



Minutes of April 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, April 19, 2024. President Duane Burk called the meeting to order at 8:03 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 March 20, 2024 Board of Director’s and Annual Shareholders’ 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 the allotment of Table A water was increased to 30 percent. They have carryover water of approximately 45,000 acre-feet. Mr. Iverson noted there is interest with MUNI for WHWC to purchase some storage of the carryover water in the Bunker Hill basin. He will follow-up with MUNI.
  4. Board Meeting Schedule – The May Board of Directors meeting will be Friday, May 17 at 8:00 AM.
  5. General Manager’s Report
    - a) Discussion Items
      - a. Water Sold – Water sales for March 2024 are 7.5% lower than they were for March, and 0.3% higher than this time in 2023.
      - b. Budget Status and Financials – Total revenues for 2024 are 19% higher than this time last year. Expenses are 23.2% higher than this time last year. A vacuum trailer was purchased for \$56,000. Staff will use the vacuum trailer for the lead pipe survey, pipeline leaks, and general pipeline construction. Mr. Iverson went over the budget dashboard, showing the division of the basic water delivery charge versus the rates. Approximately 49% of income comes from the basic rate.
      - c. Rate Increase – Mr. Iverson completed an annual review rate sufficiency. He recommends rates be increased annually to keep up with inflation. He is recommending a 3% rate increase this year.
- Motion 05:24** – To approve a 3% rate increase in the basic meter charge, a 3% increase in each tier for the water charge effective the billing cycle starting July 2024. Motion made by Director De La Paz, seconded by Director Kelly, and approved unanimously.

- d. New Development Update – Mr. Iverson provided an update on the following new developments in the service area.
- i. 18<sup>th</sup> and Avenue E – 19 Townhomes – Connection fees were sent to the developer.
  - ii. 12<sup>th</sup> and Avenue E – 128 Single Family Homes – Developer to meet with Mark to determine fees.
  - iii. Raising Canes – Developer to meet with Mark next week to determine fees.
  - iv. 32788 Oak Glen Road – Gas Station, Hotel – Developer to pay \$140,000 for a new 12-inch pipeline to replace the existing 8-inch line. The developer is expected to begin grading next month.
- e. Lead Service Line Replacement – EPA requires the inventory of all our water service lines be completed by October 2024. After that, WHWC is required to replace any service lines that potentially contain lead. Staff have been replacing old service lines as part of the annual pipeline replacement projects. There will be additional lines to replace, and we expect to be given a deadline of 5 to 7 years to complete the replacements. The State has money available to fund the service line replacement work. Maria Kennedy, who completed our income survey last year, is an expert in obtaining grant funding, and we have asked her to help us apply for any available grants. We need a resolution approved by the Board that approves us applying for the funding. A copy of the resolution is attached, and I am asking the Board to approve Resolution No. 2024-01. Application for the grant does not obligate us accept the grant, and we would review the terms and conditions of the proposed grant closely before presenting the Board for approval.
- Motion 06:24** – To approve Resolution 2024-01 to authorize the General Manager to apply for a grant and loan for the lead service line replacement program that is implemented by the water company through the State. Motion made by Director De La Paz, seconded by Director Kelly, and approved unanimously.
- f. Yucaipa GSA – The second meeting of the GSA for 2024 is April 24.

6. Action Items

None.

7. Directors' Matters

Director Burk is trying to contact a shareholder regarding the open Board vacancy. He will keep the Board updated.

The meeting was adjourned at 8:30 AM.



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Debbie Patrick, Secretary to the Board