



## Western Heights Water Company

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### Minutes of October 18, 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, October 18, 2019. President Green called the meeting to order at 8:30 am. Directors present: Dr. Robert Zappia, Ben Kelly; General Manager Mark Iverson, and Office Manager Debbie Patrick. Paul Kielhold from MUNI was also present. Directors John Dahlke and Duane Burke were absent.

1. Public Comment – Mr. Kielhold gave an update from the State Water Project Tour. MUNI hopes to have a new general manager hired by the end of this year.
2. Minutes of Board Meeting – Minutes from the September 20, 2019 Board meeting was reviewed and approved. Motion by Director Zappia and seconded by Director Green.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly presented information on PFAS and PFOS testing in Orange County. The State does not have any requirements for testing and they don't know what levels are considered dangerous.
4. Board Meeting Schedule – There will not be a meeting in November. The next meeting is scheduled for Thursday, December 12 at 10:00 am, followed by the company Christmas luncheon.
5. General Manager's Report
  - a) Discussion Items
    - a. Water Sold – Water sales overall for 2019 are approximately 2.4 percent above what they were last year for September. Overall, we are about 10 percent below year to date.
    - b. Budget Status and Financials Water Sold – Total revenues for 2019 are down slightly year to date from this time in 2018 due to the lower water sales for January through April. There are no unexpected variances in the budget.
    - c. Water System Improvements – Work has begun to install the new electrical switch gear at the 11<sup>th</sup> and D Booster. The new booster pumps were delivered. The new pumps should be online by the end of year. Staff completed automation of the valve controlling flow from YVWD. The new controls allow us to set a specific setpoint remotely. We can also schedule different setpoints throughout the day.

- d. Yucaipa GSA Update – The next GSA meeting is Wednesday, October 23, 2019 at 10:00 am at the City of Yucaipa. The main topic of discussion will be developing a request for proposals for the data management system. There will not be GSA meetings in November and December.
- e. CalMutuals Annual Meeting – The annual meeting was held on October 3 and 4 in Paso Robles. The key topics were updates on various legislative issues, implementation of SB998 – Discontinuation of Residential Water Service for Non-Payment, and new federal requirements for vulnerability assessments and emergency response plans. The meeting was very informative and worthwhile.
- f. SB998 Discontinuation of Water Residential Water Service for Non-Payment – This new law changes the requirements and procedures relating to the discontinuation of water services to a residence. We have to comply with the new law on April 1, 2020. We are required to have a Service Discontinuation Policy. One of the major components of the policy is an account must be delinquent for at least 60 days before service is disconnected. There are notices that must be delivered to the customers before service is disconnected. The policy and notices also must be written in English along with five other languages (Spanish, Chinese, Korean, Vietnamese, and Tagalog) and any other language spoken by 10% or more of the customers in our service area. A brief outline of the required changes is attached in a separate general manager's report.

#### Action Items

- a. Insurance Premium Increases – There will be an 11.9 percent increase in medical benefits for the employees. The coverage is basically the same, with a higher out of pocket for employees. Other coverages are considerably higher and don't provide better benefits. Mr. Iverson recommends the Board approve the benefit package as presented.

**Motion 06:19** – To approve the benefits package as presented and the company continues to provide medical benefits at 100 percent. Moved by Director Zappia, seconded Director Kelly, passed unanimously.

- b. Assessment Amount Increase – Letters were sent to all shareholders regarding the proposed increase. The office received 11 responses, with two shareholders against the increase. The other shareholders understood the reason. Mr. Iverson recommends increasing the assessment amount by 20 percent beginning January 1, 2020.

Director Zappia wants to make sure the assessment money collected is going toward capital improvements. Mr. Iverson noted all capital projects are budgeted for with money collected from the assessments. Each project is tracked separately and is included with the monthly budget information. Mr. Iverson will review the assessment amount annually to ensure it is in-line with the company's financial goals.

**Motion 07:19** – To approve a 20 percent increase in the annual assessment effective January 1, 2020. The assessment money is to be used for capital projects, with a super majority vote by the

Board for the money to be used for other purposes. Moved by Director Kelly, seconded by Director Zappia, passed unanimously.

Mr. Iverson is reviewing the Financial Goals Policy and may bring some recommendations to the Board. The policy is to be reviewed periodically to ensure the company will remain financially solvent in the future.

6. Directors' Matters

None

The meeting was adjourned at 8:55 AM.



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Debbie Patrick, Secretary to the Board