



COTTONWOOD WATER DISTRICT

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MINUTES

REGULAR BOARD MEETING

Date: May 11, 2022

Time: 4:00 PM

Location: District Office

Board Members

Lewis Presley	Chairperson	Present
Ron Spurgeon	Vice Chair	Present
Art Parham	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 4:02pm by Lewis Presley, 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.

1. Guest list: Sara Cunningham, Paul Cunningham, Daniel Wieland, Terri Cowan, Toni Wieland, Laurie McCollum, Rex Spoon, Trent Simmons and Rob Strieff.

First public speaker was Dan Wieland of Brush St. He noticed on our Agenda that our District was actively seeking a Federal grant for a new well. He strongly advised against taking a grant with the Federal government as it comes with conditions. He feels they will try to control our District if we take this grant. John assured Mr. Wieland that the grant is with the State and not a Federal grant. He urged our board members to consider taking a loan before accepting the grant to keep the community in good hands.

3. Consent Agenda Items

- a. Approve minutes of the Regular Board Meeting April 13, 2022.

1. A motion was made to approve the minutes for the meeting on April 13th, 2022 by Dunn and seconded by Shidlovsky. Motion passed.

- b. Approve Payment of April 2022 bills.

1. A motion was made to approve payment of April 2022 bills by Spurgeon and seconded by Parham. Motion passed.

4. Regular Agenda Items

- a. Prop 218 - Public Hearing - Public Comment Period - regarding proposed rate increase. The focus of the hearing will be that of a water rate increase that was voted on and passed at the Special Board Meeting on March 18th, 2022. Motion was made by Dunn and a second by Shidlovsky. Four votes yes, motion carried to approve the proposed rate study and increase the rates for FY 2022/2023 – 2026/2027 as follows; increase of the monthly base rate from \$31.00 to \$41.00 for the first 800 cubic feet (CF) or roughly 6,000 gallons, increase the additional consumption charge from \$1.00 to \$1.20 per 100CF, starting July 1, 2022. In addition, an increase of the monthly base rate of \$4 .00 for FYE 2024 & 2025 and an increase of \$3.00 to the monthly base rate for FYE 2026 & 2027. The increase to the consumption charges will be \$.10 per 100CF per year for the next 5 years. The proposed rate increase will result in the monthly base rate for 800CF being \$55.00 and the additional consumption charge will be \$1.60 per 100CF in the FY 2026/2027

1. Lewis Presley, began by presenting the letter designed by PACE Engineering about the 2022 Water Rate Study for Cottonwood Water District. This review was conducted to develop a rate increase program that would provide revenues needed to allow the District to recover costs of system operation and maintenance from existing customers. Cost reviewed included operation and maintenance , debt service, capitol replacement

needs, administration, and depreciation. This would ensure that each customer would pay their fair share of costs of providing services received. Customer, Terri Cowan asked why does the City of Anderson have so much lower rates than we do? John, spoke with Peter at the City of Anderson last week. Since they are a City, they do receive tax funding for the water and sewer services. The City of Anderson does only charge straight cost for water provided to its customers therefore all funding for improvements/maintenance etc comes from the general account in addition personnel for improvements/repairs get be pulled from other departments therefore they can subsidize to have more access and lower resources. They have 10 wells and about 5,000 connections which makes the cost significantly less to each customer in their district. Cottonwood Water District only has 1,200 connections. Customers asked why we don't have solar to cut the costs of our monthly PG&E bills. John explained our district does not have the land to supply solar and there are no rebates available for our industry. The customer's main concern was where is the explanation as to where this funding from the rate increase will be spent. It was explained that if they needed copies of the District's financials or rate study to answer questions about salaries and expenditures, they have access to them on our website as well as hard copies can be obtained upon request. It was explained that the Rate Study takes our current rate and expenditures and puts a platform to see how much the rates should be. Assuming annual inflation and O&M provided over a 5 year period all while maintaining a 20-40% reserve on hand. The District operators have to monitor the useful life of the pumps and repair as needed and be ready for an emergency. Our District gets no government funding for these costs even if there is an emergency. Without this rate increase, there would no resources available in an emergency situation. Customer's expressed concerns about how this funding would be spent and urged the District to hold off for 1-2 years until more information is provided to support an increase of this size. John continued to explain the rate study took one year to produce. The Board considered a lower rate increase but the reserves would not be available at the end of the 5 year plan. To keep up with inflation costs (8.6% currently) and keep a 35-40% reserve is how the District made a decision for the proposed rate increase. If the District continues to do well financially, they can revisit the rate increase and not go forward with the next years increase. Discussions about the cost of a new well to be installed in the future is about 1 million dollars or more. Board members expressed ways the District tries to save community funding by buying used and selling old generators to keep the cash flowing and help out other community entities. The Rate Study platform is using a 10% inflation rate to calculate the proposed rate increase. The rate study also has a chart comparing our District with others in the area to show how the rates are competitive. Another customer addressed our capacity fees and how they are too high and not allowing growth in Cottonwood. The man stated other surrounding cities like Redding offer a stipend fee to offset costs to home builders. The Board members mentioned in the years past, the District would take loans for repairs needed and pay it back instead of doing a rate increase. The customers all agreed having 3-4 rate increases since 2012 has been rough on the community. The community has a large fixed income population. John mentioned some things needed to be done in the District, motors on

wells to be replaced due to life span, we are at pumping capacity and potentially need a new well to welcome development. There is no need to purchase land since we have a well site. We keep funding for capacity fees collected separate from the General funding. John clarified that the grant process we have begun about six months ago is for the Drinking Water State Revolving Grant for disadvantage communities. The only thing the State controls is how the funding is spent to build the new well. Once complete, they are no longer have a say to our well and how its maintained. This grant process will take anywhere between 5-7 years.

b. Approve proposed rate increase for FY 2022/2023 – FY 2026/2027.

1. A motion to adopt the proposed rate increase rates for FY 2022/2023-2026/2027 as follows; increase the monthly base rate from \$31.00 to \$41.00 for the first 800 cubic feet (CF), increase the additional consumption charge from \$1.00 to \$1.20 per 100CF, starting July 1st, 2022. In addition, an increase of the monthly base rate of \$4.00 for FYE 2024 & 2025 and increase of \$3.00 to the monthly base rate for FYE 2026 & 2027. The increase to the consumption charges will be \$.10 per 100CF per year for the next 5 years made by Presley and seconded by Dunn. All yes votes, motion carried.

5. Closed Session

No closed session.

DISCUSSION:

ADJOURN: With no being no further business, The Cottonwood Water Board of Director's meeting was adjourned by Lewis Presley at 5:23pm.

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.