



# COTTONWOOD WATER DISTRICT

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## MINUTES

### SPECIAL BOARD MEETING

Date: December 27, 2021

Time: 4:00 PM

Location: District Office

#### Board Members

Art Parham	Chairperson	Present
Lewis Presley	Vice Chair	Present
Ron Spurgeon	Board Member	Present
Nick Shidlovsky	Board Member	Present
Vince Dunn	Board Member	Present

#### District Staff

John Hollmer	General Manager	Present
Candice Krames	District Secretary	Present

#### AGENDA ITEM(S):

##### 1. Call to Order

- a. The Cottonwood Water District Board of Director's meeting was called to order at 4:03pm by Art Parham, Chairman.

##### 2. Comment Period

- a. Persons wishing to address the Board on a matter, which is not listed on the agenda, Pursuant to Government Code Section 54950. (Time Limit may be utilized at the discretion of the Board). Members of the public may address the *Closed Session* matters at the time the closed session is announced.

No comment from the public.

### **3. Consent Agenda Items**

- a. Approve minutes of the Regular Board Meeting of October 13, 2021.
  1. A motion to approve the meeting minutes form October 13<sup>th</sup>, 2021 was made by Dunn and seconded by Shidlovsky. 3 yes votes, motion passed.
- b. Financial Statement; approve payment of October, 2021 bills.
  1. A motion was made to approve the October 2021 bills to be paid by Dunn and seconded by Shidlovsky. 3 yes votes, motion passed.
- c. Approve minutes of the Regular Board Meeting of December 8, 2021.
  1. A motion to approve the regular meeting minutes for December 8<sup>th</sup>, 2021 was made by Spurgeon and seconded by Presley. 4 yes votes, motion passed.
- d. Financial Statement; approve payment of December, 2021 bills.
  1. A motion was made to approve the payment of December 2021 bills by Presley and seconded by Spurgeon. 4 yes votes, motion passed.

### **4. Regular Agenda Items**

- a. Review/Approve the Rental Agreement/Backup Power Agreement with ShastaBeam at Well 3.

Execution of this agreement will enter into a 20-year term contract that ensures ShastaBeam will provide and maintain backup generation at Well 3 in return they can utilize our site to have their PG&E meter and other infrastructure on our property. CWD and Shasta Beam will split the cost of the original purchase of the generator which is about \$10,000 each and ShastaBeam will maintain it.

John Hollmer, General Manager stated that Shasta Beam is almost completed the contract with their engineering advance through PG&E. Their objective is the put their PG&E meter on our property and trench to their tower which is about 500ft away. John created a Rental Agreement/Backup Power agreement so we share backup generation. ShastaBeam will have their own bill through PG&E. They will need access to our gates at Well #3 off Vantage. We may need a lease or easement agreement for county records. ShastaBeam has already purchased a backup generator which will be used by both parties. John states our District will benefit from this 20-year contract to share backup (with ShastaBeam responsible for maintenance and power outage setup). Split cost for our District and ShastaBeam includes the cost of the Generator (2016 Generac coming from Colorado - Tier 3) and the cost of an electrician to install being hired by ShastaBeam. No additional cost is expected other than John feels it would be a good idea either

him or our Operator (Russell) would do an annual oil change and we donate the labor time involved while ShastaBeam will supply the materials. They have contracted with Tom Harrington with Power UP (Electrician) to do annual maintenance. Both parties' benefit; the generator backup supplied to our District along with a \$50.00/ monthly rental fee to cover our costs and ShastaBeam saves thousands of dollars on PG&E costs to install and helps set a platform for their future projects in other areas to partner with other Water Districts. Our District will own the generator however if it breaks down both parties will come to an agreement to share replacement/repair costs. The generator will be located outside on a slab, with ShastaBeam responsible for security. This project is almost complete, we just need to finalize the agreement. Ron mentioned there is no clear detail outlined in item 1 for Description of Services stating the Cottonwood Water District will be 100% ownership of the generator. A disclosure should be added to confirm this detail along with disclosure to split the cost if the generator was to break down. The other generator our District just purchased from the Fire Dept is up and running. Costs are at about \$7,000.00 including Russell's labor. John mentioned we could keep it as a backup or sell it for a profit. The new Generator will be coming soon and this would have two generators stored at the shop.

