

**Durham Irrigation District Board of Directors
Board Meeting
November 16, 2023 - 5:30 PM
MINUTES**

Board of Directors:

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

PRESENT
PRESENT
PRESENT

District Staff:

Mark Adams, District Engineer
Amanda Uhrhammer, Legal Counsel
Adam Daigle, Assistant Water Operator
Nicole Johansson, Public Outreach Coord.
Jacques DeBra, Consultant – Luhdorff,
Scalmanini Consulting Engineers (LSCE)
Eddie Teasdale, Consultant -- LSCE
Jeannie Trizzino, Admin. Assistant

PRESENT
ABSENT
PRESENT
PRESENT
PRESENT
PRESENT
PRESENT
PRESENT

1 CALL TO ORDER

- 1.1 The meeting was called to order at 5:30 pm by Chair Doyle.
- 1.2 Introduction of Guests – Ms. Kathryn Azevedo, Mr. Patrick Button.

2 PUBLIC COMMENT

Ms. Kathryn Azevedo asked whether water testing results would or could be posted on the District website. Staff replied that test reports are available upon request and that the district website had been updated to reflect this under the annual Consumer Confidence Report section.

Mr. Patrick Button asked whether a voter protest or affirmative ballot form of approval would be used for rate increases. Director Phillips commented that the District will follow Proposition 218 under guidance of counsel.

3 PRESENTATIONS – see Item 11.2

4 CONSENT AGENDA

Action Requested: That the Board of Directors approve the following Consent Agenda items.

- 4.1 Monthly Financial Report for October 2023, including:
 - 4.1.1 * Balance Sheet
 - 4.1.2 * Profit & Loss Statement
 - 4.1.3 * Previous Year Comparison
 - 4.1.4 * General Ledger
 - 4.1.5 * Board Recap, Water Sales and AR Aging Report
- 4.2 * Approval of the Warrant Sheet from October 11, 2023 to November 10, 2023, including payments, deposits, and transaction adjustments.
- 4.3 * Approval of the Minutes for the September 19, 2023 (a) and October 17, 2023 (b) Regular Board Meetings.
- 4.4 * Approval of the 2024 District Calendar.

Motion: *That the Board consider and approve the consent agenda.*

Board Discussion: *None.*

Public Comment: *None.*

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: *None*
Abstained: *None*
Absent: *None*

5 REGULAR AGENDA

5.1 Items Removed from Consent Agenda - NONE

6 CORRESPONDENCE

All Items Informational/Possible Action/Direction

6.1 * Ltr. from Azevedo - (11.08.2023) questions USBR project

7 GENERAL BUSINESS

7.1 District Activities and Status Report from District Engineer.
(All Items Informational/Possible Action/Direction)

7.1.1 * Update: USBR Grant-Funded Meter Replacement and Lead Service Laterals
Assessment Project
Requested: Status Report

Discussion: *District Engineer reported that the last six installations were expected to be finished on 11/20/2023 and that no lead service lines were found. The work performed by the construction company was professional and efficient. The service lines were found to be plastic, PVC, and copper. The District Engineer will prepare a lead service line report update for the state Water Board. Director Cooper asked whether any additional meters were able to be installed; District Engineer will investigate the matter and follow up with an answer. Director Phillips asked whether the SCADA system for the wells included active control capability; Water Operator Daigle clarified that the SCADA systems were used for monitoring at this time and that system control was not enabled.*

Public Comment: *None.*

7.2 Development Projects. Review status of development projects' activities.

7.2.1 * Creekside Estates (aka Keeney Development)
Requested: Status report on service agreement.

Discussion: *District Engineer communicated with developer that it was developer's responsibility to extend a service line to the development. Developer contacted District Engineer regarding retaining an existing domestic well that served the original home on the parcel. District Engineer asked that developer submit the request in writing to the Board. Director Phillips commented that the developer should abandon the well and connect the home to the District; Director Cooper commented that the private domestic well could be retained if a backflow prevention device were installed.*

Public Comment: *None.*

- 7.2.2 Butte County Farm Bureau – 9412 Jones Avenue
Requested: Status Report.

