Wynola Water District

Jim Madaffer Board President Opening Remarks

RCAC Prop. 218 Rate Study Introduction

July 11, 2026

Good morning everyone.

Thank you all for being here.

Today's discussion is probably one of the most important conversations this Board will have because it affects every customer of the Wynola Water District.

Let me begin by saying something that I think everyone in this room can agree on.

Nobody likes rate increases. I certainly don't. None of us on this Board do. Every one of us pays these same water bills.

Doing nothing, however, is also a decision. As members of the Board of Directors, we have a fiduciary responsibility to protect the long term health of this water system and to act in the best interests of all of our ratepayers. Ignoring known infrastructure needs would not be a responsible way to fulfill that responsibility.

So today's discussion is not about whether we want higher rates. It's about whether our current rates are sufficient to provide safe, reliable drinking water today and for years to come.

The last comprehensive rate study was completed in 2017.

That study anticipated five years of rate adjustments. Because we didn't know then what we know now, the fifth-year rate increase was deferred, and there has not been a rate increase since. Nearly ten years since the last full study. The cumulative inflation rate over the last ten years is

34.3% - let me say that again, inflation has risen 34.3% since the last time rates were studied for the Wynola Water District.

34% inflation has significantly increased the cost of electricity, chemicals, fuel, insurance, equipment, contractors, and virtually every aspect of operating a water system.

At the same time, we've learned much more about the actual condition of our infrastructure.

As this Board has worked to modernize the District and hired an experienced water operator, we've been able to inspect every well, every major component, and every part of the system in a way that simply had not been done before.

What we've found has been eye opening.

We've discovered aging infrastructure, significant deferred maintenance, and aging equipment that has exceeded its useful life.

We've already spent more than $130,000 rehabilitating Well 10 because of years of deterioration and improper maintenance practices.

We have additional wells requiring significant rehabilitation.

Right now, well #9 is shut down because of damage caused by prior operators. This is the same problem we experienced at well #10. They poured swimming pool chlorine into the well – this has over time rusted the well casing to the point where the well is no longer operable. Repairing this well will likely be a similar expense to the $130,000 it cost to rebuild well #10

Well #5 is also turned off.

Much of our infrastructure is now more than fifty years old.

Our water distribution lines, concrete asbestos pipe, installed in 1969 have passed their useful life. Further, the main distribution lines are only 6” in diameter when today’s fire standards demand a much larger 10” pipe to handle multiple fire hydrants. Remember the alta dena and palasades fires where hydrants ran dry? We can’t afford to have that happen here.

Further, some electrical installations at the wells no longer meet current safety standards and must be relocated before repairs can even begin. The circuit panels are literally on top of the well casings.

These aren’t optional improvements.

They are the cost of providing safe drinking water and reliable service to every customer in our District.

Deferred maintenance doesn’t save money. It simply postpones spending until tomorrow, when inflation has driven costs even higher and failures become emergencies. Emergency repairs are almost always the most expensive way to operate a water system.

Our responsibility as your Board is not just to respond to failures. It is to prevent them whenever we reasonably can.

Before asking our customers to pay more, this Board has worked aggressively to bring outside funding into the District.

We’ve secured approximately $750,000 in state grant funding for engineering and design of a new water treatment facility. That design project is underway right now and slated to be complete sometime next year.

We’ve secured another $500,000 state grant for emergency backup power generation at well 11, a project currently underway.

We’ve secured over $700,000 in fire resiliency with the shaded fuel break grants.

We've installed a modern SCADA monitoring system.

We've expanded emergency preparedness throughout the District.

We've pursued every grant opportunity available because every grant dollar we receive is one less dollar our ratepayers have to provide. Since this board took over in late 2021, we have received over $2 million in grants – all of this without any impact to our ratepayers. Translated another way, $2 million over 10 years is about a $2500 per year savings to our ratepayers – or a savings of about $600 per quarterly bill to each and every ratepayer. I am very proud of the money we have saved our ratepayers.

Rather than have this Board decide what rates should be, we retained the Rural Community Assistance Corporation, or RCAC, one of the nation's leading nonprofit organizations specializing in rural water systems.

Their job is to provide an independent, objective analysis of what it actually costs to operate this system responsibly, maintain it properly, comply with state regulations, and prepare for future infrastructure needs. Further, hiring an outside rate consultant is what state law requires to validate any proposed rate increases.

The Board is also exploring every available option to minimize rate impacts on our customers.

One question we've asked County Counsel to evaluate is whether certain long term capital improvement costs could legally be funded through the District's existing property tax mechanism rather than entirely through water rates.

We don't yet know the answer, but we're examining every available option before making any decisions.

Today's presentation is exactly that.

A presentation.

No decisions are being made today.

We want to hear RCAC's preliminary findings.

We want to hear from our customers.

We want your questions.

We want your ideas.

RCAC will take that input, continue refining its analysis, and return to the Board before any future Proposition 218 process is considered.

Let me close with this.

Our responsibility as your elected Board is straightforward.

We must provide safe drinking water.

We must maintain the infrastructure that delivers it.

We must prepare for emergencies and wildfires.

We must preserve this system for future generations.

And we must do all of that at the lowest feasible cost to our customers.

That is the responsibility your Board takes seriously every day.

Thank you all for taking the time to be here and participate in this important discussion.

With that, I'd like to introduce our consultants from the Rural Community Assistance Corporation.