

WEST KERN WATER DISTRICT
BOARD OF DIRECTORS
SPECIAL BOARD MEETING

Minutes – Board of Directors
Monday, June 15, 2023

800 Kern Street
Taft, California

Directors Present: *Barry M. Jameson*
 Scott Niblett
 David A. Wells
 Bo Bravo

Directors Absent: *Gary J. Morris*

Ex-Officio Officer: *Greg A. Hammett, General Manager/Secretary*

District Counsel: *Alex Dominguez - Absent*

Recording Secretary: *Deann Crabtree*

I. FLAG SALUTE

II. ROLL CALL/DETERMINATION OF A QUORUM

President, Barry M. Jameson called the meeting to order at 12:00p.m. Administrative Assistant, Deann Crabtree called roll and noted that President Jameson, Vice President Niblett, Director Wells and Director Bravo were present. And noted Director Morris as absent.

III. CONFLICT OF INTEREST STATEMENTS

No conflicts were reported.

IV. PUBLIC COMMENT

No comments were received.

V. APPROVAL OF AGENDA

*Upon Motion by Director Bravo, Seconded
By Director Niblett Carried Unanimously
With 5 Ayes, 0 Noes
To Approve the Agenda of the
June 15, 2023 Special Board Meeting.*

VI. ITEMS OF DISCUSSION

Sunny Kapoor started the Special Board meeting thanking various District staff for the hard work and effort it takes to put together the District's Annual Budget.

1. 2023/2024 Budget

A. Revenue

The Director of Finance, Sunny Kapoor, presented the Preliminary 2023-2024 Budget, which included the attached power point presentation. Mr. Kapoor stated the District anticipates revenue to increase by 32.57%. With operating expenses to increase by 15.18% as compared to the 2022-2023 Budget.

Mr. Kapoor explained the District's operating revenues less operating expenses will be \$1,388,416.00 prior to any of the District's Capital Expenditures.

He further explained revenue for Residential water sales could possibly decrease with water conservation. Industrial water sales revenue is expected to increase due to the recent water rate increase. Water demands of the Cogeneration Plants could also affect revenues into the coming fiscal year.

B. Cash Flow

Sunny Kapoor reported the District has historically used a balanced budget approach in preparing the budget. However, the District will be utilizing reserves in the 2023-2024 Budget to fund the Districts Capital Expenditures

C. Labor

Sunny Kapoor stated the District's currently has 43 employees. He noted salaries and benefits as a percentage of the total operating budget decreased by 1% from last year. The total salaries and benefits for this 2023-2024 budget is \$6,076,266.00.

The Board and staff then reviewed the Engineering, T&D, Field Services, Accounting and Administration Departments' budget numbers.

D. Expenses

Mr. Kapoor explained total District operating expenses will increase from \$18,660,799.00 for 2022-2023 to \$21,494,114.00 for the 2023-2024 fiscal year.

E. Capital Improvements

After discussion and review of the various Capital Expenditure options, the Board directed Staff to fund a combination of requested Capital Expense projects in the amount of \$3,645,207.00.

F. Equipment Procurement

The Board reviewed the proposed Equipment Procurement Costs at an estimated total of \$702,466.00.

Mr. Kapoor noted staff's goal was to propose a balanced budget. However, declining revenues and increased expenses and proposed Capital Expenditures required infusion of cash from reserves. The Board approved the use of the District's cash reserves to fund the proposed Capital Expenditures that were approved.

Mr. Kapoor noted future headwinds could potentially affect the budgetary numbers during the next fiscal year. Increasing prices in water purchases, gasoline, commodities and natural gas and electricity, Insurance, P&L, WC, and Health Benefits could substantially affect the proposed expenses. Also, Urban Water Management Plan, the State Water Project, water sales, water marketing, substantial cost of the Delta Conveyance Facility and future groundwater regulations could be variable factors that could also influence the proposed budget as we go forward.

VI. ADJOURNMENT

The meeting adjourned at 1:22 p.m.

June 27, 2023

Date Approved



**Greg A. Hammett,
Secretary of the Board of Directors of
WEST KERN WATER DISTRICT**

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