



Western Heights Water Company
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Minutes of April 19, 2019 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, April 19, 2019. President Green called the meeting to order at 8:30 am. Directors present: Dr. Robert Zappia, Ben Kelly, John Dahlke, Duane Burk; General Manager Mark Iverson, and Office Manager Debbie Patrick.

1. Public Comment – No public comment.
2. Minutes of Board Meeting – Minutes from the March 13, 2019 Annual Shareholder and Board meetings were reviewed and approved. Motion by Director Burk and seconded by Director Zappia.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported MUNI will receive seventy percent of their Table A request. Director Kelly distributed information on MUNI's position on the various issues in Sacramento. The Sites Reservoir is in Phase 2.
4. Board Meeting Schedule – Due to scheduling conflicts, the May Board Meeting will be held Wednesday, May 15 at 8:00 am.
5. General Manager's Report
 - a) Discussion Items
 - a. Budget Status and Financials – Mr. Iverson reported water sales are down due to the amount of rain. Everything else is on track. There is just under \$2 million in the bank.
 - b. Proposed Water Tax – Through WHWC's membership with CalMutuals, state legislation is tracked and WHWC works to steer support or defeat any proposed bills that have significant impact to the company. Mr. Iverson has been working on the proposed water tax bill. This bill, as originally written, would charge a per water meter tax that the company would have to pay to the State. The taxes collected are planned to go towards providing safe drinking water to disadvantaged communities and failing small water systems. Generally, there is support for providing safe drinking water, but little support for a meter tax. One of the issues is there isn't a clear definition of projects. Although the tax starts out small, it would likely be increased over the years. Working with CalMutuals and other agencies an alternative to the meter tax was proposed, where instead of a tax, the State would setup a trust fund instead. Interest from the trust fund will be used to fund safe drinking water projects. The State legislature has been very receptive, and the wording of the proposed bills has been amended. Mr. Iverson will continue to monitor this and other bills.

- c. Rate Change Update – Notification about the new rate structure is on the WHWC website and inserts went out with the March water bills. There have been less than 20 calls from customers about the new rate structure so far. Nobody showed up at the community meeting in April. The new rates will be effective May 1. Staff has determined all the required changes needed to make in Incode, our billing and financial software.
- d. Asset Replacement Plan – Mr. Iverson has begun work on the asset replacement plan. The basic data about all assets, the replacement costs, and estimated replacement years has been collected. Mr. Iverson is working to evaluate what the annual assessment should be. He will bring an updated asset replacement plan for review in May, and final recommendation for the assessment in June. The maintenance of the assets is included in the annual budget.
- e. Yucaipa GSA Update – The next meeting is Wednesday, April 24, 2019, 10:00 am, at Yucaipa City Hall. The key topic of discussion at the next meeting will be the public outreach plan. Dudek, the consultant, is gathering data to run the groundwater model, which will be used to determine the safe yield of the groundwater basin. Mr. Iverson has been working closely with MUNI, the City of Yucaipa, and Yucaipa Valley Water District on some potential joint projects for groundwater recharge using storm water retention basins.

b) Action Items

None

6. Directors' Matters

Director Burk passed along a complement from the person developing property on Avenue E. He said WHWC staff has been wonderful to work with. Director Burk noted the notice to the customers regarding the new rate structure was nicely done. He appreciates the outreach that is being done on the new rate structure. Other agencies are not as proactive.

The meeting was adjourned at 9:10 AM.



Debbie Patrick, Secretary to the Board