



**Durham Irrigation District Board of Directors  
Special Board Meeting  
March 20, 2023 – 6:00 PM – 7:00 PM  
MINUTES**

**Board of Directors:**

Matt Doyle, Chair  
Raymond Cooper, Director  
Kevin Phillips, Director

PRESENT  
PRESENT  
PRESENT

**District Staff:**

Robin Kampmann, District Engineer  
Dustin Cooper, Legal Counsel  
Aidan Wallace, Legal Counsel  
Nicole Johansson, Public Outreach Coordinator  
Jeannie Trizzino, Admin. Assistant

PRESENT  
PRESENT  
PRESENT  
PRESENT  
PRESENT

**1 CALL TO ORDER**

- 1.1 Meeting was called to order by Chair Doyle at 6:00 pm, followed by the Pledge of Allegiance led by Director Cooper.

**Discussion:** *Chair Doyle welcomed the guests and advised that copies of informational materials were available at the back of the room. He directed that speakers would be able to stand and speak from their seat or from the side of the room.*

**2 Prop 218 Water Rate Hearing**

- 2.1 Introduction and Overview of Proposed Water Rates

**Discussion:** *Chair Doyle introduced District Special Legal Counsel Dustin Cooper and asked that he summarize the matter of this Proposition 218 hearing. Dustin Cooper summarized Proposition 218 as a process established in 1996 as part of the California Constitution that empowers customers of the District to control the rates charged to them, specifically empowering customers the right to protest the establishment of a proposed new fee. Customers who do not protest are considered to affirm the proposed new fee.*

*In 2021 an initiative circulated in the District to roll back rates that had been initiated in 2017 under the Proposition 218 process. At that time, in 2017, the rate change was approved by the customers of the District and the rate change went into effect as of January 1, 2018, followed by subsequent increases in 2019, 2020, 2021, and 2022.*

*District customers were concerned about those rates that had been established under the Proposition 218 process in 2017, and by 2021 enough signatures were gathered on the initiative that the County said that the matter should go on the November 2022 ballot for consideration by all the voters in the District. Through no fault of the Board, there was a mistake, and the matter was not put on the ballot. After consultation with Special Legal Counsel on its options, the District decided to roll back rates to what they were prior to the last Proposition 218 rate increase in 2017. Those rates have been in effect since January 2023.*

*What is being proposed tonight is to reestablish the rates that were in existence in 2022. In substance it is not a rate increase relative to the rates*

*that were being charged in 2022, but it is a rate increase relative to the rates charged in 2023.*

*Legal Counsel Wallace continued the discussion and clarified that there is allowed one protest per parcel and if they had not already been submitted, they could be submitted today, and that the rates would go into effect on April 1, 2023.*

*District Engineer Robin Kampmann from NorthStar then gave a brief summary of the current Cost of Service Analysis that NorthStar prepared. The Cost of Service Analysis calculates the amount of revenue the District needs to collect through its charges to cover anticipated costs, including operating costs, capital improvement costs, and debt service costs, if any. She clarified that at this time, the District does not bear any debt service costs. District operating costs include, like any other business, increasing energy costs, regulatory compliance, which includes metering of all services, groundwater sustainability requirements, state reporting requirements, and lead service lateral replacement. These specific operating expenses represent an increase over the last four years. State reporting requirements have escalated from one to two reports annually to monthly reporting. The District continues to see costs relating to maintaining old and deteriorating infrastructure.*

*The District Engineer continued to explain that recent District system improvements include pressure tank replacement, well maintenance and monitoring, and non-operational valve replacement. The District also adopted a capital improvement program that lists \$4.1 million in improvements to ensure safe and reliable water delivery to District customers. She noted that if the District rates stay as they currently are, the District will not have the funding needed to maintain basic operations and will be operating at a loss.*

*In addition to the proposed rate change, the Cost of Service Analysis proposes necessary changes in connection fees and policies to align the fees with the District's actual costs.*

- 2.2 Public Hearing: Receive written protests and public comment regarding the proposed water rates.

**Discussion:**

*Legal Counsel Cooper explained the public hearing process and invited attendees to provide their comments and that the Board would not be able to comment in response. Protest ballots could be cast or retracted up until the close of the public hearing. After the close of the public hearing, District staff would count the ballots in public. He explained that there are 439 parcels in the District and that a majority protest would then be 220 or more ballots. If there are less than 220 ballots received the Board could continue with its proposed change.*

*Two attendees asked for clarification on the proceedings. To the first question, Legal Counsel Cooper clarified that the public could ask questions during the*

*public hearing, but that responses to questions, if any, would occur at the request of the Board after the close of the public hearing portion of the agenda, Agenda Item 2.2, during the consideration portion of the agenda, Agenda Item 2.4. Legal Counsel requested that other questions and comments from attendees be submitted as part of the public hearing after being recognized by Chair Doyle.*

