

**WESTERN HEIGHTS WATER COMPANY  
32352 AVENUE D  
YUCAIPA, CA 92399-1899**

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

10:00 a.m. Friday, December 14, 2018

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CALL TO ORDER / PERSONS IN ATTENDANCE

1. PUBLIC COMMENT

2. APPROVAL OF MINUTES

October 19, 2018 Board Meeting

3. SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

Report - Ben Kelly

4. JANUARY BOARD MEETING

Friday January 18, 2019 at 8:00 am

5. GENERAL MANAGER'S REPORT:

a) Discussion Items

- a. Budget Status and Financials – Exhibit 1
- b. Water Supply Reliability – The loss of Well 2A due to 123TCP contamination reduced our water production capacity by approximately 18 percent. This causes us to be out of compliance with the sanitary survey in terms of water supply redundancy. We have been voluntarily importing approximately 20 percent of our total water served from Yucaipa Valley Water District. Now that Well 2A is offline, we must import 18 to 20 percent to maintain water supply reliability.
- c. Yucaipa Basin GSA – A GSA board meeting was held November 14. The City of Calimesa has withdrawn from the GSP. The MOA requires that they give 90-day notice. The notification arrived October 4, so their last day on the GSP is January 4, 2019. Calimesa is financially responsible for costs incurred up to the day of their withdrawal, which means they are responsible for their portion of consulting fees for the GSP consultant. The next meeting is January 23, 2019.
- d. Well 2A TCP – Legal counsel is working to have our case for 123TCP contamination put on the docket with the San Bernardino Superior Court. The settlement will likely take several years. We have retained Hazen to help us design and submit an activated carbon system for the well to the Water Resources Control Board for approval. The total consulting fee is \$160,000. We should be reimbursed for the consulting fee with the settlement; however, the work to remove TCP needs to be done even without the settlement. Hazen is

one of several consultants that have experience with activated carbon systems and TCP removal.

- e. Well 9 – We plan to reactivate Well 9. The estimated capacity is 150 gpm. We plan to install a submersible pump system because of the low flow capacity. The new pumping equipment and electrical is \$68,000. Work will begin after January 1, 2019. The pump will be online by the summer 2019. We need the additional pumping capacity because of the loss of Well 2A.
- f. Well 10 – The pump and motor from Well 10 has been removed and the casing bush, bailed and video inspected. The casing is in acceptable condition, but it is approaching the end of its life. The pump bowls and column pipe were badly worn and need to be replaced. The motor will be replaced with a premium efficiency motor. The cost of the new pump and motor is \$63,000. The restored capacity will be approximately 330 gpm. The capacity of the well had dropped to less than 100 gpm.
- g. Land Use/Water Supply Projections – We have completed our land use and water supply projections. We currently serve approximately 2,200 customers and deliver 1,800 AF of water per year. At ultimate buildout, we estimate our annual water deliveries will be 5,100 AF per year. The safe yield of the Western Heights Water sub-basin is 2,200 to 3,000 AF per year. The actual safe yield will be determined in the GSP. Regardless of the determined safe yield, we will need to import the majority of our water supply at some point in the future. See the attached general manager’s report for more detail.
- h. Rate Study – I have begun developing new proposed water rate structure. I have developed a three-tier and a four-tier system. I am recommending the four-tier option. A key problem with our current rate system is that there is no cap on the excess rate, and we cannot remain financially sound in the future as water supply demands increase. Either of the two rate structures solves the problem. The four-tier option ensures that wasteful water users pay their fair share of water costs. I will bring back final recommendations to the board in January and February, and I hope to implement the new rates in March, after the annual shareholders’ meeting. See Exhibit 2 for comparison of rate alternatives.

b) Action Items

- a. 2019 Proforma Budget – See attached general manager’s report.
- b. Cost of Living Increase for Staff – See attached general manager’s report.

6. DIRECTORS’ MATTERS