



## Western Heights Water Company

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### Minutes of January 17, 2020 Board of Directors Meeting

A Regular Meeting of the Board of Directors was held at the office of Western Heights Water Company, 32352 Ave D, Yucaipa, CA, on Friday, January 17, 2020. President Green called the meeting to order at 8:10 am. Directors present: Dr. Robert Zappia, John Dahlke, Duane Burk, and Ben Kelly; General Manager Mark Iverson, and Office Manager Debbie Patrick. Also present was Paul Kielhold from San Bernardino Valley Municipal.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the December 12, 2019 Board meeting was reviewed and approved. Motion by Director Zappia and seconded by Director Burk.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported the new General Manager for MUNI is Heather Dyer.
4. Board Meeting Schedule – The next meeting is scheduled for Friday, February 21, 2020 at 8:00 am. The Annual Shareholders' Meeting will be Wednesday, March 18 at 6:30 pm with the Board Meeting immediately following.
5. General Manager's Report
  - a) Discussion Items
    - a. Water Sold – Water sales overall for 2019 are approximately 7 percent below last year. Mr. Iverson showed a graph of water annually from 2007 to present. Customers have been conserving water since the mandated conservation in 2015.
    - b. Budget Status and Financials – Total revenues for 2019 are down slightly year to date from this time in 2018 due to the lower water sales for January through April. The company did fewer major projects in 2019 to compensate for the lower water sales. There are no unexpected variances in the budget. Director Burk noted the Directors generally don't have questions regarding the budget because Mr. Iverson presents it to them monthly. The new rental property will be listed as a separate investment item in the 2020 budget.
    - c. Water System Improvements – The kickoff meeting for the sewer line and water line work on Avenue D was held on Tuesday, January 7. Work includes the sewer installation on D Street in front of the office and for 2,000 feet of 12-inch water line replacement. Work is scheduled to begin January 27. The cost is lower for the company because Mr. Iverson is doing the engineering work in-house.

- d. 123TCP – Bids were received January 7 for the GAC equipment. There were three bids ranging from \$614,000 to \$744,000. Mr. Iverson is working with Hazen, the consultant to review the bids. Mr. Iverson is meeting with the State on Tuesday to get their approval. Mr. Iverson is getting proposals for financing the purchase and installation of equipment. Should the company prevail in the lawsuit, the loan will be paid off with those proceeds. Director Burk is concerned that we state the rates are 125-percent of the company's revenue. If the economy gets bad and there are more empty properties, the company may have to increase rates to cover the 125-percent. Mr. Iverson will have more information and a recommendation for the Board in February.
- e. WHWC App – We have developed an iOS application for fuel management, timecard entry and daily well reads. The app eliminates the need to keep paper records and ensures more accurate records. The fuel management part keeps track of the vehicles filled, the type of fuel, sends reminders to order fuel when the tank level is below a given level, and sends an email if the amount of fuel dispensed is too high. The new app is also needed for data collection and reporting for the GSA. The daily well reads will be linked to the GSA database. The timecard portion simplifies timecard card entry. It is easy to use and the staff can submit their time using their phone.
- f. Assessment Increase – The new assessment increase went into effect January 1, 2020. A flyer is posted in the lobby and a news item is posted on the website to remind customers of the increase.
- g. New Meter Reading Application – Staff is implementing new meter reading equipment. The new system uses an Android based cell phone for meter reading. The old system uses a large cumbersome, proprietary device, which is no longer supported. Some of the advantages of the new system are: Realtime Reads – office staff can immediately see reads, meter readers are prompted to re-read a meter on the spot, which will greatly reduce the number of re-reads; the reading process can be tracked; the system stores GPS coordinates for each meter. The application is user friendly for field and office staff.
- h. GIS – Hillwig Goodrow is now hosting the WHWC GIS website. Before, it was hosted by Interwest, and there was a joint agreement between South Mesa and WHWC. The cost of hosting was \$3,838, which was split between WHWC and South Mesa. Last year Mr. Iverson spoke to Hillwig Goodrow about hosting our GIS website. They are only charging us \$500 per year.
- i. 32374 Avenue D – The property closed on December 27, 2019. We are working with the tenants to sign a lease, an indemnity agreement, and to provide renters' insurance. There are also some repairs and termite control that will be done. The seller paid for the repairs and termite work as part of the closing.
- j. Yucaipa GSA Update – The next GSA meeting is Wednesday, January 22, 2020 at 10:00 am at the City of Yucaipa. The main topic of discussion will be developing a request for proposals for the data management system.

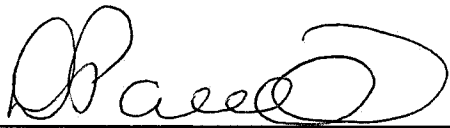
b) Action Items

None

6. Directors' Matters

None

The meeting was adjourned at 9:00 AM.

A handwritten signature in cursive script, appearing to read "Debbie Patrick", written over a horizontal line.

Debbie Patrick, Secretary to the Board