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**Board of Directors: Terry Lincoln - Chair**  
**Scott McVay, Vice Chair**  
**Directors – Pam Beaver, Beverly Fickes, Logan Johnston**

**General Manager: Paul Kelley**

**SPECIAL MEETING: April 3<sup>rd</sup> 2024 at 6:00PM: District Office Board Room**  
**MINUTES**

- 1. CALL TO ORDER – 6:01pm by Chair Lincoln**
- 2. PLEDGE OF ALLEGIANCE – Director Beaver**
- 3. ROLL CALL – All board present: Chair Lincoln, Vice-Chair McVay, Directors: Beaver, Fickes, Johnston  
General Manager: Paul Kelley, Chief Plant Operator – Bill Palmaymesa**
- 4. OPEN TIME/PUBLIC COMMENT:**  
*Joann Blomquist – Thanks to Bill for coordinating a tour at the Treatment plant for her group.*
- 5. CONSENT – NONE**
- 6. OLD BUSINESS/NEW BUSINESS (Discussion/Workshop)**
  - a. Review of 2021 Rate Increase Rationale (Discussion)**  
*GM Kelley reviewed the memo elements about the Rationale  
Then reviewed the Financial goal of the Rationale:  
First the “Base Rate” section was to raise sufficient funds for Distribution, Administration, Customer Accounts, Regulatory and all other non treatment functions of the District. And based on the annual review by the Finance committee for the current Budget – the funding is doing as anticipated and the District is on a better financial footing. The anticipated revenue into reserves is also occurring – as has been reported to the board and community at previous meetings. The rationale identified major repairs, pipe replacement, meters, capital improvements and other items that were not included and will need to be considered in the next rate study.  
Then the Usage rate – GM Kelley discussed how the Usage rate is to be calculated each year, based on cost of water and cost of treatment. The amount collected in this section does not cover all the costs of water – since the rate was calculated on 3000Af, and 2200Af went through the plant. And that the rate does not account for water loss since the amount “collected on” was in the 1900 Af range (still*

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being calculated). But the rate has put the district on a better fiscal footing with more cost recovery than in the past, and more money scheduled into reserves.

The Rate rationale had a general term for the calculation on the Usage rate –

Cost of water: That is the USBR rate sheet, or in a drought cost of other purchase water (like McConnell, or wells or )

Cost of Treatment: In some places its Labor and Materials, in Some it refers to Chemicals.

In 2022, the District staff clarified Materials to mean: Chemicals, Utilities, O&M.

Clarity on the elements on the Cost of Treatment and Direction from the Board is being requested at this workshop/special meeting – and is the primary part of the item b below.

Directors asked questions:

Director Fickes reviewed the Prop 218 documents and read Section 6. Director Fickes also said that this section can only pass through cost of water and inflation.

GM Kelley reported that the legal counsel has said that the “formula” for this pass through cost was approved by the Prop 218 process and that formula includes the cost of water and the cost of treatment.

#### **Public:**

Dennis Posehn-

A member of CAC for a time, The cost of pipe replacement and other capital needs wasn't available and not included in this rationale, but for the next rationale. The rate schedule was to keep up with costs. Labor and Materials thought it was clear and yet inclusive without being so specific something might change over 5 year period.

JoAnn Bloomquist –

-Glad the District is pretty solvent based on this report

- don't do another Prop 218 now, it wont pass

- this has wiggle room so use it and keep ahead of or up with the costs

- 1.9% not keeping up

- 2-3 cents more on usage is nothing and should be done. Thought we were talking 30-50 cents and that isn't much either.

- Glad there is a better budget and separated out for Treatment division and other divisions.

Bill Palmaymesa – Chief Plant operator

Base Rate did not include Treatment

O&M amounts are in the budget and for current equipment

Chemicals need equipment to put in the water, and equipment needs power/utilities to operate.

Director McVay asked questions about costs, and impacts of costs on O&M etc. GM Kelley asked to focus on “what makes up ‘Treatment and Materials’ and the numbers will be at the Finance committee. Director Fickes would still like to lawyer say that Treatment, Labor, materials components ok.

#### **b. Water Usage Rate Calculation (Discussion)**

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*Long ranging discussion and GM Kelley asked for clarification of what makes up Treatment costs:*

- 1. Chemicals – All the board agreed that this is a cost of treatment*
- 2. Utilities – Director Fickes did not agree that this is part of Treatment and should be a general cost and covered by base rate/revenue. The rest of board agreed with Utilities are needed to inject chemicals and other functions and therefore a cost of treatment*
- 3. O&M – The primary discussion focused on “extra or major repairs or Capital repairs/improvements” and it was agreed these were more on the capital side and weren’t part of the O&M – which is more of the daily fixes, material and repairs needed when water goes through equipment*
- 4. Labor – agreed at the current rate.*

## **7. ADJOURN THE MEETING – 8:20pm**

**Approved:** 07/17/24 Meeting



Signed:

**Secretary of the Board**

**General Manager: Paul Kelley**

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