

SECTION 2.13

DURHAM IRRIGATION DISTRICT

2.13 DURHAM IRRIGATION DISTRICT

District Characteristics

The Durham Irrigation District (DID/District) provides domestic water services to parcels within its sphere of influence, which is south of the City of Chico (see [Figure 2.13-1](#)). The District currently contracts out for water distribution, testing, and maintenance services with Cal Water Chico.

District Size: 506 acres

2005 Estimated Population Served: 1,300

Office Location: 9405 Midway, Durham, CA 95938

Services: Domestic water

Employees: 2 part time

Date of Formation: 1948

Enabling Legislation: California Water Code, Division 11, §20500 *et seq.*

Review and Analysis of Service Provision

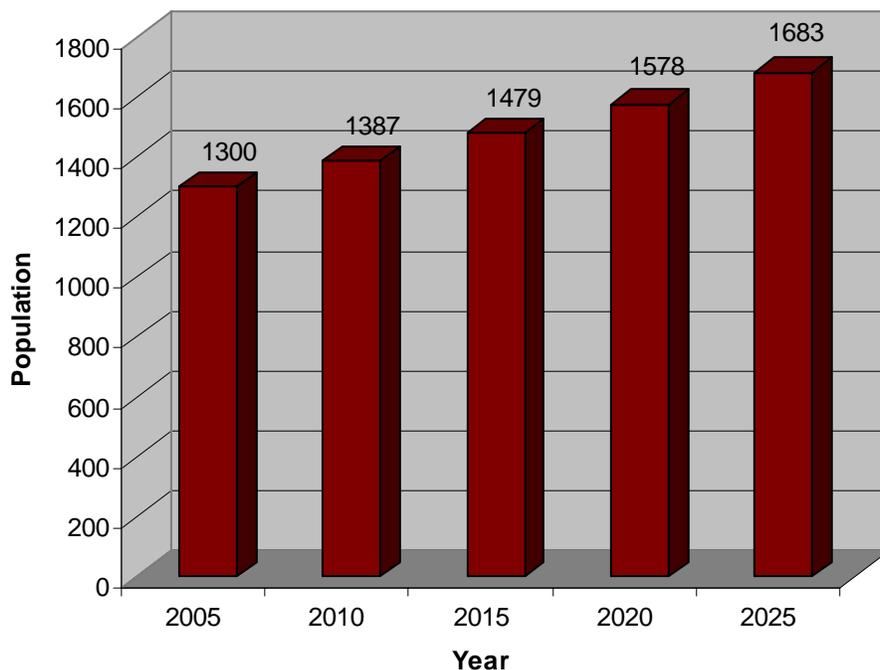
GROWTH AND INFRASTRUCTURE

Growth and Population

A. Population: Existing and Projected (5, 10, 15 and 20 Year Time Frame)

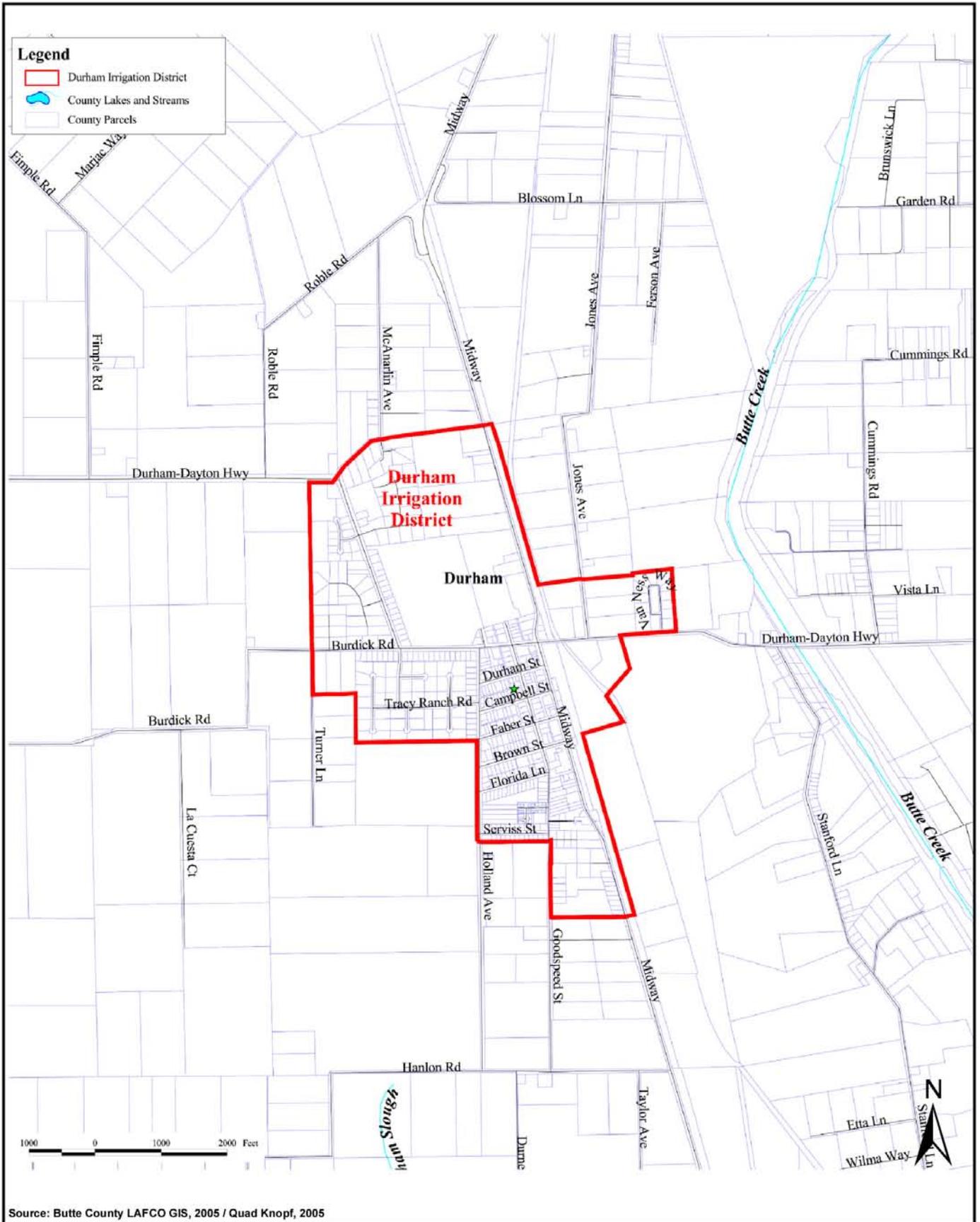
The District currently provides water services to approximately 450 customers, which corresponds to a population of approximately 1,300 people according to Cal Water Chico. For purposes of this analysis, the expected