

## MINUTES

Regular Meeting  
Cleveland County Water Board Room

May 13, 2025  
Tuesday, 6:00 P.M.

Present: Chairman Donald Melton; presiding, Vice Chairman Bill Cameron, Secretary Amy Elliott Bridges Commissioners Tony Brooks, Bruce Martin, Pamela P. Maddox and Pete Pedersen. Attorney Delton W. Barnes and General Manager Brad Cornwell were present.

Chairman Donald Melton called the meeting to order at 6:00 PM, welcomed all who were in attendance and recognized Commissioner Bruce Martin who gave the invocation and Commissioner Pete Pedersen led the *Pledge of Allegiance*.

### A. Approval of Agenda:

Chairman Melton asked Commissioners if anyone had any questions related to the adoption of the agenda. Chairman Melton requested a motion to adopt the agenda as amended.

ACTION TAKEN: Upon a motion by Mr. Pedersen and second by Mr. Cameron, the Board of Commissioners voted unanimously to accept the agenda.

### B. Public Comment

No public comments were presented.

### C. Consent Agenda:

ACTION TAKEN: Chairman Melton presented the Consent Agenda Items. Upon a motion by Mr. Brooks, second by Mr. Martin, the Board of Commissioners voted unanimously to approve the Consent Agenda. The Consent Agenda consisted of the following items:

- 1) Approval of the Minutes of the Regular Meeting of April 8, 2025
- 2) Approval of the Minutes of the Closed Session of March 11, 2025
- 3) Consideration of Resolution Number 16-2025 A Resolution Adopting Certain Updated Personnel Policies
- 4) Consideration of Resolution Number 17-2025 A Resolution Ratifying the Purchase of Real Property from Willow Tree Investments, LLC

- 5) Consideration of Resolution Number 18-2025 A Resolution Accepting TGS Engineers as the Most Qualified to Perform Work Related to the Tropical Store Helene Disaster Recovery-Creek Crossings

D. Unfinished Business:

There was no unfinished business at this time.

E. New Business:

- 1) Discussion Regarding FY 2025-2026 Budget Revenues and System Development Fees

Mr. Cornwell explained that budget preparation was currently taking place for the upcoming fiscal year 2025-2026. This item is on the agenda for discussion with the members to share options and recommendations for changes to the revenues, the expenses, or both items in order to balance the budget. The current status of the budget is unbalanced, Mr. Cornwell is presenting items that will assist in the balancing of the budget. The Cleveland County Tax Assessor has conducted a property revaluation that is scheduled to begin in this fiscal year. The Cleveland County Tax office provides estimates to the District on a yearly basis for the property valuation amounts. Mr. Cornwell shared the history of how the two percent tax levy started with the District through a mandate by Local Government Commission. The new revaluation for Cleveland County was proposed to provide approximately 30% increase in revenue. The tax levy for the urban areas increases between 50% and 55%. The Town of Fallston increased the District's tax revenue in the amount of \$13,000.00 with the population being mostly residential and churches. The revaluation percentage for the District is actually closer to 16.8%. Mr. Cornwell reminded that during the revaluation year, the General Manager is required to provide a revenue neutral rate to the members. The average growth rate of 3.5% needs to be excluded from the revenue neutral rate. The last property revaluation was during 2021. The revenue neutral rate is 1.8 cents. This number is used as a marker that would bring the same amount of revenue as prior the revaluation. This year's budget will include a \$400,000.00 debt service payment for the weir project. The weir project was not projected to be completed until the next fiscal year but because of the changes to the scope of the project and the elimination of phase II, the project will be completed this fall, during the 2025-2026 fiscal year. The first weir payment will be due in