**Public Hearing:**

*Chair Doyle opened the public hearing and invited guests to speak starting at 6:14 pm.*

*Attendee asked for clarification on how board members are elected to their positions.*

*Attendee asked if the District considered cost saving opportunities for the homeowner with maintenance and low-water landscaping.*

*Attendee did not understand legal counsel's characterization of the rate change as not a rate increase.*

*Attendee wanted clarification on who performs the repairs and maintenance of the district's infrastructure.*

*Attendee wanted clarification on whether the District or the customer bears the cost of meter installation.*

*Attendee commented on national assessment by American Waterworks Association that reliable water source and distribution system are a characteristic of developed countries and that the entire nation is facing challenges of improving or replacing water infrastructure systems that are fifty years old, which is the issue the District is facing. The two important components of this process, according to AWWA are public education and raising rates.*

*Attendee Pat Button submitted four questions – on connection fees – he requested clarification on the Board's position that costs relating to new growth should be borne by the developer and that the District indicated that it intended to increase charges [according to] California construction costs (CPI) for four years, but that the District never did, and he wonders why. He continued that Proposition 218 places restrictions about what can be done with property-related fees. He does not think that property-related fees should go to pay for new construction. He is wondering how or whether the needed business improvements are going to new residential structures where it clearly states that all "new residential structures should have flow increase" so these improvements are for all new construction. He asks whether the District is paying \$100 per hour to have the meters read. Finally, he states the requirements of Proposition 218 are that customers pay for what they use;*

*they do not pay for new development. He wonders how it is the District can support paying for membership in Vina GSA which is not a property-related fee. He asks how the Board justifies this membership is justified. Button states that the initiative was started by him alone and not a group of people.*

*Attendee Ed McLaughlin commented next to summarize the history of Durham Irrigation District. He summarizes a comparison of water rates between Chico and Durham and notes that Chico has a tiered rate whereby the monthly cost goes up the more water is used, where Durham Irrigation District users have the same usage rate charge regardless of amount of water used. He notes that in 1985 the entire Board of Durham Irrigation District quit, at which point the options were for the County or state of California to take over the District. A new board stepped up and the District maintained its integrity. At that time, a lot of new infrastructure was constructed and existing lines upgraded. Prior to that time, for approximately 25 years, there had been no new infrastructure installed in Durham, which put the safety and health of the water in jeopardy. He further commented that there remains a lot of work to be done, but that the work is necessary to maintain property values and that it is smart to invest in the infrastructure. He clarifies that he contributed some \$20,000 in costs plus paid for installation pipeline for a development that he owned; these were costs not borne by the District. He went on to note that the District's involvement with Vina GSA is not optional, but is mandated by the State Groundwater Management Act, the legislation underlying the formation and responsibilities of the groundwater sustainability agencies. It is not optional. McLaughlin asks for the Board to comment on the litigation costs that have been sustained by the District as a result of the actions of a few individuals.*

*Attendee commented that as a property owner she believes that the District should upgrade its systems. She further commented that she did not appreciate being contacted by people who oppose the rate increase.*

*Attendee commented that if upgrades were needed 15 years ago, why weren't they upgraded back then, especially now, when costs have gone up so dramatically.*

*Attendee Jack Angell commented that there is not enough consideration for people on limited budgets.*

*Attendee asked for a percentage breakdown on the costs relating to "our own updates" versus new construction updates.*

*Attendee Derek Sohnrey comments that he is in support of the motion to go back to the 2022 rates and thanks the directors for their service.*

*Attendee Gloria Rose, a long-time resident of Durham, comments that over the years she's seen the condition of the repairs on the galvanized pipes and the repairs need to be done. Prices have gone up on everything, and that is just a fact. It is important to protect our own water system.*

*Attendee asks who is monitoring the quality of the water – is it LAFCO, the county, independent?*

*Attendee asks how the rates were developed and whether the rates were impacted by recent state legislation.*

*Attendee Pat Button commented again that his concern is how do the necessary repairs and improvements get paid for and who pays for them. In other districts, he notes, that there are dedicated fireflow fees that are charged on top of connection fees. He notes that he has raised this with the Board in the past but that it was never acted on. His final comment is that if the District continues to do what it has been doing, he notes that there are 81 water Districts involved in Proposition 218-related lawsuits, and that Durham Irrigation District could be number 82 if the District does not pay attention to the rules and regulations of Proposition 218.*

**Discussion:**

*Legal Counsel Cooper announces final call for protest ballots to be submitted or retracted before tabulation commences. Once tabulation commences, no further ballots will be accepted.*

*Chair Doyle closed the public hearing portion of the meeting.*

2.3 Tabulation of Written Protests

**Discussion:**

*Legal Counsel and staff counted the ballots received prior to the close of the public hearing.*