population growth in the District has been projected to the year 2025 (see [Figure 2.13-2](#)) assuming a growth rate of 1.3%, which corresponds to the projected growth in the unincorporated portions of the County as given by the Butte County Association of Governments.

**Figure 2.13-2
Projected Population Growth 2005-2025**



B. Land Use/Significant Growth Areas

The majority of the consumers of water within the District are residential users. There are no clear significant growth areas; zoning restrictions limit the growth in the area. Any future growth is dictated by requests for annexation submitted to Butte County. The Durham-Dayton-Nelson Area Plan established area-wide land use policies that provide less potential for future development than had been allowed under the former Durham Area Plan, which governed the area prior to the adoption of the Durham-Dayton-Nelson Area Plan.



 **DURHAM IRRIGATION DISTRICT** Figure 2.13-1

Determination DID-1 (Growth):

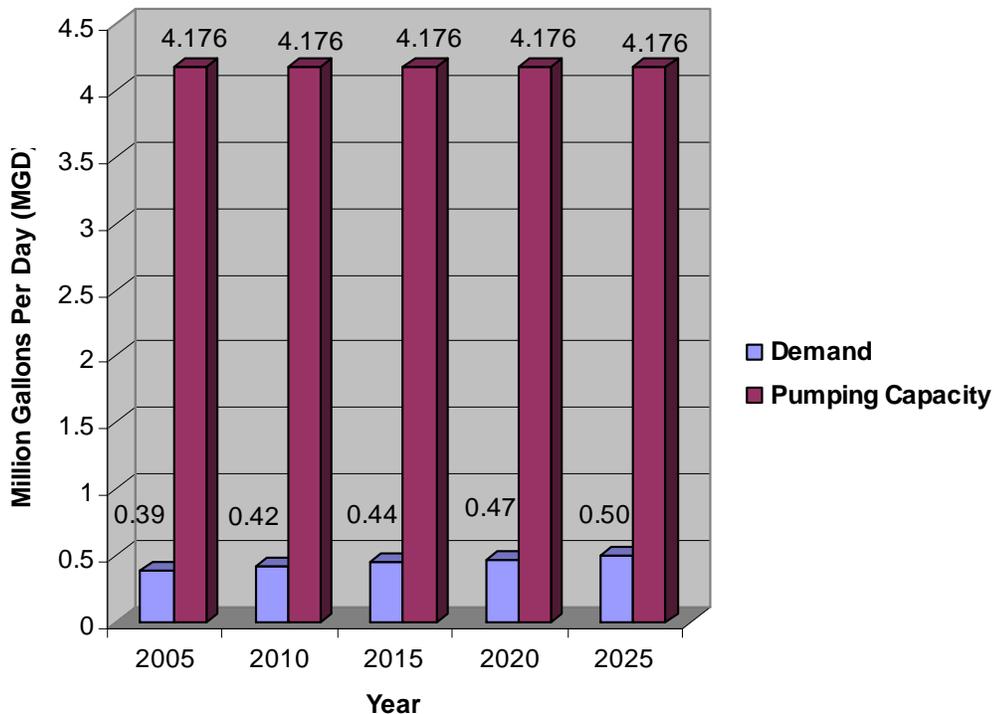
The population of the District may grow at a rate of approximately 1.3% annually for the foreseeable future.