June 2026 based on the completion date. The consideration of implementing the revenue neutral tax rate would not allow sufficient revenue to complete the budget. The revenue generated by leaving the tax levy at 2% will be \$167,533.00. Mr. Cornwell reminded the members that the future water plant needed to also be considered in the budget decisions being made. Mr. Cameron asked if the weir payment of \$400,000.00 was an annual payment. Mr. Cornwell verified that amount for a forty-year term. Mr. Brooks questioned if that full payment amount was required to balance the budget. Mr. Cornwell clarified that the full payment amount was not required to balance the budget, the difference in the unbalanced budget amount is currently approximately \$150,000.00. If the Cleveland County tax levy were to be increased to 2.25%, the revenue would increase \$142,631.00, with a 2.5% tax levy, the revenue would increase to \$285,262.00. Mr. Cornwell noted that a recommendation for a tax increase was not being made, but the information needed to be shared about how much revenue would be generated if the tax levy was increased. Mr. Martin asked how the tax levy increase would affect the average citizen of Cleveland County. Mr. Cornwell shared some examples of how the tax rate bill would be affected but the different rates. The water rates will be changing this year to bring the minimum to 500 gallons a month. Mr. Cornwell noted that for this year's budget the water rate increase would be enough to balance the budget, along with removing some items from the budget. The average tap fee paid by new customers still does not cover the labor and materials that the tap actually costs the District. The cost for 1,000 gallons of water for budget purposes is \$7.21. The revenue created by reducing 250 gallons from the minimum will be \$293,000.00. The water rates for a residential customer include a minimum bill with 500 gallons of water for \$12.00. When the customer exceeds the minimum, the next tier of the rate schedule will be from 501 to 20,000 gallons and the rate will be \$4.94 per thousand. These rate changes will account for a 3.9% revenue increase in water sales. Mr. Cornwell reminded the members that a 3.9% increase would cost the average customer \$1.24 but the costs of water meters, copper, and materials overall, continue to rise. The rate tier after 20,000 gallons drops to \$2.79 per thousand. The staff conducted research on customers using over 20,000 gallons on the monthly water bill. The research showed that in the month of July 2024 there were 450 customers and in the month of January 2025 there were 250 customers over 20,000 gallons on the monthly water bill. The research also determined that some water meters may be connected to multiple homes under one water account. This situation could cause the usage to be over 20,000 gallons. Mr.

Cornwell recommends a change to this tier to eliminate the declining rate on this tier. The declining block in the rate schedule has disqualified the District on some grant opportunities. Mr. Cornwell is recommending a 5% increase on the 20,000-gallon tier of the water rate to gradually eliminate the declining block water rates. Mr. Cornwell explained that the information presented in this discussion is in reference to the upcoming budget presentation meeting for fiscal year 2025-2026. Mr. Martin inquired about how a customer would pay the water bill when multiple addresses are connected to one water meter. Mr. Cornwell provided clarification that some property owners connect multiple properties to a meter and charge tenants a base rate for water because a water bill is not attainable without a water meter for each individual residence. Mr. Cameron noted that a 5% increase for the rate tier would not be a significant change and 10% may be more beneficial. Mrs. Maddox shared that the yearly tax increase is small and that the public doesn't understand the necessities required to provide safe drinking water. Mr. Cornwell continued with the commercial water rates. The commercial rate tiers are also declining block rates with up to 5,000 gallons being billed at \$4.94, 5001-8000 gallons billed at \$4.73, and usage over 8,000 gallons billed at \$2.79. The District has approximately six hundred commercial water meters, the majority of these meters are churches and convenient stores. Mr. Cornwell is recommending a 5% rate increase to the middle tiers of the commercial rates to eliminate the declining block rates on the commercial rates. Mr. Martin inquired about how many commercial customers would be affected by the commercial rate change. Mr. Cornwell shared that very few commercial accounts would be affected by the rate change. There would only be approximately four hundred meters out of the residential District meters that would be affected by the changes to the residential rate tiers. Mr. Brooks asked who the largest commercial water customer was. Mr. Cornwell responded that Ticona is the largest and that information is provided in the financial audit. Mr. Cameron inquired about the number of years remaining in the rate change schedule. Mr. Cornwell replied that three years were to remain on the schedule changes. This fiscal year 2025/2026 and then two more years. Mr. Cameron inquired about future revenue increases. Mr. Cornwell responded that future revenue increases would continue to be adjusted with rate changes, tax changes, or changes to both in combination. The members noted that they preferred to do water rate changes in lieu of tax changes. Mr. Brooks reminded that the future of the new water plant may require adjustments to be made to the tax levy. Mr. Cornwell directed the members to the North Carolina General

