

Questions and Answers Sheet
Water Mitigation Alternative
Consolidation of North Davis Meadows CSA with the City of Davis Public Water System

Recently, the North Davis Meadows CSA has been approached by the City of Davis to consider joining the City of Davis in a consolidation of the drinking water supply. Inclusion of our CSA (and our existing nitrate problem) with the new Davis supply system would qualify the new Davis system for loan funds from the state for impacted water supply systems, and result in a significant savings for Davis.

Over the last several years, our CSA has discussed several alternatives to resolve our nitrate problem. The alternative we were poised to go forward with involved drilling two new wells. This new consolidation proposal will be discussed at our community meeting on August 28. The consolidation proposal would involve a dual supply: connecting each home to City of Davis water for domestic use only, and would retain our existing wells for irrigation and outside water (nondrinking).

Below are some questions and answers related to this proposal.

Q1: How is this consolidation alternative different than the alternative of connection to the City of Davis that we reviewed several years ago?

A1: The alternative that was considered several years ago had 4 major differences. It included a \$2.8 million connection fee. This fee would be waived in the new alternative for consolidation. The past connection alternative also included a standard water rate not a “wholesale” water rate based on drinking water usage only. The third major difference is the ability to finance the consolidation project under the low interest loan terms (1.9% with a term of 20 years) as provided by the State Revolving Fund programs should the project be approved. And lastly, this alternative would result in a dual system for North Davis Meadows: water from Davis for domestic for household use, and water from our own wells for outside and irrigation uses.

Q2: Why is consolidation with the City of Davis being considered as an alternative to the current project of well replacement?

A2: There are risks, as the CSA Advisory Committee has previously discussed, that are inherent in drilling new wells. It cannot be guaranteed that the quality or quantity of the water will meet the state standards that are currently in place or the new standards for constituents that are most probably going to be in place in the next couple of years. NDM could end up having to treat the water should the quality of the water after well replacement not meet those standards. The cost of such treatment on top of the bonding costs to pay for the new wells would be prohibitive.

Timing Questions

Q3: When would construction of a pipeline begin, and when would individual connections be finalized? As in, when would Sacramento River water actually be able to be served?

A3: Construction of a pipeline could begin once the low interest loan from the SRF monies are approved for the City of Davis Consolidation with North Davis Meadows. The construction to North Davis Meadows does not have to wait for the entirety of the Surface Water Project to begin.

Q4: Currently, we have been proceeding with the NDM well replacement project. At what point do we make a change from that project to this new proposal? Do we have another vote/straw poll?

A4: Yes, NDM is at the juncture when a Prop. 218 vote which fixes funding for the well replacement project can take place. A Prop 218 election is necessary before we can obtain bond funding for any project. This alternative from the City of Davis was brought to Staff's attention while working on the Prop. 218 engineer's report. The CSA and County must come to a clear decision on whether or not the consolidation is the most financially sensible alternative for the community prior to deciding whether to abandon the current well replacement project. In order to determine which alternative to proceed with, NDM could conduct another straw poll of the homeowners.

The City of Davis must also submit the final application and be approved for low interest loan funding based on a consolidation for the City of Davis project to move forward. Should the City not be approved, then NDM CSA would continue on with the current path which is well replacement.

Financial Questions:

Q5: Will we be reimbursed for all the engineering costs and staff time already committed and expended?

A5: Not previous costs, those are to be included in the Prop. 218 bond election that NDM would be undergoing to cover administration. However, future administrative costs could be factored into the project costs. This is still an issue for discussion with the City of Davis.

Q6: The letter from the City of Davis dated July 15, 2013 (copy of letter on NDM CSA website, <http://www.yolocounty.org/Index.aspx?page=701>) says there will be a charge of \$105 per month for a Capital Component. Would this be a monthly fee to be paid as part of a city water bill? Or is this more like a capital expense that we would pay as part of the regular property tax bill?

A6: This \$105 would be paid as a capital expense once the City of Davis begins to pay the debt service on its overall project to the State for the low interest loan. The logistics of how the \$105 will be paid are still being addressed with the City.

Q7: Would each homeowner receive a monthly water bill from the City of Davis, based on the interior domestic usage as shown on the water meter? Or would the CSA as a whole receive an overall bill, due to the "wholesale" rates, and then bill individual homeowners?

A7: This is still being discussed with the City of Davis and all terms would be defined in any agreement or contract.

Q8: How would "wholesale rates" be calculated? Would we know that prior to any Prop.218 election? How would we be able to assure that the calculation would not change in later years...when we would have no ability to disconnect from the system?

A8: Wholesale rates are currently be discussed based on the technical memorandum that the City of Davis has commissioned from Bartle Wells Associates. The memorandum provides the proposed rate base for the NDM subdivision. Yes, NDM would know about rate information prior to the Prop. 218 election. An agreement between the CSA and the City would need to address the term and rate to be charged.

Q9: How is the proposed \$2 million actually calculated? Is that really an accurate figure as to how much the total proposed NDM well replacement would cost?

A9: The City explanation to that answer is in section b of the letter dated July 15 from the City of Davis. It was a condition based on the not to exceed cost that NDM is expecting to pay for the current 2 well replacement alternative.

Q10: In addition, the current water project does not include water meter costs? Is the new \$2 million cost including water meters?

A10: Yes

Q11: In addition to the question above (#3) would we also ultimately be required to have water meters on the separate irrigation lines from our own NDM wells? If so, by when, and would we have to pay individually.....and how would water rates for the NDM wells be calculated?

A11: From all the information that has been provided in the past with regards to irrigation systems, at this time there is no requirement for having water meters on separate irrigation lines.

Procedural/Prop. 218 Questions

Q12: Engineers reports are needed to proceed with a 218 election. If we proceed with the previous NDM well project, when could we have a 218 election? And, if it passes, when would that project be able to be constructed and completed?

A12: The prop. 218 election could move forward immediately. The final version of the engineer's report is on hold pending the outcome of the City of Davis Alternative. The project could be constructed at soon as 2014 spring/summer season.

Q13: If the decision is made (see #9 above) to instead do the consolidated project, when would we have a 218 election? And, if it passes, when would that project be able to be constructed and completed?

A13: That timeline depends on the timing of the decision from the state as well as the timing of all components to be addressed in an engineer's report for the prop. 218.

Q14: Is the only means to approve/disapprove either of these projects via a 218 vote? Are there any other required steps?

A14: A prop. 218 election is required to levy fees.

Q15: Under the new proposal, would all homes be required to connect to the dual supply system?

A15: All homes in the domestic water system currently would need to be connected to the water supply system as that is the only way the state would approve of this being a remediation project.

Q16: The City estimated monthly potable water cost is up to \$ 35 per month. For some reason, the city uses 8.93 ccf/month as a basis for this, although the letter states that the City household average use is about 12 ccf/month. Are they excluding irrigation?

A16: Yes, irrigation usage in this alternative would be from your current water system, so irrigation usage is not factored into the ccf monthly example for NDM.