*Chair Doyle asked District Engineer Robin Kampmann to summarize the methodology of the Cost of Service Analysis to evaluate current costs, costs needed to keep system operational as is without expansion. Revenue and costs are evaluated to determine that the proposed rate is sufficient to keep the system operating and to fund the identified improvements to the current system. The Cost of Service Analysis does not address new service needed for new construction. Contractors proposing new construction are required to install their own systems and to pay into the system their percentage to become new users. The Cost of Service Analysis is available on the District website or by directly contacting the District to request a printed copy. In response to a question from an attendee, District Engineer Kampmann explained that there are thresholds for rates to qualify for grant funding. Kampmann explained that if district infrastructure needs to be improved or expanded as a result of new construction or development, the costs required to upsize a service line, for example, will be borne by both the developer and*

*the District. The District has to verify that its system is not undersized upon with each new construction application.*

*Attendee Pat Button asked whether connection fees escalated according to the Consumer Price Index. District Engineer Kampmann replied that the connection fees do not escalate on an annual basis. Legal Counsel Wallace clarified that a Proposition 218 process is required to be followed every time there is a proposed rate increase, including connection fees. Legal Counsel Cooper commented that capacity fees are a separate type of fee, and that there is a different process for changing capacity fees because it is not a property-related fee and a Proposition 218 service.*

*Director Phillips followed up on the process and requirement in order to become a director. He explained that directors must live in the District and are ratepayers. He noted that there have been no elections for director positions because there have not been multiple candidates running for the position. When a candidate is unopposed, the county fills the position by issuing a certificate of appointment in lieu of election. He encouraged community members to consider serving as directors. He commented that the directors endeavor to keep customer rates as low as possible and also to ensure the reliability of the system. The decision by the directors to keep rates low and to slowly increase rates over a period of four years resulted in revenue being applied to repairs instead of improvements. He notes that there are likely more increases needed in the future as prices continue to rise. Price increases are spread out over a smaller group than in other districts or services where there may be a much larger number of ratepayers. The advantage is that in the case of Durham Irrigation District, the customers can have a say in the matter.*

*Director Cooper followed up on the question of how the monitoring, reporting, and repairs to the District's water system are performed, explaining that the District contract with Sierra Water Systems, a company run by a state-certified water operator. Sierra Water Systems is paid a monthly fee to take care of all required elements of the water system, such as monitoring all three well, collecting water samples, collecting meter readings, as well as coordinating and performing small to medium size projects for the District, including installing a sand filtration system, replacement of the District's aging pressure tank, and coordinating all repairs for the District. District Engineer Kampmann clarifies that larger projects are performed under state procurement regulation.*

*Another attendee asked about an additional charge that she received on her statement. Director Cooper asked her to submit her question after the meeting or at the next day's Board meeting.*



*Chair Doyle brought the discussion to a close and commented that he and the other two directors are property owners in Durham and that they serve on the Board because they care about the District, they care about the water that comes out of faucet because their kids drink it, too, and they joined the Board to make it better, not to make it worse. He invited the attendees to attend the Board meetings every third Tuesday of the month.*

*Legal Counsel Cooper announced the results of the protest ballot tabulation, commenting that the number of protest votes needed to sustain the protest was a majority vote of 439 parcels in the district, meaning a threshold of 220 ballots would be required.*

*The rough count of the protests is 114 ballots. Legal Counsel Cooper cautioned that the actual ballots were unverified, but because the gross count fell short of the required majority count of 220 the ballots do not need to be further verified at this time.*

#### 2.4 Consideration of Resolution No. 2023-01 - Adoption of Proposed Water Rates

**Motion:** *That the Board consider and approve Resolution 2023-01 - Adoption of Proposed Water Rates.*

**Board Discussion:** *None.*

**Public Comment:** *An attendee asked what if there were multiple ballots per envelope, since the ballots submitted by sealed envelope were not opened at the meeting. Legal Counsel Cooper confirmed that he spoke with Mr. Button, who had submitted a number of ballots in sealed envelopes for tabulation, and Mr. Button confirmed that there was only one ballot per envelope.*

*Mr. Button asked whether the District will place the next initiative, should one succeed, on the ballot to be voted upon. Chair Doyle said that the District will follow the law.*

*An attendee asked for help to verify what rate he was being charged; he was concerned that he was being charged for a 1" service when he has a 3/4" service. He was advised to call the District office and ask the staff to look into his billing information.*

**Action Taken:** *On a motion made by Phillips and seconded by Cooper, the Board approved the motion.*

**Vote results** *Ayes carried.*

**Ayes:** *Cooper, Doyle, Phillips*

**Noes:**

**Abstained:**

**Absent:**

### 3 ADJOURNMENT

**The meeting adjourned at 7:04 pm**