Statutes included in the agenda packet. The System Development Fees for public water and sewer systems are there for reference. The three big municipalities in Cleveland County consist of Boiling Springs, Kings Mountain and Shelby. The fastest growing area of Cleveland County is on the south side of the county, closest to I-85, the airport, and areas closest to sewer connections. There are two large subdivisions being developed in the Longbranch Road area and the Lavender Road area. The two developments combined will result in the construction of 3,000 homes in Cleveland County. The new water plant on Big Broad will be able to assist with providing these customers with drinking water. The addition of these developments will require an additional 600,000 gallons a day of drinking water. Mr. Cornwell noted that a system development fee included in the tap fee charges needed to be considered. The District currently charges a tap fee is not enough to cover labor and materials. The General Statutes require that a third party be involved in the planning and accounting of a system development fee. The budget will include an additional line item for \$68,000.00, to contract with WithersRavenel to research system development fees for the District. Mr. Pedersen asked if an employee could be hired to perform these duties. Mr. Cornwell advised that this study had to be performed by a third-party consultant. The study would take approximately six months to complete and would include researching the District's rates, debt service, and all aspects of business. Mr. Cornwell asked the members if there were any questions or comments concerning the item presented in this discussion.

#### F. General Manager's Report:

Mr. Cornwell introduced the Finance Director, Ginger Fern, to share the financial reports for April. Mrs. Fern explained that the revenues were still in line and the local options sales tax continues to be better than budgeted amounts. The Boiling Springs property purchase has been completed for \$40,878.00. The Farmington Road water line extension was finished. The North Lafayette Street bores were paid in the amount of \$52,575.00. The second annual debt service payment for the Operations Center in Shelby was paid in the amount of \$174,925.00. This is the second payment, and thirty-eight payments remain for the term of the loan. Mrs. Fern called for questions or comments on the finance report. Michelle Alexander, Customer Service Director, continued with the disconnection and billing report. The billing for the month was decreased in comparison to last month and last year. The disconnections for nonpayment have been completed for all cycles.

Cycle 1 was 111 customers at \$13,697.43. Cycle 2 was 145 customers at \$33,638.63. Cycle 3 was 146 customers at \$21,580.33. The call notification system continues to complete more telephone calls about upcoming disconnections. More customers are completing payments to avoid disconnection of services. There were 104 leak calls and 20 leak adjustments for \$2,808.93. The KIOSK in Lawndale received 99 payments. Mr. Cornwell noted that the operations and maintenance numbers were in the packet for reference. The maintenance department completed all the budgeted line replacements for the current fiscal year, including North Lafayette Street, Farmington Road, and Deal Road. Mr. Cornwell shared an email that he received from the NC Appalachian Regional Commission inviting the District to apply for the final round of grant funding for the interconnection with the Town of Grover. The meeting continued with an update on capital projects; Mr. Cornwell directed the members to the appropriate information. The Cherryville interconnection project is nearing completion and will hopefully be in service in a month. The Broad River Water Plant engineer is working on the preliminary engineering reports and environmental phases. The State Historic Preservation Office has requested an archaeological dig on the seventy acres of property for the new water plant. The Casar Lawndale, Sand Hill Road and Will Dixon Road project was completed on April 29. The Casar Lawndale Road section of this project that connects to the Ivester pump station has been placed in service. The construction on the former BB&T bank building is 75% complete. The application for the Downtown Redevelopment grant was denied. The NCDOT related projects have been updated with an addition for the East Zion Church Road bridge over the creek. This will be located between the roundabout and Highway 18/Fallston Road. The Water Plant SCADA and Water Plant upgrades project has begun and only 37% of the budget has been spent. The BRIC grant through NC Emergency Management has been eliminated at the federal level. This funding was budgeted for upgrades and generators. The FEMA contacts have informed Mr. Gilbert that this funding can be achieved through another program available in this area affected by Hurricane Helene. Mr. Martin inquired about the NCDOT project involving the culvert pipe on Casar Lawndale Road. Mr. Cornwell answered that communication on this project has been lacking. Mr. Martin noted that the progress thus far looks good. Mr. Cornwell agreed and responded that he would try to access the area and take some pictures. Mr. Cornwell reminded the members that the budget hearing would be held on Tuesday, May 20, 2025 at 5:30 p.m.

G. Board Members Announcement and Remarks

The members noted appreciation for hard work and service. Chairman Melton noted the ribbon cutting for the Greenway went good. The Polkville Tank and area construction has generated lots of questions from the community. Mr. Cornwell clarified that the questions and comments were not negative. Chairman Melton verified that everything was positive.

H. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Brooks, second by Mr. Pedersen, the Board of Commissioners voted unanimously to adjourn at 7:00 PM.

Respectfully submitted,

  
Amy Elliott Bridges, Secretary

