



Western Heights Water Company

32352 Avenue D • Yucaipa, CA 92399-1899

Office (909) 790-1901 • Fax (909) 797-2619 • www.westernheightswater.org

Minutes of June 21, 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: Ben Kelly, John Dahlke, Duane Burk; General Manager Mark Iverson, and Office Manager Debbie Patrick. Paul Kielhold, MUNI Director was present. Director Dr. Robert Zappia was absent.

1. Public Comment – No public comment.
2. Minutes of Board Meeting – Minutes from the May 15, 2019 Board meetings were reviewed and approved. Motion by Director Burk and seconded by Director Dahlke.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly attended three meetings. Muni agreed to buy some dry year water, up to 10,000 acre-feet of water through the 2019 program at a total cost of \$500,000.
4. Board Meeting Schedule – The July Board Meeting will be cancelled due to vacation schedules. The next meeting will be held Friday, August 16 at 8:00 am.
5. General Manager's Report
 - a) Discussion Items
 - a. Budget Status and Financials – Mr. Iverson noted the company has \$1.9 million in the bank. Revenues are down due to the time of year but are increasing. Revenue has exceeded expenses this month. Director Green pointed out the increase in the fees collected for the Water Supply Reliability fee for home sales and the increase in the interested earned. There was an error in how two employees were set up in ADP, resulting in their pension benefits not being reported correctly. This has been resolved.
 - b. Water Sold – The company has seen an overall increase in the amount of water sold since 2015. This is due to the hotter weather and customers are becoming a little less cognizant of conservation. For the first 4 months of 2019, water sales have been down approximately 30 percent, due to the large amount of rainfall and lower temperatures. For May, water sales are approximately 40 percent higher than in May 2018. Overall, we are expecting water sales to be at or above 2019 sales by the end of the year.
 - c. Asset Replacement Plan – Work continues on the asset replacement plan. Information on the assets including installation date, useful life, remaining life, and estimated replacement costs has been gathered. Natasha Pevac, from Capital Objects who helped with the rate study, is helping develop an asset replacement

model. The model will help us determine how much we should be collecting each year for asset replacement. We are looking at each asset to determine the annual cost for that asset, then summing the annual costs for each asset to determine the annual assessment cost. The model will include the interest rate of return on monies we have in the bank, which accumulate and interest compounds; and it will allow us to make changes to remaining life and estimated replacement costs. Mr. Iverson hopes to have the model complete by the middle of August 2019.

- d. Water System Model Update – Hillwig-Goodrow has completed field data collection for the water system elevations and they are currently processing the elevation information. They should have it to us by June 24. We have also gathered information from our SCADA system on hourly changes in water demands. We will use this information to update the water system model, which will provide us a more accurate estimate of the system. We plan to have the model updated and ready to run future scenarios by the end of August 2019.
- e. Water System Improvements – We have begun installation of new magnetic flow meters and pressure transducers at each of the four booster sites. The magnetic flow meters are very accurate and very reliable, compared to the existing propeller meters. With the new meters and pressure transducers, we will be able to monitor through SCADA the total dynamic head and flow for each booster at 15- to 30-minute intervals throughout the day. This will allow us to select the best pumps for each location. The goal is to reduce energy consumption and improve reliability of the booster stations. When completed, we will be able to accurately monitor flow through SCADA, change the flow set point, and turn flow on and off as needed at specific times of the day.
- f. Yucaipa GSA Update – The next GSA meeting is Wednesday, June 26, 2019 10:00 am at the City of Yucaipa. The main topic of discussion will be potential groundwater recharge projects, and which projects to include in the groundwater model. The outreach meeting for elected officials on June 19 was well received.
- g. Sanitary Survey – The State Water Resources Control Board was here June 6 for the sanitary survey update. They toured and inspected our facilities and reviewed and asked to see records about our water quality testing, asset replacement, budget and other things. The survey went very well. We were able to provide the RWQCB all the information they requested. So far all of their comments have been minor. We will get the results and recommendation in 60 to 90 days.
- h. Well 2A Update – Mr. Iverson has been working with the attorneys on the 123 TCP. They are in the document discovery phase.

b) Action Items

None

6. Directors' Matters

- a. Director Kelly had the engineers at Valley come up with a cost to build a pipeline for the treatment plant down to our area. It would be very expensive. Mr. Iverson estimates it would be in excess of \$5 million.

- b. Director Green reported that he and Mr. Iverson spent two days in meetings with Cal Mutuals. The new requirement for service disconnection for non-payment was one of the major topics. Mr. Iverson and Ms. Patrick are working on the changes needed to meet the requirements.
- c. Director Burk requested as we move forward with projects with Muni and the joint relationship with the City, to include all the alternatives for us to build.
- d. The Board members discussed the General Manager's annual evaluation. Director Kelly noted he has spoken to people at Valley and other places, and they have had some very good things to say about Mr. Iverson.

The meeting was adjourned at 9:05 AM.



Debbie Patrick, Secretary to the Board