

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

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

8:00 a.m. Friday, January 22, 2021

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CALL TO ORDER / PERSONS IN ATTENDANCE

1. PUBLIC COMMENT

2. APPROVAL OF MINUTES

December 16, 2020

3. SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

Report - Ben Kelly

4. BOARD MEETING SCHEDULE

January Board Meeting – Friday, February 19 at 8:00  
Annual Shareholders' Meeting

5. GENERAL MANAGER'S REPORT:

a) Discussion Items

a. Water Sold – Exhibit 1

Water sales for December 2020 are 20.9% higher than they were for December 2019. Overall, for 2020, water sales are 5.7% higher than the total for 2019.

b. Budget Status and Financials – Exhibit 2

Total Bank Balance	\$1,535,511
Total Revenues:	\$242,203
Total Expenses	<u>\$199,500</u>
Net Income	\$ 42,703

Total revenues for 2020 are 17.7 percent higher than 2019. Expenses are 4.8 percent higher from last year. There were no unexpected variances in the budget.

Major Projects – Exhibit 3

c. 2020 Budget Year-End Summary

Budget performance for 2020 was excellent. Revenues were up \$427,000 over December 2019, and \$302,000 over what was budgeted for 2020.

Expenses were down \$61,000 from what was budgeted for 2020 and Net Income was \$364,000 over what was budgeted for 2020.

Net cash on hand is \$865,000 over December 2019, but \$351,000 below what was budgeted for 2020. The difference was due primarily to the change orders for the pipeline replacement work on Avenue D and the additional pipeline work on Avenue D we did ahead of unplanned street paving by the City of Yucaipa on Avenue D.

The table below summarizes the budget performance for 2020. The complete year-end budget performance is shown in Exhibit 2.

	2020 Budget			
	2020 YTD	2019 YTD	Total	% YTD
<b>Total INCOME</b>	\$ 2,849,947	\$ 2,422,366	\$ 2,547,049	111.9%
<b>Total EXPENSES</b>	\$ 1,989,157	\$ 1,898,345	\$ 2,050,779	97.0%
<b>Net Income (Cash Basis)</b>	\$ 860,790	\$ 524,021	\$ 496,270	173.5%
<b>NET CASH ON HAND</b>	\$ 1,799,511	\$ 933,760	\$ 2,150,723	83.7%

d. 2021 Proposed Budget Summary

The proposed budget for 2021 is shown in Exhibit 4 and summarized in the table below.

	2021 Budget		
INCOME	2020 YTD	Total	% of 2020
<b>Total INCOME</b>	\$ 2,849,947	\$ 2,953,892	103.6%
<b>Total EXPENSES</b>	\$ 1,989,157	\$ 1,874,702	91.4%
<b>Net Income (Cash Basis)</b>	\$ 860,790	\$ 1,079,190	125.4%
<b>NET CASH ON HAND</b>	\$ 1,799,511	\$ 4,039,701	224.5%

Key Budget Assumptions for 2021

- 2% increase in water sales due to growth
- 50% increase in revenue due to new connections, acquisition of services and water supply reliability fees
- 2.5% rate of return on investments
- 3.6% total increase in net income.
- Expenses will increase 3% to 5% for energy, labor, and insurance.
- Other expenses are reduced or held the same as for 2020
- 8.6% net decrease in total expenses

- \$118,000 in payments for long-term water supply agreement with YVWD
- \$120,000 payment for new tank site from Dangermon Foundation
- \$657,000 total for major project expenditures for 2021
- \$2.5M additional revenue from TCP Settlement

e. Projects Status Update

Well 2A GAC Treatment –The GAC equipment and below grade piping is complete. Don Peterson is waiting on delivery of the above-ground piping, which has been delayed due to COVID-19. We are also still waiting on the permit for DDW. The GAC system should be ready for operation by mid-February 2021.

f. Draft Cross Connection Ordinance

An updated cross connection ordinance is in Exhibit 5. Adoption of this ordinance will allow us to move forward with taking over recycled water deliveries in our service area. I plan to present the final version of this ordinance to the Board for approval in February.

6. ACTION ITEMS:

7. DIRECTORS' MATTERS