



Western Heights Water Company

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Minutes of January 17, 2025 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 17, 2025. President Duane Burk called the meeting to order at 8:01 AM. Directors present: Robert Zappia M.D, Benjamin Kelly, Chris Venable; General Manager Mark Iverson, Office Manager Debbie Patrick. Director Armando De La Paz attended telephonically.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the December 13, 2024 Board of Directors Meeting were reviewed and approved. Motion made by Director Venable, seconded by Director Zappia, and approved unanimously.
3. San Bernardino Valley Municipal (MUNI) Report – MUNI has established a 15% allocation as a beginning point. They expect to increase it later. Mr. Iverson noted that although it is dry locally, there is a pretty good snowpack.
4. Board Meeting Schedule – The February Board of Directors meeting will be Friday, February 21 at 8:00 AM.
5. General Manager's Report

a) Discussion Items

- a. Water Sold – Water sales for December 2024 are 5.0% higher than they were for December 2023. Year to date sales is 11.4% higher than this time in 2023. Mr. Iverson expects water sales to be the same, perhaps a little more for 2025.
- b. Budget Status and Financials – Total revenues for 2024 are 20.4% higher than this time last year. Expenses are 14.8% higher than this time last year. The bank balance is lower due to the loan made to Weaver for the Cherry Valley properties. The money will be coming back to the company with interest. Quarterly payments will begin in March 2025. Expenses were higher due to some end of the year software expenses, electricity, and other operational expenses.

The Accounts Payable Register for December and Major Projects were reviewed.

- c. 2024 Budget Overview – Total net revenue for 2024 was \$1,277,649. The net revenue budget for 2023 was \$316,713. The large difference is because of connection and acquisition of service fees. Subtracting the connection and acquisition of service fees leaves \$323,462. The company completed the year on budget without the new fees.

Total operating income was \$2,548,442 compared to \$2,343,034 budgeted. Total expenses for 2024 were \$2,893,934 compared to \$2,611,574, which is approximately 11% higher than budgeted. This is due to higher-than-expected increases in materials, fuel and insurance costs.

Interest, late fees and rental income were \$324,039 compared to \$110,000 budgeted.

The budgeting approach has shown itself to be sound. Mr. Iverson is proposing a similar approach for 2025.

Proposed 2025 Budget Overview – Mr. Iverson is recommending a budget of \$3,047,846 for total income, which is about 4% higher than for 2024 budget and \$2,660,484 for expenses, which is approximately equal to the 2024 budget. We are assuming less inflation in 2025 and there were some expenses in 2024 that can be reduced in 2025. Based on these numbers, net income will be \$387,362 which is 21% higher than estimated for 2024.

Motion 01:25 – To approve the 2025 budget as presented. Motion made by Director Kelly, seconded by Director Venable, and approved unanimously.

b) Updates

- a. Weaver Cherry Valley Property – The property closed December 31, 2024. The first quarterly payment is due March 2025.
- b. 0 Tennessee – The grading plan and tract map was approved. The County is assigning APN numbers. Mark Weaver is planning to start grading in March or April.
- c. Power Outage – SCE did a PSPS for most of Yucaipa January 8 -12. The Western Heights office and sites ran on generator power during this time. There were no issues with water services.

d. New Projects

- i. 32598 Oak Glen Road – Invoices in the amount of \$241,604 for line improvement and \$114,392 for connection fees have been issued. Additional connection fees of \$95,483 will be invoiced later when work on the other structures begins.
- ii. Yucaipa Pointe – Grading has begun for Trader Joe's and two additional buildings. Connection fees totaling \$194,393 have been invoiced.
- iii. Avenue E & 12th Street – A meeting is scheduled next Tuesday to discuss fees and improvements needed for the proposed project. The project is planned for 127 condo type homes. Director Venable reported this project is likely to be delayed due to additional requirements for the developer.
- iv. 12204 14th Street – 144 Apartments are proposed. Mark gave a preliminary estimate of \$260,000 for connection fees. Developer will be required to upgrade the existing 8-inch line on 14th St from

Avenue to Yucaipa Blvd. We are waiting for water plans from the developer to review so we can determine the exact fees

- v. 32788 Oak Glen – Line upgrade is complete. Awaiting payment of \$45,000 for additional work requested by the developer. Connection fees have not been paid. They are estimated to be \$196,000.

- e. Yucaipa GSA – The first GSA meeting of the year is Jan 22, 10:30 am at the City of Yucaipa Community Room.

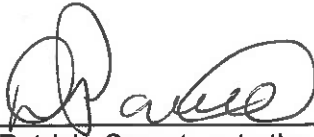
Action Items

All items acted upon in the General Manager's Report

Directors' Matters

Nothing to report.

The meeting was adjourned at 8:31 AM.



Debbie Patrick, Secretary to the Board