compensation insurance policy. As a qualifying officer or director, I elect to be excluded from the corporation's workers' compensation insurance policy with the above-referenced insurer.

*If the Insured is a Partnership:*

- A general partner of the above-named insured which is a **partnership**. As a qualifying general partner, I elect to be excluded from the partnership's workers' compensation insurance policy with the above-referenced insurer. If the Insured is a Limited Liability Company:
  
- A managing member of the above-named insured which is a **limited liability company**. As a qualifying managing member, I elect to be excluded from the limited liability company's workers' compensation insurance policy with the above-referenced insurer.

*Applicable to All:*



By signing this waiver, I understand and agree to the following:

- I am providing a sworn statement regarding my ownership interests in the above-named insured and my eligibility to choose to waive workers' compensation coverage for myself.
- Neither the insurer nor the producer will be required to investigate, verify or confirm the accuracy of the facts contained in this waiver.
- I will not be entitled to benefits under the policy even if the facts contained in the waiver are inaccurate. There will be a conclusive presumption that I will not be covered under the insured's workers' compensation policy with the above-referenced insurer if an employment-related injury occurs.
- The waiver shall be effective upon the date of receipt and acceptance by the above-referenced insurer.
- I consent to backdating the date of receipt and acceptance of the waiver to the policy inception date or up to 15 business days prior to the date of actual receipt by the insurer, whichever is less.
- The waiver shall remain in effect until I provide a written withdrawal of the waiver.

If none of these categories apply to the structure of your business, please consult your agent for guidance.

\_\_\_\_\_  
PRINT INDIVIDUAL'S FULL NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

ACCEPTED:

\_\_\_\_\_  
ZENITH AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

**NOTE TO EMPLOYER:** The exclusion will be endorsed to the policy upon our receipt and acceptance of a signed and properly completed form. The person electing exclusion must sign this form. Company representatives may not sign on behalf of the individual. One exclusion per form. Submit additional forms if needed.

Please return any/all signed waivers to your local Zenith underwriting office.



## The Premier Workers' Compensation Specialist



# TheZenith<sup>®</sup>

A FAIRFAX Company

Zenith is the premier specialist in workers' compensation nationally. We combine depth of expertise with a forward-thinking approach to achieve the highest level of service and outcomes for our clients. We foster strong relationships with our valued independent agents and brokers. Together, we're able to explore solutions and address your business needs. We believe insurance is a long-term investment in your employees and the success of your business. Great businesses become even better when they invest in the best.

### YOU CAN EXPECT US TO:

- Help you reduce workplace injuries and claims, so your business stays productive
- Put your employees first, helping anyone injured on the job get the medical care they need
- Fight fraud, so you can protect what you've built
- Provide attentive and responsive service, so you can focus on your business
- Help you strengthen your business reputation, so you can compete for talent

**Your business challenges are unique, and a one-size-fits all solution rarely works.**

Our commitment to you includes a focus on helping you reduce claims and their costs, which can lead to a lower experience modification over time. The proof is in the numbers: Zenith's loss ratios are consistently 20 to 30 points better than the industry average.\*

**INVEST IN THE BEST**

**Learn More at [TheZenith.com](http://TheZenith.com)<sup>®</sup>**

\*Source: Industry data is from NCCI's 2016 Calendar-Accident Year Underwriting Results and WCIRB Quarterly Experience Report as of 2017, weighting by Zenith's premium distribution by state.

# Your **EPIC** EPIC Account Team & Contact Information

## **David McNeil, ARM**

**Principal**  
**909.919.7508**

david.mcneil@epicbrokers.com  
**Overall Account Management**

## **Shelly Birdzell**

**Account Manager**  
**909.919.7904**

shelly.birdzell@epicbrokers.com  
**Daily Account Management**  
**Certificate Requests**

## **Dan Ryan, CIC**

**Managing Principal**  
**909.919.7517**

dan.ryan@epicbrokers.com  
**Overall Client Satisfaction**

## **Kiersten Okihara-Gaines**

**Claims Associate**  
**Property & Casualty**  
**909.919.7888**

kiersten.okihara-gaines@epicbrokers.com

## **Margareta Thorsen**

**Vice President**  
**Surety Bonds**  
**626.583.2439**

margareta.thorsen@epicbrokers.com  
Fax 626.577.8940

## **Max Rodriguez, WCCA, SIA**

**Claims Analyst**  
**Workers Compensation**  
**909.919.7502**

max.rodriguez@epicbrokers.com

## **General Contact Information**

Main Number .....909.919.7880  
Fax Number.....888.789.5971  
Private Client.....415.356.3940  
Employee Benefits.....949.417.9176



Insurance Brokers & Consultants

# We Are EPIC<sup>®</sup>

**As a full service brokerage, EPIC provides you with a wide array of risk management, commercial insurance, personal insurance & employee benefits products and services**

EPIC is a premier Independent Insurance Brokerage firm with expertise in the development, coordination and marketing of insurance portfolios. We already are one of the top insurance brokers in the United States of America with premium volume in excess of \$200 million.