Infrastructure

A. Quantity

The water supply for the District is groundwater from three wells that the District owns. The maximum pumping capacity of the wells is approximately 4.176 MGD (million gallons per day). In 2004, an estimated 142 MG (million gallons) was delivered, which equates to 0.39 MGD. This demand is expected to grow as illustrated in Figure 2.13-3 below.

**Figure 2.13-3
Projected Water Demand 2005-2025**



The drought in the mid-1990's caused a drop in the water table, in response to which the District brought a new well on-line as the primary source of water on demand. Because the drought caused a drop in the water table, the District has made water conservation literature available to its customers. There is no above ground storage within the system.

Determination DID-2 (Water Quantity):

The District has been providing adequate supplies of water to its service area for day to day needs during years of normal precipitation. During dry years, the water table has historically dropped, and the District promotes water conservation. The District's water supply is sufficient to accommodate the projected growth.

B. Quality

Water quality reports provided by Cal Water Chico indicate contaminant levels well below the regulated limits for all contaminants, including arsenic and nitrates. The arsenic in the District's wells ranged from undetectable to 5 ppb (parts per billion). This indicates that the wells are below the limit of 10 ppb, which is the new MCL (maximum contaminant level) that goes into effect on January 23, 2006. Water is treated chlorine at the well prior to delivery.

Determination DID-3 (Water Quality):

The District's water source meets all required state and federal water quality standards.

C. Facilities

The wells and water delivery system are operated by Cal Water Chico. The District has three wells that are drawing water; these wells furnish water on demand. One well has a backup generator system that allows it to continue pumping during power outages. There is no storage within the District's system.

The water delivery piping is aging and should be replaced in the near future. There are also some pipelines in the system that are difficult to access. The District's domestic water infrastructure is such that service must be interrupted to make repairs or new service connections. The District is in the planning stages, in conjunction with Cal Water Chico, for a series of capital improvements to the water supply system.

Determination DID-4 (Water Facilities):

The District has aging water supply infrastructure that must be repaired or replaced as necessary.

FINANCING AND RATE RESTRUCTURING

Annual independent auditor's reports and financial statements for FYs ending 2002-04 were reviewed in accordance with LAFCo's 2003 MSR Guidelines. The purpose of this review is to determine fiscal viability, suitability of current funding practices, and potential fiscal impacts resulting from new legislation.

Proposition 218 restricts local government's ability to impose assessment and property related fees and requires elections to approve many local governmental revenue raising methods. According to District officials, Proposition 218 will have only a minor impact on the District's ability to cover the costs of providing related services.

The FY 2003-04 annual audit noted no material weaknesses in financial reporting or operations. A material weakness is a condition in which one or more of the internal control components does not ensure accuracy in financial statements or provide adequate internal oversight.

In FY 2003-04, water service operating revenues totaled \$136,370. Water sales totaled \$123,754 (90% of the operating revenues); meter installation revenues totaled \$11,500; and other revenues totaled \$1,116. Operating expenditures totaled \$126,099. The largest sources of expenditure were due to: repairs and maintenance (\$38,563), power (\$30,580), employee salaries (\$11,535), and insurance (\$12,217). End of year net assets, which combine operating revenues, operating expenses, interest income, and beginning net assets, totaled \$678,230.

The rate schedule is shown in [Table 2.13-1](#). The rate structure is evaluated annually by the Board of Directors by comparing current rates with rate schedules used by other agencies and private companies.

