



Minutes of August 16, 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, August 16, 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. Susan Allen and Gabriel Dima-Smith from Ortega Strategies were present.

1. Public Comment – Ms. Allen gave an overview of CalMutuals including how they are assisting mutual water companies in the state. Western Heights is a charter member of CalMutuals. Mr. Dima-Smith gave an update on pending legislation.
2. Minutes of Board Meeting – Minutes from the June 21, 2019 Board meeting was reviewed and approved. Motion by Director Burk and seconded by Director Zappia.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly attended three meetings. There wasn't anything significant to WHWC to report.
4. Board Meeting Schedule – The September Board Meeting will be held Friday, September 20 at 8:00 am.
5. General Manager's Report
  - a) Discussion Items
    - a. Water Sold – Water sales overall for 2019 are approximately 11 percent below last year.
    - b. Budget Status and Financials Water Sold – Total revenues for 2019 are down slightly year to date from this time in 2018. There are no unexpected variances in the budget.
    - c. Water System Model Update – Work continues to refine and calibrate the water system model. The water system demands and node elevations have been updated. We are working now to refine the pump curve information for the booster stations to improve the accuracy of model. Once satisfactorily calibrated, we will run scenarios to determine ultimate water storage requirements. So far, there have been no major deficiencies found in the pipe sizes. Ultimately, we will use the model to evaluate the affect each new development has on our water system as they connect, and require them to make any required improvements. We will also use the results to develop a water system master plan for the water system.

- d. Water System Improvements – We are completing installation of the new magnetic flow meters and pressure transducers at each of the four booster sites. There was a delay in delivery of one of the meters, and one had to be returned to the manufacturer for repair. Based on the information I have collected so far from the new meter installations; I am working to select better pumps for the 11<sup>th</sup> and D Street Booster Station.
- e. Yucaipa GSA Update – The next GSA meeting is Wednesday, August 28, 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 and the status of changes the USGS has been making to the model.
- f. Sanitary Survey – The Regional Water Quality Control Board was here June 6 for the sanitary survey update. We received the findings of the survey, August 5. We are still reviewing the findings. There are no major deficiencies with our system. Overall, the report says we are in good condition. There are a couple of items identified that we are working on:
  - 1. The report makes note of the frequent stopping and starting of the pumps are the 11<sup>th</sup> and D Street booster. They point out a few problems with the hydro-pneumatic tank that is at the station. We are aware of this issue, and we are working to select better pumps and to change the control logic to improve the station performance.
  - 2. The reports states that we do not have sufficient water supply capacity with the largest well pump out of service. Well 2A being offline is the primary reason. However, we found an error in the daily water demand data they are using. They base this deficiency on the maximum daily water demand. The demand listing in the report two times higher than or current maximum demand over the past three years. The data used is provided by the Company, and we believe there is a reporting error. We are investigating and will contact the Department of Water Resources staff to get this correction made.
- g. Asset Replacement Plan – Significant progress has been made on the asset replacement model. Based on input we received from the Board at the workshop meeting today, we will make final changes to the model and bring to the September meeting our recommendation for changes to the annual assessment amount. The Board requested that Mr. Iverson reach out to the shareholders regarding the proposed assessment increase. Mr. Iverson will begin drafting proposed changes to the Investment Policy to include investing in long term bonds. These investments can be used for asset replacement in the future.

Action Items

None

6. Directors' Matters

None

The meeting was adjourned at 9:45 AM.



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Debbie Patrick, Secretary to the Board