



Minutes of May 15, 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 Wednesday, May 15, 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 April 19, 2019 Board meetings were reviewed and approved. Motion by Director Burk and seconded by Director Zappia.
3. San Bernardino Valley Municipal (MUNI) Report – Valley cancelled last week's meeting. Director Kelly has nothing to report.
4. Board Meeting Schedule – The June Board Meeting will be held Friday, June 21 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 weather. Some expenses are lower also. He included the Water Sold Graph with the financial reports. It is a good indicator of the company's revenues.
    - b. Water Sold – The total water sold for 2019 is 146,773. This is 74% of water sales from this time last year. Water sales are down due to the rain and lower temperatures. Water sales will increase as summer approaches.
    - c. Auditor's Report – The annual report is complete and is attached. The audit shows the company is in good financial condition and that there are no irregularities in the bookkeeping. Director Burk commended staff on their efforts on the audit.
    - d. Rate Change Update – The new rate structure went into effect May 1. The required changes are being made in INCODE and the first billings under the new structure will go out in the last half of May. The second customer outreach meeting will be held Wednesday night, May 15, 7:00 pm.
    - e. Asset Replacement Plan – The asset inventory and remaining life assessment has been completed. Staff is working on completing the financial analysis to determine if the current assessment amount is enough. Mr. Iverson showed graphs indicating the approximate replacement date of large and small assets. He discussed the plan for pipeline replacement. About 2,500 feet of pipeline needs to be replaced each year to ensure none of the pipes are over 100 years old. This is a large

expense at \$350,000 to \$375,000 per year. The annual assessments may need to be increased to cover the cost of asset replacement. Previously, the amount of the assessment was an arbitrary number. It should be based on actual asset replacement to ensure the infrastructure is sound.

- f. Yucaipa GSA Update – The next meeting is Wednesday, May 22 at 10:00 am at the Yucaipa City Hall. This will be a workshop meeting. The key topics will be historical development of the groundwater model and the recharge project to include in the model for the initial development of the GSP. There will also be discussion about the public outreach program, which is required by the State Water Resources Control Board.
- g. Sanitary Survey – The state will be out June 6, 2019 to update the sanitary survey for our water system. This is routine, and we do not anticipate any issues.

b) Action Items

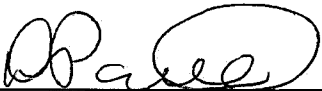
None

6. Directors' Matters

- a. General Managers Annual Review – The Directors were given Mr. Iverson's accomplishments from the past year and goals for the next year. Ms. Patrick will send the evaluation form to the Directors for their comments. This will be discussed at next month's meeting in closed session.

**Motion 05:19** – The President to work with the General Manager regarding an annual bonus within reason, similar to last year's bonus. Moved by Director Burk, seconded by Director Kelly, passed unanimously.

The meeting was adjourned at 9:00 AM.



Debbie Patrick, Secretary to the Board