Table 2.13-1
District Rates

Property Rate Codes	Rate ¹	Description
1	\$20.00	Single residence
2	\$11.00	Additional residence
3	\$11.00	.75 inch metered
4	\$14.00	1.00 inch metered
5	\$17.00	1.50 inch metered
6	\$20.00	2.00 inch metered
7	\$12.00	Duplex/small business
8	\$30.00	Office
9	\$340.00	Apartment complex
10	\$208.00	
11	\$25.00	
12	\$55.00	
13	\$40.00	
14	\$50.00	

¹ Meter rate = \$0.25 per 100 cubic feet.

In accordance with Government Code Section 53901, every local agency shall file a copy of its annual budget with the County Auditor of the County in which it conducts its principal operations unless exempted by the County Auditor 60 days after the beginning of its fiscal year. District officials noted that Special District Financial Transactions Reports are submitted annually in July, but that yearly budgets have not been adopted.

Determination DID-5 (Financing and Rate Restructuring):

As of FY ending 2004 (the most recent audit available), revenues exceeded expenditures. Rates should continue to be re-evaluated as necessary to ensure that they cover the costs of providing related services. The District is in noncompliance with Government Code Section 53901.

COST AVOIDANCE AND FACILITIES SHARING

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District transfers risks that may arise from these and other events through the purchase of property and liability insurance through the Special District Risk Management Authority, an intergovernmental risk sharing Joint Powers Authority. The District carries general and auto liability coverage, employee dishonesty coverage, property loss, and boiler and machinery coverage. The District also maintains worker's compensation insurance through the State Compensation Insurance Fund.

As another cost avoidance measure, the District asks users to water early in the morning before peak usage times, and employs the use of water meters.

The District is a small system that could not support employing staff with required credentials and certification, thus they currently contract out these services to Cal Water Chico for an equitable cost. The District maintains an office (open two days per week) for customer service, billing, and meter reading. Opportunities for facilities sharing appear to be limited.

Determination DID-6 (Cost Avoidance and Facilities Sharing):

The District utilizes appropriate cost avoidance measures in its operations, including contracting out services which would be too costly for the District to provide. Currently, revenues exceed expenditures; thus, no other forms of cost avoidance are warranted. Facilities sharing opportunities appear to be limited.

GOVERNMENT STRUCTURE AND LOCAL ACCOUNTABILITY

The District is currently managed by a three member Board of Directors. Each director must be a voter and freeholder of the District and resident of the division which he represents at the time of his nomination and during the entire term; directors are elected by voters who are residents of the District.

The current Board of Directors is as follows:

Member	Division	Term Expires
Gary Wolf	Division 1	Dec 2006
Raymond Cooper	Division 2	Dec 2008
Nick Gore	Division 3	Dec 2008

Per SB 135, Government Code Section 61041 applies only to those districts that on December 31, 2005, had boards of directors that consisted of three members. Those districts shall continue to have boards of directors that consist of three members until the next general district election after January 1, 2006, after which date those districts shall have boards of directors that consist of five members.

Board members receive \$20 per month. The Board of Directors meets the second Thursday of each month at 8:00 p.m. at the District office at 9405 Midway in Durham. Meeting announcements are posted at the District office. Controversial items are advertised in the local paper or included with monthly bills. The District generally has a member of the public present about four time per year. Past minutes are available at the District office. When the Board does not have quorum, action items are carried over to the next meeting, with the exception of authorizing payment of reoccurring bills. The president of the Board is responsible for compliance with the Brown Act.

District officials noted that current service boundaries are appropriate, as land beyond the current sphere of influence is in agricultural use.

Determination DID-7 (Government Structure and Local Accountability):

The District maintains accountability in its governance, and public meetings appear to be held in compliance with Brown Act requirements. There are sufficient opportunities for local involvement in District activities, and information regarding the District is readily available to members of the public. The District needs to come into compliance with Government Code Section 61041 at its next general election.

MANAGEMENT EFFICIENCIES

The Board of Directors oversees District operations and employs one part time employee and a meter reader who works two days per month. The District is subject to yearly audits and has addressed and acted upon all recommendations from recent audits.

The District is currently investigating the possibility that customers might be better served by the private sector through purchase of the District, with one possibility being Cal Water Chico. This may result in a rate increase, as Cal Water Chico's metered rates are as high as two to three times the rates currently charged by the District.

Determination DID-8 (Management Efficiencies):

The number of employees is appropriate given the operation and size of the District. Consideration should be given to purchase of the District by the private sector, specifically Cal Water Chico.

Summary of Determinations

Determination DID-1 (Growth):

The population of the District may grow at a rate of approximately 1.3% annually for the foreseeable future.

Determination DID-2 (Water Quantity):

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