



Western Heights Water Company

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Minutes of May 21, 2021 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, May 21, 2021. President Green called the meeting to order at 8:00 am. Directors present: Armando De La Paz, Benjamin Kelly; General Manager Mark Iverson, Office Manager Debbie Patrick. Director Duane Burk attended via conference call.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the April 16, 2021 Board Meeting were reviewed and approved unanimously. Motion by Director De La Paz and seconded by Director Kelly.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly is reviewing the Demand Management Program to see if there is anything pertinent to WHWD. The Advisory Commission is working on the 2020 Upper Santa Ana River Watershed Integrated Regional Urban Water Management Program and the Regional Water Shortage Contingency Plan. They should be approved in June.
4. Board Meeting Schedule – The next meeting will be Friday, June 18 at 8:00 am.
5. General Manager's Report
 - a) Discussion Items
 - a. Water Sold – Water sales for April 2021 are 51.5% higher than they were for April 2020, and 11.5% higher than for this time in 2020.
 - b. Budget Status and Financials – Total revenues for 2021 are 13.2 percent higher than year to date in 2020. Expenses are 23.7 percent higher from this time last year. The funds for the GAC settlement were wired into our account May 3. The directors reviewed the Accounts Payable Check Register for April 2021. There were no questions.
 - c. Projects Status Update
 - i. Well 2A GAC Treatment – The GAC system went online Monday, May 10. There are no problems. The contractor has some work to complete including the fence and a few minor punch list items.
 - ii. South Booster Upgrade – Work to install the new pumps and electrical equipment began May 11 and is scheduled to be complete May 25. This upgrade will be a big improvement in terms of reliability, capacity, and energy efficiency.

- iii. Dangermond Property (North Booster Site) – The property acquisition is in escrow. The deposit has been paid. Mr. Iverson a surveyor to obtain the new APN or to do a lot line adjustment. Once the APN is assigned, Mr. Iverson will need a Resolution from the Board for the purchase of the property.
- d. Proposed Rate Increase for 2021 – Mr. Iverson provided additional information as requested by the Board. Mr. Iverson noted it is important to keep up with expenses and make small changes instead of deferring the costs, which will be a bigger impact for customers. After discussion, the Board agreed to a five-percent meter increase and three-percent water increase beginning July 2021.

MOTION 05:21 – To approve a five-percent meter increase and three-percent water increase beginning July 2021. Motion made by Director Burk, seconded by Director Kelly, and passed unanimously.

- e. Real Estate Issues – Mr. Iverson has asked Tim Green to represent WHWC in real estate related matters including the listing and purchasing of property. He noted Mr. Green is the best person to represent WHWC since he is a board member, a customer of WHWC, and a licensed real estate agent.

MOTION 06:21 – To approve Tim Green as the real estate representative of Western Heights Water Company and have a legal discussion with WHWC attorney as to if it brings on other issues. Motion made by Director Burk, seconded by Director De La Paz, and passed unanimously, with Director Green abstaining.

Mr. Iverson recommends that the Board consider the purchase of additional rental property as part of the company's financial portfolio. The rental property next door has provided a steady monthly income that exceeds the rates of return on our certificates of deposit or Treasury ETF bonds. Investment in real estate can be a secure investment. The basic minimum requirement to purchase rental property would be:

- It is located within our service area.
- It is priced at or below the current market price for similar real estate.
- It can be purchased for cash – no real estate loans taken out to purchase.
- That no significant investment is required to place it on the rental market
- That the return on investment is less than 12 months.

The directors would like to be informed of purchases including a map of the property to be purchased. Mr. Iverson will submit an addendum to the investment policy to include the guidelines for property purchases for investment.

6. Action Items

Discussed and action taken in the General Manager's Report

7. Directors' Matters

Ms. Patrick will send the evaluation worksheet to the Directors for their input.

Director Kelly asked for clarification on the access fees mentioned in the Recycled Water Ordinance. There was an issue several years ago regarding fees and he wants to make sure the company is protected. Mr. Iverson noted the fees are discussed and agreed upon with the customers.

The meeting was adjourned at 9:00 AM.



Debbie Patrick, Secretary to the Board