2.14 LAKE MADRONE WATER DISTRICT

District Characteristics

The Lake Madrone Water District (LMWD/District) provides water services to several homes on a year-round basis and also provides water to property owners that use the land seasonally. These customers are exclusively residents of the Lake Madrone area, which is located in eastern Butte County (see Figure 2.14-1). Current issues facing the District include struggling with the cost of lake maintenance, including weed control and sediment removal.

<table>
<thead>
<tr>
<th>District Size: 240 acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 Estimated Population Served: 15 (full-time year-round population)</td>
</tr>
<tr>
<td>Office Location: 12 Star Road/P.O. Box 61, Berry Creek, CA 95916</td>
</tr>
<tr>
<td>Services: Domestic water</td>
</tr>
<tr>
<td>Employees: 1 full time</td>
</tr>
<tr>
<td>Date of Formation: 1976</td>
</tr>
<tr>
<td>Enabling Legislation: California Water Code Section 34000</td>
</tr>
</tbody>
</table>
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 15 full-time residents on a year-round basis and also provides water to several property owners that use the land seasonally. These customers are Lake Madrone community residents exclusively. The Lake Madrone area is generally a vacation/seasonal community, making projection of growth difficult to determine. For purposes of this analysis, based on historical growth, the District estimated a projected growth rate of 10% per 10 years, or about 1.0% annually. The expected population growth in the District has been projected to the year 2025 (see Figure 2.14-2).

![Projected Population Growth 2005–2025](image)

B. Land Use/Significant Growth Areas

The area has not experienced significant growth, and there are an estimated 80 properties yet to be developed. Due to the limited development potential of most of the properties in the service area (they are undersized and/or have septic percolation problems), buildout likely will not occur. The growth in the area is expected to be very limited in the future.
LAKE MADRONE WATER DISTRICT

Figure 2.14-1

Source: Butte County LAFCO GIS, 2005 / Quad Knopf, 2005
**Determination LMWD-1 (Growth):**

The population of the District may grow at a rate of approximately 1.0% annually for the foreseeable future. Buildout of the existing parcels in the service area is very slow and may be prohibitive because of the limited development potential of most of the properties.

**Infrastructure**

A. Quantity

The annual demand for water services has been approximately 34 AF and an average of 25,000 gpd (gallons per day). This demand is expected to grow as illustrated in Figure 2.14-3 below. The projected average daily water demand using this growth model will be approximately 30,000 gpd in 2025. The District owns three wells which are located within the local watershed. Two of these wells are equipped with pumps and associated piping. The third well is not currently equipped with production equipment. The combined maximum production capacity of the two wells is approximately 160,000 gpd. The District has 145,000 gallons of storage.

**Figure 2.14-3**

Projected Water Demand 2005-2025

![Graph showing projected water demand from 2005 to 2025.](image)
The required fire flow is 10,000 gallons per hour for 10 hours, and the District is not in compliance with this requirement. The District encourages water users to conserve water during dry years to save pump and storage tank capacity for fire protection. Several dry hydrants exist around the lake to allow fire protection pumping from the lake as necessary.

**Determination LMWD-2 (Water Quantity):**

*The District can provide adequate supplies of water to its service area for day to day needs. The District’s water supply is sufficient to accommodate the minor amount of growth that is projected. The District does not have adequate fire flow capacity.*

**B. Quality**

The District has good quality raw water supplies. Water quality test results were provided from Monarch Laboratory. This data included 12 months of well sampling reports, and indicated that there are no contaminant problems in the aquifer that the District draws from.

**Determination LMWD-3 (Water Quality):**

*The District’s water quality can be characterized as good. The District’s water source meets all state and federal water quality standards.*

**C. Facilities**

The District currently operates two wells with depths of 154 feet and 580 feet. A third well (180 feet deep) is currently encased, capped and awaiting availability of funds for addition of the facilities to operate it and integrate within the District’s system. The fire flow requirement also suggests the need for a new storage tank or tanks with 100,000 gallons of capacity for sustained/reinforced use for fire protection. Total storage capacity is 145,000 gallons and includes one steel tank (100,000 gallons) and three redwood tanks (15,000 gallons each). Breakdown and repair of the wells, pipelines and valves is a major constraint for the District.

