



Western Heights Water Company

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Minutes of January 19, 2024, 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, January 19, 2024. President Duane Burk called the meeting to order at 8:00 AM. Directors present: Armando De La Paz, Benjamin Kelly; General Manager Mark Iverson, Office Manager Debbie Patrick. Director Robert Zappia M.D attended via conference call.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the December 15, 2023 Board Meeting were reviewed and approved. Motion made by Director De La Paz, seconded by Director Kelly, and approved unanimously.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported MUNI has 51,300 acre-feet of carryover water from last year and 3,000 acre-feet store in Kern County. The Table A allocation is still at 10 percent but may increase. MUNI is holding an anniversary event in Redlands on February 22. MUNI's annual audit was completed with no issues to report.
4. Board Meeting Schedule – The next Board meeting will be Friday, February 16 at 8:00 AM. The Annual Shareholders Meeting will be Wednesday, March 20, 2024 at 6:00 PM.

5. General Manager's Report

a) Discussion Items

- a. Water Sold – Water sales for December 2023 are 14% higher than they were for December 2022, and 15.9 lower than for this time in 2022. Overall water deliveries for 2023 were 1568 AF compared to 1864 AF in 2022 which is 16% percent less.
- b. Budget Status and Financials – Total revenues for 2023 are 14.6 percent higher than this time last year. Expenses are 4.3 percent lower than this time last year. The table below shows the actuals verses budgeted amount for total income, total expense, and net income.

Total Expenses were \$136,085 less than budgeted. Total income was \$510,903 more than budgeted. The higher than budgeted income was primarily from the water supply reliability fees and acquisition for service fees, which total \$624,032. The total income budget for these line items was \$245,683. Subtracting this from the actual amount leaves \$396,349 of additional income for these line items. Other income items that were substantially above the budgeted amount were interest income, miscellaneous income, and rental income.

The total capital expenses for 2023 (1825 account) were \$323,877 compared to \$350,000 budgeted. The special expenditures for 2023 (1830 account) were (\$39,816). The company made more than we spent. This is due to work done for the City of Yucaipa where the actual costs were less than the agreed price.

The company ended the year very well overall, and this shows our budgeting strategy is good.

There were no questions regarding the Accounts Payable Register and Major Projects.

- c. Proposed Budget for 2024 – Mr. Iverson presented the proposed budget for 2024. He has taken the same budget approach as with previous years. Income projections are slightly increased and include only the income that we feel certain about, which is primarily basic meter charges, water consumption charges, assessments, and rental income. For expenses, we try to be reasonable and include expected increases in all categories. We also try to anticipate areas where we can reduce expenditure for the year. The overall change to the budget is 10-percent. Additional solar will be installed in 2024, which should be a substantial savings on electrical costs.

Mr. Iverson is proposing \$350,000 for 1825 Capital Projects, which includes annual pipeline replacement work, solar improvement, etc., and \$50,000 for 1830 Special Expenditures, which includes Yucaipa GSA expenses, outside services for the lead services line inventory, and other similar tasks.

- d. GSA Update – Mr. Iverson reported the GSA Groundwater Plan that was submitted in early 2022 has been approved. The team is in the administration part of the plan. The next milestone will be transfer of pumping credits. The next meeting in January 24.

6. Action Items

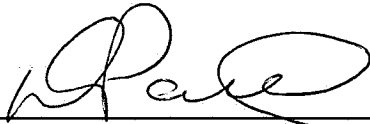
Mr. Iverson recommends approval of the 2024 budget as presented.

Motion 01:24 – Approve the 2024 budget per the General Manager’s recommendation. Motion was made by Director De La Paz, seconded by Director Kelly, and approved unanimously.

7. Directors' Matters

None

The meeting was adjourned at 08:29 AM.

A handwritten signature in black ink, appearing to read "Debbie Patrick", written over a horizontal line.

Debbie Patrick, Secretary to the Board