A motion was made to approve the rental agreement/backup power agreement along with adding an addendum of Cottonwood Water District ownership by Spurgeon and seconded by Presley. Motion passed.

- b. Review and approve PACE to finalize rate study and proceed with the Prop 218 process pending legal counsel review.

By adopting this draft, we are approving to proceed with the finalization of it. Board members need to pick one option. The board members reflected on the final decision made at the last board meeting about which inflation percentage was best and most effective along with a 40% O&M Reserve. The Draft Study presents three scenarios but the board at the last meeting of maintaining existing rates with an 8% inflation and a 40% O&M reserve. Board members shared economic concerns on this rate increase and how inflation is likely to continue rising. Considerations of using a 10% inflation instead of 8% inflation was favored based on our current economic standpoint and to avoid having to raise the rates again before the 5 years is complete. By going with the higher inflation rate of 10%, the District is favorable so, if need be, they can control not raising rates in the future if the economy gets better. Our board can choose not to raise rates at any given point during the 5-year plan.

The Board members referred to Table 9 included in the board packet for comparison of maintaining existing rates and increasing by 8% inflation vs. 10% inflation with a 40% O&M reserve. Another table was enclosed showing other Districts in our area and their current rate structures. Only one other District used our existing rate structure, all others use the Hydraulic Capacity rate charges for billing. By increasing our current rates, we are comparable to other Districts in this area currently and that's not to say they won't considering rate increases themselves. John reinstated the goal of tonight is to approve the finalization of the Rate Study report. Next step is to seek legal counsel to review and consent this report. Legal counsel is an option and not required but suggested by Laurie with PACE engineering for justification. Discussion of going into the 5<sup>th</sup> year of rate increase, there is only a \$5.00 difference between the 8% inflation rate and the 10% inflation rate increase. If a public hearing will occur because so many community members came forward (50% of the community would need to write letters or come to the meeting in order for this to occur), we as a District would have plenty of backup for our reason to raise rates. Board members suggested creating a brochure for our customers to help explain the rate increase. In the past, John said a letter was composed and mailed to each customer. Ron suggested to reference to PG&E bills that supply a breakdown of rates to the paid expenditures so customers have an idea of where the funded money goes. We still need to update

our By-laws or Policies & Procedures by adding an amendment about all future new builds and requirements for multi-units to be require to have a 1” or larger meter installed. Our connection fees are to stay the same at this time.

A motion to approve the finalization of the Water Rate Study report for scenario 3- maintain existing rate basis with a 10% inflation and 40% O&M Reserves by Spurgeon and seconded by Dunn. 4 yes votes and one no vote. Motion passed.

c. Employee Performance Reviews.

1. Meeting went into closed session for employee reviews at 5:05pm.

**5. Closed Session**

a. Closed Session reserved for Employee Performance Review. Began at 5:05pm and ended at 5:30pm. No action taken.

**DISCUSSION:**

The Board appointed Lewis Presley as the Chairman and Ron Spurgeon as Vice Chairman for the year 2022.

**ADJOURN:** With there being no further business, The Cottonwood Water Board of Director’s meeting was adjourned by Art Parham at 5:35pm.

In compliance with the Americans with Disabilities Act, the Cottonwood Water District will make available to any member of the public who has a Disability a needed modification or accommodation, including an auxiliary aide, or service, in order for that person to participate in the public meeting. A person needing assistance should contact the District office by telephone @ (530) 347-3472 or by mail @ PO Box 2130, Cottonwood, CA 96022 At least two business days in advance. Accommodations may include assistance, seating, or alternate format. If requested, this document and other agenda materials can be made available in an alternative format for person with a disability who is covered by the Americans with Disabilities Act.