



## Western Heights Water Company

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### Minutes of February 21, 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, February 21, 2020. President Green called the meeting to order at 7:50 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 January 17, 2020 Board meeting was reviewed and approved. Motion by Director Burk and seconded by Director Zappia.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported the snowpack is at seventy percent. Director Green and Mr. Iverson met with the new General Manager, Heather Dyer. They felt it was very productive. Mr. Kiehold reported MUNI has been approached by Yucaipa Valley Water District for cost sharing on the Wilson Creek Project. He expects the Board will act on this next month.
4. Board Meeting Schedule – The Annual Shareholders' Meeting will be Wednesday, March 18, 2020 with the Board Meeting to follow.
5. General Manager's Report
  - a) Discussion Items
    - a. Water Sold – Water sales overall for January are 19 percent below January 2019.
    - b. Budget Status and Financials – Total revenue for January 2020 is almost equal to January 2019. Even with the water sales down, the higher meter charges are keeping revenue more stable month to month. Interest income is down from 2019 due to the drop in the CD interest rates. Rental income for the house at 32374 Avenue D helps offset the lower interest rates on CDs. There are no unexpected variances in the budget.
    - c. Acquisition of Service Charges – The meter charge portion of the acquisition of service charge is being reviewed. The last time this charge was updated was 2007. We took the 2007 report prepared by Engineering Resources and modified it to determine the new updated charge. So far, there is about a 10 percent increase in the charges. We are still reviewing the numbers and plan to bring the revised charges to the Board for review and approval in March 2020. With our updated approach, we will be able to review and update the charges annually.

- d. Water and Sewer System Improvements – Work on the new sewer line in Avenue D, in front of the shop and the office, is complete. We are working to abandon the septic tanks and seepage pits for the shop and the office and connect to the new sewer line. We plan to be connected by the end of March. Work in the 12-inch water line replacement for Avenue D, between 14<sup>th</sup> and 15<sup>th</sup> is in progress and should be complete by late March or early April 2020.
- e. New Meter Reading Application – The Android based meter reading application is working well. We have gone through one meter reading cycle, and we are already seeing the benefits. We had two re-reads last month versus an average of 40. We have had a few customers come in the office to ask about their usage and we were able to pull up data to assist them. Staff is taking pictures of each meter for the first cycle to give an exact GPS point for each meter.
- f. 123TCP Equipment – Bids were received January 7 for the GAC equipment. We have reviewed the bids and negotiated with the two lowest vendors. We selected AqueousVets as the vendor. The total bid for the equipment, including delivery, installation assistance and training is \$646,722. Delivery of the equipment will be 15 to 18 weeks from the date of approved shop drawings. Hazen, the consulting engineer, is currently working to prepare a bid package for the installation of the equipment and with the City of Yucaipa for the permit to install the equipment. We expect to begin installation of the equipment before the end of 2020, and complete installation in early 2021.
- g. Property at 0 Tennessee Street – The company is currently in escrow for the purchase of 8.75 acres located at 0 Tennessee Street. There is a tentative tract map filed that subdivides the property into nine lots. WHWC needs two lots for a future tank site. The other seven lots will be sold. The total purchase price for the property is \$305,000. The terms of the sale are: \$105,000 at closing, \$100,000 due on December 27, 2020 and the \$100,000 due on December 27, 2021. There is no interest on the outstanding balance. The company expects to make more than the purchase price on the sale of the seven lots. This property will give the company an important piece of land that is crucial for future infrastructure and is a good investment with a potential high rate of return for the company.

**Motion 01:20** – To approve the property purchase at 0 Tennessee Street in the amount of \$305,000 as stated in the General Manager’s report. Motion made by Director Burk, seconded by Director Kelly and passed unanimously.

- h. Yucaipa GSA Update – The next GSA meeting was scheduled for Wednesday, February 26, 2020, but has been cancelled at the request MUNI. The next meeting will be Wednesday, March 25 at 10:00 am at the City of Yucaipa. The main topic of discussion will be developing the water budget for the basin and the status of the groundwater model. These discussions will go on through the next several meetings.

b) Action Items

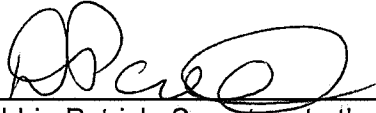
- a. Approval of Alliance Financing for 123 TCP project – The directors discussed the two proposals in Closed Session. Director Burk note he does not like going into debt but understands the reasoning for the loan.

**Motion 02:20** – To approve the loan as presented by Alliance Companies USA in the amount of \$1.3 million at 4.2 percent interest. Motion made by Director Burk, seconded by Director Dahlke and passed unanimously.

6. Directors' Matters

None

The meeting was adjourned at 8:31 AM.



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Debbie Patrick, Secretary to the Board