

**Konocti County Water District
Special Board Meeting Minutes
Friday March 8, 2024**

Time: 2:00 P.M.
Location: Konocti County Water District Business Office

1.0 Call to Order

President Priebe called the meeting to order at 2:00 p.m.

Board Members Present:

President Priebe
Vice President Stanley
Director Cook
Director McKay

Board Members Absent:

Director Flora

Staff Present:

General Manager Costner

Staff Member Absent:

Auditor/Secretary Gallizioli

Other Guests:

Mary Flemming (RCAC) by Zoom
Alan Flora Clearlake City Manager

2.0 Public Input - None

3.0 Special Items:

3.1 ** RCAC Rate Study with Mary Flemming – There was a really bad connection on zoom with Mary. She had to repeat herself many times. General Manager Costner said we need to look at the budget at the end of this fiscal year. The rates are too high. We increased expenses and decreased the revenues.

Mary explained to the board how she came up with the budget. She showed the board a five year average of what our fixed and variable costs would look like with the assumptions we made.

Fixed Costs-are costs incurred to have the water clean, safe and available for delivery

Variable Costs – is the cost to deliver the water to our customers.

Our fixed costs are 83% and our variable costs are 17%

Mary also explained how she came up with reserves or lack of them. She talked about emergency reserve funds, capital improvement reserve funds, operating reserve funds and additional reserve funds. She noted that money into reserve account are not government mandated funds they are board designated funds. And the more reserves you have the higher the base rates will be.

There was much conversation about the water rates and base fee amount. She basically said you can not charge more for providing service than it cost to provide the service. Mary said when the board is deciding which rates to use she said she cautions them on comparing rates of other water companies. She said that can be deceptive. And if they put the base rate too low and the water rate high, customers

will reduce their usage and we might not be able to cover our fixed costs.

Because some of the information and assumptions were incorrect, we are going to have another meeting after the General Manager and Auditor have a chance to see what Mary resubmits to them.

4.0 Closed Session: 4:00-4:20

4.1 Potential Litigation (Gov.Code section 54956.9 (d) (1).)

No action taken

5.0 Adjournment 4:21pm

Please Note: Agenda items listed with asterisks (**) have additional information available for public review at the business office.

CONSIDERATION OF ITEMS NOT APPEARING ON THE POSTED AGENDA – Consideration of items not appearing on the posted agenda, if necessary, requires the following board action prior to consideration; 1) a determination by a majority vote of the board that an emergency situation exists (as defined in section 54956.9 of the Brown Act); 2) a determination by a two-thirds vote of the legislative body or, if less than two-thirds vote of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the District subsequent to the agenda being posted.

REQUEST FOR DISABILITY – RELATED MODIFICATION OR ACCOMMODATION: A request for a disability-related modification or accommodation necessary to participate in the Konocti County Water District Board Meeting should be made in writing to the Auditor/Secretary at least 48 hours prior to the meeting.

Submitted by:
Paula Gallizioli, Auditor/Secretary

Approved by:
Kirsten Priebe, President