Discussion: *District Engineer has not heard back from developer or developer's engineer.*
Public Comment: *None.*

8 WATER OPERATIONS BUSINESS

- 8.1 * Review of Water Operator Log for October 2023 (Operator Mike Butler)

Discussion: *Water Operator commented that he was continuing to troubleshoot the backup generator issues and that it was likely that it would need to be replaced.*
Butte County Environmental Health had identified a safety compliance issue regarding storage of diesel fuel at the Library site. Director Cooper asked Water Operator if there was a catch basin at the site; Water Operator did not know.
Public Comment: *Ms. Azevedo asked about a persistent leak at approximately 9405 Midway that she observed the previous week. Water Operator commented that there were meters being installed at that address and that he would investigate the matter further.*
Mr. Button asked whether the meter reading system would be streamlined with the installation of smart meters under the USBR meter installation project. The Water Operator commented that the District had a mix of smart meters and traditional meters and because of that mix, the water operator would continue to read all meters manually.

- 8.2 * Monthly Work Order Status Report through November 10, 2023

9 ATTORNEY REPORT

- 9.1 Easement Agreement between DID and DUSD for connections along east side of Durham Dayton Highway

Discussion: *Counsel unavailable via telephone. Staff read email report from Counsel – she will meet with DUSD on November 28, 2023. .*
Public Comment: *None.*

- 9.2 Other updates from Legal Counsel not discussed under other Agenda Items

Discussion: *Counsel unavailable via telephone. Staff read email report from Counsel – she will proceed with replacement of bylaws.*
Public Comment: *None.*

10 VINA GSA

(All Items Informational/Possible Action/Direction)

See Vina GSA Calendar online here: <https://www.vinagsa.org/calendar>

- 10.1 Vina GSA Board Meetings
10.2 Vina GSA SHAC Meetings

Discussion: *Director Cooper commented that the application period for SHAC members was open and posted on the Vina GSA website.*
Public Comment: *None.*

10.3 Joint Vina GSA/Rock Creek Reclamation District GSA Board Meetings

11 * CAPITAL IMPROVEMENT PROGRAM AND FUNDING STRATEGY WORKSHOP

11.1 CIP Project #29 – Well Assessments

Action Requested: That the Board of Directors approve moving forward with LSCE Well Assessments

* Scope and Budget for Well Assessments

Discussion:

Eddie Teasdale of LSCE presented the Well Assessment proposal. The proposal outlines three tasks – obtain the history of each well, field test each well as necessary, and finally prepare a Technical Memo summarizing the condition and providing recommendations. He also summarized additional tasks of water quality sampling and well video survey.

Director Doyle asked about the risk inherent to Well 3, which is a 70-year-old well. Teasdale notes that the industry considers wells that are 30-50 years old to be old wells. Modern wells constructed with steel casings have an industry life of 70 years. Director Doyle notes that in that case, all the District's wells are nearing the end of their life.

Director Cooper suggests that previous water operator Kevin O'Shea may have performed some kind of video assessment of Well 3 and that the pumps may have been replaced in ~2012. Teasdale will check with O'Shea.

District Engineer Mark Adams notes that the well investigation will require performing a flow demand trial lasting about two hours per well. He reminds the Directors and consultants that the process will require coordination with landowners to accommodate the volume of water produced as a byproduct of the test.

Director Phillips asked whether the additional bids could be reviewed. District Engineer commented that a one-month delay would be okay but noted that the assessment findings would be helpful in updating the District's CIP plan. Mr. Button commented that 12-15 years ago the pump fell into the well at the Library site.

Public Comment:

Action Taken:

District Engineer tasked with evaluating the well assessment proposal price against other firm's proposals before award.

11.2 PRESENTATION

This Item Is Informational/Possible Action/Direction

* District Funding Options for Capital Improvement Plan Phasing and Implementation, Jacques DeBra, Luhdorff and Scalmanini Consulting Engineers (LSCE)

Discussion:

Discussion of funding options commenced where Item 11.2 left off – discussion of well assessment. Jacques DeBra notes that the cost of drilling a new well is approximately \$500K.

Director Cooper asked if Well 3 (alley well) needed to be replaced, where would it be located? Eddie Teasdale commented that it would be in the same place. Teasdale went on to comment that it is critical to understand the physical condition of each well before the CIP proceeds and performing needed work on the wells is a repair and replacement project to ensure ongoing reliability of the system to deliver water to current customers, not to increase capacity to serve new developments.

