



Minutes of April 28, 2023 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 Wednesday, April 28, 2023. President Green called the meeting to order at 8:22 AM. Directors present: Robert Zappia, Benjamin Kelly, Armando De La Paz; General Manager Mark Iverson, Office Manager Debbie Patrick. Directors Timothy Green and Duane Burk attended remotely. Also in attendance: Adekunle Ojo, Manager of Water Resources San Bernardino Water and James Giglio, President Devore Water Company.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the March 15, 2023 Annual Shareholders Meeting and Board Meeting were reviewed and approved. Motion made by Director Zappia, seconded by Director De La Paz, and approved unanimously.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported there is nothing pertinent to Western Heights to report.
4. Board Meeting Schedule – The next Board meeting will be Friday, May 19 at 8:00 AM.
5. General Manager's Report
 - a) Discussion Items
 - a. Water Sold – Water sales for March 2023 are 20.8% lower than they were for March 2022, and 10.2% lower than for this time in 2022. The lower water sales are due to the cool temperatures and the amount of rainfall we had.
 - b. Budget Status and Financials – Total revenues for 2023 are 19.9 percent higher than year to date in 2022. Expenses are 13.5 percent lower than this time last year. Director Green noted the rate structure for the meter charge helps to sustain the company when there is low volume in water sales.
 - c. La Quinta Bridge Crossing – Staff recently completed installation of a new 8-inch water line on the new bridge across the Wilson Creek Channel behind the new La Quinta Hotel. The City of Yucaipa hired WHWC to do this work. The city paid Western Heights \$58,690 for labor and materials. This was work that we accidentally left out the City's contract for the construction of the bridge.
 - d. Dangermond Property – Staff completed relocating an irrigation line that runs across the property purchased for a future reservoir site. WHWC agreed to the work as part of the property purchase. Staff took pictures and documented the work done should any issues arise in the future.

- e. Proposed Rate Increase 2023 – Mr. Iverson recommends a rate increase to keep up with inflation and to meet the company’s financial goals. His recommendation is based on the Consumer Price Index, the increase in overall expenses, and the funding needed for future asset replacements. Mr. Ojo noted agencies do long-term financial planning. He was impressed with the level of detail in the Asset Replacement Plan. After discussion on the impact of various rate scenarios the General Manager recommends an 8.6 percent increase in the basic meter charge and an 7 percent increase in water.
- f. Asset Replacement Plan – As part of the review of rates, Mr. Iverson also looked at and updated the asset replacement model. This ensures that the company will have adequate funds available for asset replacement. The updates include rates of returns on investments, the actual vs estimated replacement costs of assets and other assumptions. The model updates show that the model is working well to plan and fund future asset replacement needs.

Motion 06:23 – Approval for an 8.6 percent increase in the basic meter charge and 7 percent increase in each tier for water charges effective with the billing cycle July 2023. Motion was made by Director Burk, seconded by Director De La Paz, and approved 4-1, with Director Zappia voting No.

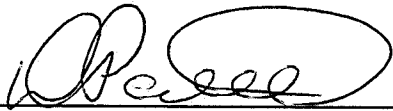
6. Action Items

Approval of the proposed rate increase for 2023 – Discussed and voted on under General Manager’s Report, Item f.

7. Directors’ Matters

None

The meeting was adjourned at 8:53 AM.



Debbie Patrick, Secretary to the Board