



CITY OF CLEARLAKE

City Council

STAFF REPORT

SUBJECT: Discussion and Consideration of Memorandum of Understanding (MOU) between the City of Clearlake and Highlands Water Company

MEETING DATE:
February 5, 2026

SUBMITTED BY: Alan D. Flora, City Manager

PURPOSE OF REPORT: ☐ Information only ☒ Discussion ☒ Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to consider approval of an agreement with Highlands Water Company.

BACKGROUND/DISCUSSION:

Over the past few years several sources of conflict arose between the City and Highlands Water Company, which is one of three water districts providing water service within the City limits. In early 2025, the City and Highlands agreed to have monthly meetings with two HWC Board representatives, two City Council representatives, and professional staff from each entity.

The meetings have been productive and have addressed a variety of topics over the past year. One item of discussion was creating an agreement between the two entities that would provide a framework for cooperation. Several versions were discussed and the attached version is the result.

While the agreement is technically non-binding, it does reflect a renewed spirit of cooperation and shared purpose.

OPTIONS:

1. Move to Approve MOU with Highlands Water Company and Authorize the Mayor to sign.
2. Other direction

FISCAL IMPACT:

☐ None ☐ \$ Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase: \$

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments:

STRATEGIC PLAN IMPACT:

- ☒ Goal #1: Economic Development
- ☒ Goal #2: Public Facilities and Infrastructure
- ☐ Goal #3: Celebrate Clearlake
- ☐ Goal #4: Clean
- ☐ Goal #5: Fiscal Sustainability
- ☒ Goal #6: Safe

SUGGESTED MOTIONS:

Move to Approve MOU with Highlands Water Company and Authorize the Mayor to sign

- ☒ **Attachments:** 1) Draft MOU