Director Phillips asks whether it is possible for the CIP to include a contingency amount of approximately \$500K for a new well. DeBra answered yes it would be possible.

DeBra notes that grant funding is not readily available for non-DAC districts (DAC = disadvantaged community), so financing is the way to pay for needed capital projects. His approach is to look for a single source of funding because it is clear and simple to communicate to the ratepayer. He expects that the interest rate for a California Department of Water Resources State Revolving Fund (DWR SRF) loan to be 2.1-2.5% in early 2024. The DWR loan process takes three years to reach approval and applicants (i.e., the District), can end the process and reject the loan up until signing the loan agreement. DeBra notes that he will limit the scope of work to fall under a California Environmental Quality Act (CEQA) category of Categorical Exemption after the Initial Study.

In order to submit an application for the SRF loan, 90% design must be submitted. Director Phillips notes that all upfront planning costs can be pulled into the requested loan amount and recouped. De Bra notes also that rate increases implemented in 2024 can help the District to accumulate funds needed to prepay some of the needed environmental and design work. DeBra notes that timing is critical for DWR SRF funding rounds. It is ideal to be on the 2024-2025 Fundable Projects List. DeBra suggests that the basic loan packages could be prepared by LSCE while the well assessment is in progress. Director Phillips asks whether iBank is an option, to which DeBra responds that he does not recommend them because they require too many upfront financial commitments. DeBra further notes that the cash flow plan (i.e., District rate structure and any increases) must be in place before the application is submitted.

Director Phillips commented that he is fine with proceeding with the Prop 218 process now. DeBra suggests that a multi-year rate increase could be structured with low increases in the early years, then increase in Year 4 and 5 to cover interest charges from SRF loan. Director Phillips comments that the Board can opt to not implement a particular increase in a given year. DeBra further notes that the District needs to demonstrate to SRF that it intends to commit to completing the loan application to maintain the District's place on the DWR SRF Fundable Projects list.

Chair Doyle asks what is needed on the District side to work with LSCE on the SRF loan process, noting that the District has extremely limited staff capacity. DeBra comments that staff and admin time can be included in the loan package and be reimbursed. Director Phillips suggests that the District Engineer may be able to prepare some of the reports. District Engineer Adams notes that his firm has technical, managerial, and financial (TMF) capacity. He notes that a cash flow analysis will need to be approved.

Director Phillips notes that it is important for the District to take the steps to fully fund needed and long-deferred improvements to ensure the safety and reliability of the system, as painful and expensive as that process will be: a doubling of rates at the end of five years.

Chair Doyle notes that the Board is taking the steps needed to ensure the system will provide reliable water to its ratepayers for an additional 75 years.

District Engineer Mark Adams notes that the District's distribution system is characterized by pipes of different ages, varied materials, and most importantly, of different diameters. The changes in pipe diameter mean that there is variable and inefficient pressure through various parts of the district resulting in additional (and more expensive) monitoring work by the Water Operator and sometimes noticeable water pressure issues for the end users. Adams further notes that the difference in construction cost of a 6" versus 8" diameter line is not terribly significant.

Director Phillips notes that the inequity of the Prop 218 process for rate payers is a statewide issue and that utility districts statewide are prohibited from implementing any kind of sliding scale for utility rates.

Director Doyle notes that the condition of the District's water system is not going to improve if no action is taken; in fact, it can only get worse and more urgent.

Public Comment:

Mr. Button commented that when he moved to his home forty years ago, he was able to turn on the faucet and get clean water. Forty years later, he is still able to do so. Therefore, he does not understand why a rate increase of the magnitude that is being discussed is necessary, since the system still functions as it did forty years ago.

Mr. Button requested that the District consider imposing a fire flow fee as other water districts have implemented. Director Phillips acknowledged the request.

Action Taken:

Director Phillips asks that LSCE prepare a well assessment agreement to be put on the agenda for the December 2023 board meeting.



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12 DIRECTORS' COMMENTS - NONE

13 ADJOURNMENT

The meeting adjourned at 7:05 pm.

Adjourn to the next Regular Board Meeting, December 19, 2023.