



Minutes of October 19, 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, October 19, 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 September 21, 2018 meeting were 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 was nothing significant to Western Heights to report.
4. Board Meeting Schedule for 2018 – Due to the Directors' schedules, the Board will not meet in November. The next regular Board Meeting is Friday, December 14 at 10:00. The company Christmas lunch will follow the meeting.
5. General Manager's Report
 - a) Discussion Items
 - a. Budget Status and Financials – The financials look good. Mr. Iverson will look at rates once the rate study is complete. Director Burke recommends rate increases in the winter rather than the summer.
 - b. Draft Proforma 5-Year Budget – Mr. Iverson presented the draft budget, based on current projections. The budget assumes zero growth for revenue and includes \$750,000 in acquisition fees over the course of five years. The Board recommends basing future rate increases to the Consumer Price Index (CPI) if the company projected increase is lower than the CPI. Director Burke would like the 1825 (major construction) projects listed. Mr. Iverson will refine the 2019 budget and present it at the December meeting for approval.
 - c. Yucaipa Basin GSA – A board meeting was held on September 26. The key discussion items were that MUNI agreed to pay 100 percent of the cost for the ground water model and to re-allocate approximately \$400,000 of grant funding from groundwater modeling to preparation of the GSP document. The consulting agreement with Dudek will be presented to the MUNI board at their next board meeting. A kickoff meeting with Dudek will be scheduled sometime in October or November. It was agreed that the entire GSA board will serve as an Ad Hoc Technician Advisory Committee. The USGS will be involved in the process and will serve on the Technician Advisory Committee. The city of Calimesa plans to pull

out of the GSA. There will not be meetings in November and December. Members will be getting data to Dudek during this time. The next meeting is October 24. Director Green encouraged the board members to attend the meeting if they are available.

- d. Well 9 – Layne completed video inspection, bushing and bailing, and pump testing of the well. They estimate the well will produce about 150 gpm. Given the low production, Mr. Iverson plans to install a small submersible pump and put the well back on line. He is waiting on the written quote and some water quality results to come back from the lab.
- e. Well 10 – Work is scheduled to remove the pump, video inspect, and to brush and bail Well 10 in the next three to four weeks. The production of the well had dropped off significantly. It likely due to a pump problem. The claim for Well 2A is proceeding. The attorney hopes to get it on the court docket soon.
- f. Land Use/Water Supply Projections – Mr. Iverson and the fall intern, Brooke, are putting together water supply projections based on the City of Yucaipa land use planning maps. The projections will help WHWC plan how long we can serve customers from just our groundwater and at approximately what population and year we will have to import water to meet demands. We import water now, but we have the option to use just the groundwater. In the future, we won't have this option.
- g. Rate Study – Mr. Iverson is continuing to work with Capital Objects to input the financials into the Aqua Rates Planner software. Most of the data is in the system. The investments, operating capital, and capital projects information is being revised. As soon as that is complete, the baseline models will be developed. One based on the proforma budget projections and one based on water consumption projections. We are looking to see which is the best approach for modeling. Once this is complete, we will develop various rate scenarios. Mr. Iverson plans to have draft rate scenarios ready to present to the board in December

b) Action Items

- a. Insurance Premium Increases – Mr. Iverson reported the company paid health insurance premium is increasing 7.53 percent for 2019. This is an additional \$5,036 for the year. After reviewing other health insurance coverages available, the current Blue Shield Platinum Trio ACO plan is still a good plan for the employees and their families. The basic life insurance paid for by the company is increasing \$108 for the year. There is no premium change to the vision plan, which is paid by the company or the employee paid dental and additional life insurance. Mr. Iverson recommended the Board approve continuing to offer the current benefit package to employees.

Motion 17:18 – To accept the General Manager's recommendation to continue to offer the current employee benefit package for 2019. Motion was moved by Director Burk, seconded by Director Zappia and approved by unanimous vote.

6. Directors' Matters

- a) Director Green proposed holding board workshops, so the board has better understanding of topics pertaining to the cost, distribution, and supply of water. This will enable the board to make informed decisions.
- b) Director Burke discussed board member compensation. The directors put in a lot of time and attend outside meetings. He suggested additional compensation for meetings that are relevant to WHWC. Mr. Iverson will work with Director Green to develop a policy.

The meeting was adjourned at 9:00 am.



Debbie Patrick, Secretary to the Board