



Western Heights Water Company

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Minutes of April 15, 2022 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, April 15, 2022. President Green called the meeting to order at 8:00 AM. Directors present: Benjamin Kelly, Duane Burk, Armando De La Paz; General Manager Mark Iverson, Office Manager Debbie Patrick. Director Robert Zappia was absent. Bill Gray and Tony Phillips from Tri-Focus Wealth Management Group were present.

1. Public Comment – Mr. Gray and Mr. Phillips provided information on the company's current investments and provided information on the current investment market.
2. Minutes of Board Meeting – Minutes from the March 16, 2022 Board Meeting and Annual Meeting were reviewed and approved unanimously. Motion by Director Burk and seconded by Director De La Paz.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported there was nothing pertinent to Western Heights to report.
4. Board Meeting Schedule – The next Board meeting will be Friday, May 20 at 8:00 AM.
5. General Manager's Report
 - a) Discussion Items
 - a. Water Sold – Water sales for March 2022 are 5.1% higher than they were for March 2021, and 7.9% lower than for this time in 2021.
 - b. Budget Status and Financials – Total revenues for 2022 are .4 percent higher than year to date in 2021. Expenses are 24.4 percent higher from this time last year. There are several factors in the increase in expenses. Edison had not billed the company for Well 9 usage for two years, increase in the price of fuel, and overall increases in supplies and materials. The Accounts Payable Register and Major Projects were reviewed.
 - c. Property Purchase – The property at 32390 Avenue D is for sale. It has two duplexes with a large lot in the back, which is contiguous with the company's property on Avenue D. The deadline for offers was April 14. Mr. Iverson and Director Green made an offer contingent on Board approval and viewing of each unit. All offers received were over asking price of one million dollars. The company offered \$1.15 million and they countered with \$1.2 million. The company's offer was accepted at \$1.2 million as that was the strongest offer that offered a quick closing. Rental income from this property will yield significantly more income than the company's current investments. The Tennessee property will be ready to be

put up for sale soon. The funds from that sale will go back into the company's account.

Motion 02:22 – Approve the purchase of the property located at 32390 Avenue D, Yucaipa California, parcel number 03011032110000 to be used as rental property. Purchase price of the property in the amount of \$1,200,000. Purchasing contract date of April 14, 2022. Motion was made by Director Kelly, seconded by Director De La Paz, and approved unanimously, with Director Zappia not present.

d. Projects Status Update

- i. Yucaipa GSA – The first annual report was submitted to Department of Water Resources on schedule. The City of Redlands is considering withdrawing from the GSA. This will result in higher proportioned cost to each member agency. Discussions between the GSA board and the City of Redlands are ongoing. The next GSA meeting is April 27, 2022.
- ii. Lead Service Line Replacement and Customer Income Survey – The state, in conjunction with US EPA requirements, implemented the requirement that all copper service laterals that contain lead be replaced. For WHWC, this applies to service lines installed before 2006. A plan was developed to replace these service lines as part of the routine pipeline replacements; however, we estimate completion to be 2032, which is beyond the state deadline. The State wants the work accelerated. Mr. Iverson is working with Kennedy Communications to conduct an income survey of the service area. This is being done to try to qualify for grant funding available for disadvantaged communities. If successful, the grant will be used to accelerate the lead service line replacements and meet the state deadline. If not, we will have to accelerate our replacement work to meet the state deadline.
- iii. Water Vending Machine – The new alkaline water vending machine has arrived, and staff is working to install it at the corner of 14th Street and Avenue D. We hope to have the machine online by the end of April.
- iv. Groundwater Recharge Project – YVWD has agreed to work jointly with WHWC company on a portable water recharge project. The plan is to recharge potable water into our aquifer by converting old Wells 3 and 6 into injection wells. Because YVWD and WHWC are working together on this, MUNI will provide funding assistance for the project. Mr. Iverson is beginning discussions with MUNI to find out what level of financial support they will provide WHWC for the project. Once they are committed, staff will proceed with the permitting and begin planning the well retrofit work.
- v. Water rates were increased 5% July 1, 2021, and assessments were increased 20% January 1, 2020. Mr. Iverson proposed a 7% increase starting June 1, 2022, for both the water rates and the assessment to keep pace with inflation to ensure WHWC maintains

adequate funding for operations and asset replacement. For a customer with a 5/8-inch meter, using 24 billing units and with 1 share, their will increase from \$86.97 to \$93.06 or \$6.09 per billing period. The table below summarizes the current and proposed rates.

Motion 03:22 – Approve the rate increase of seven-percent as recommended by the General Manager. Motion was made by Director Burk, seconded by Director Kelly, and approved unanimously, with Director Zappia not present.

	Proposed	Current	Increase
Basic (Delivery) Charge	107.0%		
Meter Size	6/1/2022	7/1/2021	
5/8" x 3/4"	\$47.93	\$44.79	\$3.14
1"	\$66.98	\$62.60	\$4.38
1-1/2"	\$95.51	\$89.26	\$6.25
2"	\$129.04	\$120.60	\$8.44
3"	\$196.17	\$183.34	\$12.83
4"	\$287.56	\$268.75	\$18.81
6"	\$510.73	\$477.32	\$33.41
Water Charges			
1-24 Units (24)	\$1.68	1.57	\$0.11
25-36 Units (12)	\$2.31	2.16	\$0.15
37-120 Units (84)	\$3.17	2.96	\$0.21
> 120 Units	\$4.38	4.09	\$0.29
Additional Unit	\$5,803.68	5,424.00	\$379.68
Construction Meter Charges			
Water Chages Per Unit	\$4.38	4.09	\$0.29
Assessments - Per Share/Per Year	\$28.89	27.00	\$1.89


6. Action Items

None

7. Directors' Matters

None

The meeting was adjourned at 9:39 AM.



 Debbie Patrick, Secretary to the Board