

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Wednesday, December 2, 2020

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 3:02 p.m. on the above date at the San Antonio Water Company, 139 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, Bob Cable, Gino Filippi, Jose Sanchez, and Rudy Zuniga. Also in attendance were City of Upland Interim Public Works Director Steve Nix, and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

▪ Call to Order

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: None.

4. General Manager's Report on Activities: Mr. Lee advised the Board that Southern California Edison intentionally shut off power to key sites recently due to local strong winds. SAWCo secured a generator for rent during the previous power outage and has kept the generator for upcoming anticipated wind events. Staff will likely be looking into the purchase of a generator for key sites to better prepare for these types of power outages.

5. Budget Workshop:

Mr. Lee delivered a PowerPoint presentation that briefly recapped 2020 water deliveries and consumption, revenue and expenses, and reviewed the Draft 2021 Budget. The full budget will be brought to the Board at the December 2020 Board Meeting. Entitlement is recommended to stay at 13,000 acre feet (AF) for 2021.

A. "Draft" CY2021 – Administration and Operations Budget - Mr. Lee presented the original budgeted amounts for 2020, funds generated and/or used through August of 2020 as well as projected through the end of the year, and the budgeted amount for 2021.

Projected revenues for 2021 are \$5,431,000, a 0.5% increase from 2020. Projected operating expenses for 2021 are \$3,176,000, an 8% decrease from 2020. Net operating gain is projected at \$2,254,000 and capital expenses are projected at \$4,173,000. The net result is a \$1,900,000 reduction in reserves.

As of September 2020 SAWCo's reserves total \$7,586,704 and are projected to reach \$8,000,000 by the end of 2020. Reducing the reserves via use on capital expenses will bring reserves to roughly \$6,000,000 at the end of 2021.

Director Sanchez commented the company does need a minimum dollar amount in reserves to carry current operating expenses for a certain period of time. The projected remaining reserves compared to the capital expenditures in 2021 provides healthy reserves for the company.

Mr. Lee brought attention to some of the key changes made to the 2021 budget from the 2020 budget. There is an expected increase in both labor and legal expenses totaling \$77,000 and expected decreases in Office/IT support and communication totaling \$73,000.

Director Sanchez noted some refinement in the capital improvement project numbers since the most recent Administrative and Finance Committee meeting. He requested clarification on the Organization Chart as there are a few job titles with vacancy as well as highlighted in different colors. Mr. Lee advised one position was vacated in 2020 and the other two positions are simply classifications available for promotion for currently held positions.

Director Sanchez expressed his gratitude at the effort to seasonalize the budget over the twelve months as it becomes important when the financial reports are redesigned and staff begins looking at monthly actuals, quarter-to-date, and year-to-date versus budget. He expressed concern with the projected water sales as a La Nina is expected in 2021.

B. "Draft" CY2021 Capital Improvement and Capital Outlay Budget

Budgeted Capital Expenses for 2021 are focused on completing projects that began in 2020. Carry-over and new projects include Holly Drive Reservoir Phase II, Smart Meter Installation, Water Pipeline Improvements, SCADA PLC replacement, Cucamonga Crosswalls Environmental Mitigation, Frankish tunnel Pipeline Repair and Meter Installation, Site 19 Well, and Reservoir 9 Pipeline Replacement.

Director Thomas inquired, with many projects carried over from 2020 as well as additional projects added, whether or not all the projects would be completed in 2021. Mr. Lee advised all the projects

have already gone through the design phase and most will be awarded and under contract for construction.

6. Director's Comments and Future Agenda Items: Director Thomas inquired if there were any apprehensions about the upcoming End of Year Luncheon with the heightened concern over COVID-19 numbers in Los Angeles County. Mr. Lee advised the luncheon will take place at the outside patio of the restaurant and attendees will be required to bring a mask and have their temperature taken. If anyone is uncomfortable attending it is completely understandable; attendance is not required.

Director Sanchez voiced his appreciation for the history given on the water pipeline replacement projects under the justification portion of the project details.

Adjournment: There being no further business the workshop was adjourned at 3:33 p.m.


Assistant Secretary
Brian Lee