



Western Heights Water Company
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Minutes of September 21, 2018 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, September 21, 2018. President Green called the meeting to order at 8:00 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 August 17, 2018 meeting were reviewed and approved. Motion by Director Burk and seconded by Director Dahlke.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported MUNI is working with Morongo to relocate a pipe.
4. Board Meeting Schedule for 2018 – The October Board Meeting is scheduled for Friday, October 19 at 8:00 am. Unless something pressing comes up, there will not be a meeting in November. The December meeting is tentatively scheduled for Friday, December 14, followed by the company Christmas luncheon.
5. General Manager's Report
 - a) Discussion Items
 - a. Budget Status and Financials – Interest earned on the bank accounts last year was \$5,000. The first two CDs to mature by the end of the year will earn more than \$5,000. As the CDs mature, they will be rolled over and reinvested if the money is not needed for capital funds. Income is below projections due to the delay in the rate increase. Expenses were up due to some needed projects and the purchase of a new service truck. Overall the budget and finances look good.
 - b. Stock Split Update – Requests for printed stock certificates are still coming in. To date staff has printed and mailed out approximately 1,200 certificates. No other issues or concerns are coming up.
 - c. Yucaipa Basin GSA – A board meeting was held on August 29. One of the main agenda items was the selection of a consultant to prepare the GSP document. Dudek was determined by the board to be most qualified of the three consultants that presented proposals; however, Dudek's fee estimate was the highest of the three. A sub-committee of Joe Zoba, Dave Armstrong, and Mr. Iverson was formed. The subcommittee met with Dudek on August 14 to discuss their fee estimate. Dudek lowered their fee estimate based on information the subcommittee gave them about the Yucaipa Basin, the member agencies, available data, and the anticipated schedule. Dudek's original fee estimate was

based largely on their recent experience completing the Fox Canyon GSP document in Ventura County. For that GSP, there were many diverse and competing interests between wealthy landowners, mutual water companies, public water companies, and local farmers. These competing interests resulted in extra runs of the groundwater model, and significant delays to resolve issues. Based on input from the subcommittee and discussions at the board meeting, the board voted to award the contract to Dudek. The next GSA board meeting is September 26, 10:00 am at the City of Yucaipa. There won't be meetings in November and December.

- d. Yucaipa Boulevard Widening – WHWC crews completed installation of three 8-inch pipelines across the boulevard. They are working on the installation of service laterals and meter boxes for the 11 new businesses planned between Hampton Road/Avenue E and 17th Street on the south side of Yucaipa Boulevard.
- e. New Development – Another development of approximately 70 homes near Avenue D and 13th Street is being planned. This makes a total of three residential developments totaling approximately 175 homes that has contacted us about residential water service. Because of numerous proposed developments, Mr. Iverson is working to update the hydraulic model to ensure that any necessary pipeline or storage tank improvements are included as part of the connection fees and conditions.
- f. Rate Study – The financial and rate data has been uploaded to the Capital Objects Aqua Rate Study software. Mr. Iverson had a kickoff meeting with the Capital Objects team on September 18. Follow up meetings are scheduled to refine the data and develop alternative rate structures for evaluation. The rate study analysis should be completed by the end of 2018

b) Action Items

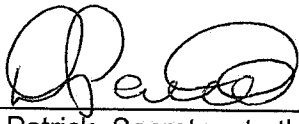
- a. Financial Goals Policy – Mr. Iverson recommended the Board approve the following:
 - 1. The company attain \$4.5 million dollars in cash reserves by December 31, 2023;
 - 2. That a minimum bank balance of \$1,500,000 be established;
 - 3. Any spending that results in a bank balance of less than \$1,500,000 requires a super-majority vote of the board;
 - 4. Changes to the minimum bank balance requires a super-majority vote;
 - 5. Once attained, the cash reserves shall be reviewed annually and adjusted for inflation.

Motion 16:18 – To accept the General Manager's Financial Goals Policy as presented. Motion was moved by Director Burk, seconded by Director Zappia and approved by unanimous vote.

6. Directors' Matters

- a) Director Burk asked Mr. Iverson to look into having the driveway to the house repaved.
- b) Director Green, Mr. Iverson, and Ms. Patrick reported on the Cal Mutuals/JPRIMA annual meeting. The experience was positive for all. Cal Mutuals listened to all suggestions and will be working to implement quite a few of them.
- c) Director Green reported there seems to be a void with some agencies regarding the GSA/GSP. Some of the boards are not familiar with the process. He would like to have a positive working relationship with the other boards.

The meeting was adjourned at 8:45 am.



Debbie Patrick, Secretary to the Board