Our client base is loyal and diversified which provides us with opportunities to trouble shoot the most complex of issues facing clients. We believe this experience makes us invaluable to our clients. Your challenges become our opportunities to prove our value to you. Our philosophy is "The client always comes first". We accomplish this through action as we do not have the corporate edits or bureaucracy many of our competitor's must endure.

With EPIC Partner's acquisition of Calco, we not only remain flexible and hands-on, we have \$100 million in financial and corporate backing to provide the resources our clients need. EPIC's backing will enable our clients to have the best of both worlds! We believe this is an unbeatable combination.

The principals of EPIC each bring over 25 years of industry experience working with clients like Salesforce, Yahoo, Peoplesoft and Sanmina, to name a few. Our expansion will continue in California with a focus on Employee Benefits, Business Insurance, Technology, Wind & Energy, Construction and other specialized industry segments. Plans are in place to open several new locations including San Francisco and the East Bay, along with explosive growth in Sacramento and Southern California.

## ***Commercial Insurance***

Property, Casualty, Auto, Environmental, Directors and Officers, Employment Practices Liability, Professional Liability, Excess, Workers' Compensation, Crime, K&R, Fiduciary, Marine, Multinational, Warranty/Recall, Patent Infringement, Internet & Cyber Liability, and more ...

Emphasis in particular Industry segments: Technology, Construction, Wind & Energy, Real Estate and more ...

## ***Employee Benefits***

Toll free HELP Line, On-line Human Resource Services, Health & Benefits Fairs, 5500 Filing Signature Ready, Compliance Audit, COBRA Compliance Audit, Employee Communications Materials, Multinational Benefits, Benefits Management, 125 Plans, ERISA & HIPAA Compliance, Industry Surveys and more ....

Medical, Dental, Vision, Key Man Life, Executive Benefits, STD/LTD, Life/AD&D, Flex Spending Accounts, Long-term Care, 401K, Cobra Administration, EAP and more ...

## ***Private Client***

Provides personalized coverage and service to protect personal assets such as Homes of any value, standard and unique Automobiles, Excess Liability (Umbrella) for that extra level of protection, Watercraft from Yachts to Sailboats, Personal Articles such as Jewelry, Fine Arts, Wine Collections, Silverware, Musical Instruments, Sports Memorabilia .Our Private Client Division goes the extra mile to provide the best service possible by offering clients an Asset Protection Review, and more ...

# **EPIC's Service Commitment**

## **EPIC will provide you with the following services:**

- Return all telephone calls within 24 hours.
- Issue Certificates of Insurance on a 24-hour turnaround or same day if received before 3:00 PM (as needed).
- Process requests for insurance program changes promptly.
- Track the status of all open claims.
- Review estimated payrolls and receipts.
- Review coverages with you as needed or at least.
- Present renewal insurance program in a timely manner.
- Keep you up-to-date about important insurance industry developments throughout the year.

# When to Notify **E P I C**<sup>®</sup>

It is very important that we are informed whenever a significant change in your operation takes place.

**We should be notified promptly of any change, such as:**

- Additional locations, new construction/projects
- Change in property values
- Change of ownership
- Sudden changes in sales/income/payroll
- Change in hazards (increase or decrease)
- Change in security or protection
- Change in product line
- New contractual obligations
- Change of vehicles/drivers
- Change of operation
- Change in shipment
- Leased, rented and borrowed equipment

The above are listed as *examples* of situations we should be made aware of; there are many others as well. If any questions arise, please call us.



# EPIC's Claims Advocacy

Claim reporting is simple!

Choose the most convenient method to report your claim:

- **Telephone:** 1.909.919.7880
- **Fax:** Complete your paperwork and fax it to us at 888.789.5971
  
- **Property & Casualty Claims and questions**  
Kiersten Okihara-Gaines  
Direct Line               1.909.919.7888  
Email                       [kiersten.okihara-gaines@epicbrokers.com](mailto:kiersten.okihara-gaines@epicbrokers.com)
  
- **Workers' Compensation Claims and questions**  
Max Rodriguez  
Direct Line               1.909.919.7502  
Email                       [max.rodriquez@epicbrokers.com](mailto:max.rodriquez@epicbrokers.com)

## Your EPIC Claims Team...second to none.

We have highly effective Claims Advocacy and Specialists with extensive depth and breadth. They have held positions with insurance carriers, insurance brokers and managing general agents representing reinsurance carriers. This experience provides our clients with broad-based claims expertise in multiple areas of insurance. Because of this diversity they are successful in communicating with all parties including claims adjusters, attorneys and you.

Our dedicated team responds to all of your Commercial Insurance claims needs including:

- Assisting you with reporting of Property & Casualty claims
- Providing you with Workers' Compensation claims reviews and advocacy
- Acting as liaison between you and the insurance carrier
- Reviewing summons and complaints prior to insurance carrier submission