



Minutes of June 19, 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, June 19, 2020. President Green called the meeting to order at 9:00 am. Directors present: John Dahlke, Duane Burk, and Ben Kelly; General Manager Mark Iverson, and Office Manager Debbie Patrick. Dr. Robert Zappia attended via teleconference.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the May 15, 2020 Board meeting was reviewed and approved. Motion by Director Burk and seconded by Director Dahlke.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported there was nothing of interest to WHWC to report.
4. Board Meeting Schedule – The next Board Meeting is Scheduled for Friday, July 17, 2020 at 8:00 AM.
5. General Manager's Report
  - a) Discussion Items
    - a. Water Sold – Water sales for May 2020 are 36 percent lower than they were for May 2019. Overall, for 2020, water sales are 5.5 percent lower than the total year-to-date for 2019.
    - b. Budget Status and Financials – Total revenues for 2020 are 6 percent higher than year to date in 2019. Expenses are 1.3 percent higher from this time last year. There are no unexpected variances in the budget.
    - c. Acquisition of Service Charges – After the May board meeting, we revised the study. We changed the rationale for the water supply portion. The original approach used a peaking factor to calculate the cost of imported water. The assumption was that peak water production, above what we could produce by local wells, was imported. Since we changed the rate structure, we decided to import 25 percent of our total annual water production, so we used this rationale to calculate imported water costs instead. Mr. Iverson recommends the Board adopt the 15-year option. Director Dahlke was concerned with including the well maintenance cost in the calculation. Mr. Iverson stated this is their buy-in cost to a system that has been properly maintained. Shareholders pay for future well maintenance as part of their bi-monthly bill. The acquisition of service rate structure was developed so the current rate payers would not have to pay the costs brought on by new demands on the system brought on by new developments.

- d. Water and Sewer System Improvements – Work on the 12-inch water line replacement for Avenue D, between 16<sup>th</sup> and 17<sup>th</sup> Street is complete. WHWC was informed by the City of Yucaipa that they would be repaving Avenue D from 14<sup>th</sup> Street to 17<sup>th</sup> Street. WHWC staff completed the line between 15<sup>th</sup> and 16<sup>th</sup> Street before the road was repaved, which was a big cost savings to the company. Director Green commended staff for finishing the job quickly.
- e. Yucaipa GSA Update – The May GSA meeting was held on May 27 at 10:00 am by teleconference. The main topic of discussion was an update on the USGS groundwater model, project schedule and budget. The project remains ahead of schedule and below budget. The next meeting will be on June 24, 2020 at 10:00 am and will be teleconference.

b) Action Items

- a. Approval of Updated Acquisition of Service Charges – To approve the updated meter charges based on the 15-year approach and that the meter charges be reviewed and updated annually using this approach.

Director Dahlke does not believe the maintenance cost should be included in the Capital Asset Improvement Cost. He also does not think the AWWA (American Water Works Association) meter schedule capacity is applied appropriately in this case to the EDU (Equivalent Dwelling Unit) cost.

**Motion 04:20** – To approve the updated meter charges based on the 15-year approach and that the meter charges be reviewed and updated annually using this approach. Motion made by Director Burk, seconded by Director Zappia, and passed 4 to 1, with Director Dahlke voting against.

Directors' Matters

- a. General Manager Annual Evaluation – Director Kelly turned in his evaluation for Mr. Iverson. Director Burk will email his evaluation to Mr. Iverson.

The meeting was adjourned at 9:25 AM.



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Debbie Patrick, Secretary to the Board