**Determination LMWD-4 (Water Facilities):**

*Currently the District’s facilities are adequate to meet the demand for domestic water consumption. In order to meet fire flow requirements, the District needs to bring the third well online and requires more storage. Breakdown and repair of the wells, pipelines and valves provides a major constraint to the District.*
FINANCING AND RATE RESTRUCTURING

Annual independent auditor’s reports and financial statements from FYs 99-00, 01-02, and 03-04 for the District were reviewed in accordance with LAFCo’s 2003 MSR Guidelines.

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. The District has not had to go to the voters since adoption of Proposition 218 because standby charges were adopted prior to that date, and increases above those adopted levels have not been necessary. Because of the uniformity of benefits (one house per lot), Proposition 218 may not be a serious obstacle if the homeowners approve of the purpose of future charges.

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. The District provides for the maintenance of its own financial records, and does not submit its annual budget to the County Auditor.

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, the District’s total assets amounted to $899,938. Assets were comprised of property, the plant, equipment, tax revenue, and interest. Total liabilities and fund equity amounted to $899,938 and included long term debt from memorial funds and an Economic Development loan. Operating revenues including standby charges and water charges amounted to $94,194; non-operating revenues including interest income, miscellaneous fees, and property taxes amounted to $76,617.

Net income for FY 2003-04 totaled $9,864; net income for FY 2001-02 totaled $24,169. The FY 2003-04 audit noted that the District usually receives a share of the 1% of County assessed taxes based upon the large percentage of taxes and assessments being charged by the District when Proposition 13 went into effect. In 1991 and 1995 a portion of these tax proceeds were taken by the State of California; the passage of Proposition 1A in November 2004 provides that removal of these amounts will not occur beyond 2005. In FY 2004-05, tax revenue lost to the State of California will be approximately $12,338. A flat rate of $300 per year per customer is charged for unrestricted use.

In 1977, the District entered into a loan with the Economic Development Administration of the U.S. Department of Commerce, pursuant to the Community Emergency Drought Relief Act of 1977. The loan totaled $95,500. The District has been paying it off in annual installments of $5,613 including 5% interest, and will continue to do so through July 1, 2017.

The FY 2003-04 audit noted that the District is subject to heavy siltation from logging and land development activity. The RWQCB requires that the District avoid discharges of sediment. The cost of clean up may result in the District not being able to maintain the lake financially.
The FY 2001-02 audit noted that as a result of Proposition 218, the District cannot change the amount or character of standby charges without an election where the proposal is approved by 50% of all the property owners. The audit noted that this legislation could impact the District’s ability to increases charges and cover costs.

**Determination LMWD-5 (Financing and Rate Restructuring):**

*Several factors may impact the District’s ability to sustain itself financially: Proposition 218 and funding the cost of lake clean up to comply with RWQCB requirements. The District is awaiting the availability of funds to bring a third well online for fire protection purposes. 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 a general liability policy that covers its water system operations and the property the District maintains for liability, including Lake Madrone.

The District is a member of the District’s Association. The District also receives bulletins from the Minasian law firm with regard to changes in employment requirements, water rights, reporting requirements, and similar subjects which the District is involved in. Opportunities for facilities sharing appear to be limited.

The District’s Board of Directors is exploring cost effective solutions for lake clean up including a cheaper means of removing sediment and modifying the dam outlet structure. Compliance with the RWQCB permit must be achieved by 2007.

**Determination LMWD-6 (Cost Avoidance and Facilities Sharing):**

*The District is actively exploring cost avoidance opportunities to reduce costs associated with compliance with RWQCB requirements. Facilities sharing opportunities appear to be limited.*

---

**GOVERNMENT STRUCTURE AND LOCAL ACCOUNTABILITY**

The District is run by a five member Board of Directors that serves as the decision-making authority. The directors are holders of title to land in the District and are elected by titleholders of land within the District.
The current Board of Directors is as follows:

<table>
<thead>
<tr>
<th>Member</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roger Williams</td>
<td>Dec 2009</td>
</tr>
<tr>
<td>John Raymond</td>
<td>Dec 2009</td>
</tr>
<tr>
<td>Fred Michels</td>
<td>Dec 2007</td>
</tr>
<tr>
<td>Dennis Nay</td>
<td>Dec 2007</td>
</tr>
<tr>
<td>John Logoteta</td>
<td>Dec 2007</td>
</tr>
</tbody>
</table>

The Board of Directors meets the third Saturday of each month at 1:00 p.m. at the Lake Madrone Inn. Meeting notices are posted on two informational kiosks around the lake and on the District’s website. Meetings are open and accessible to the public. Attendance at the meetings varies depending on the season, but there are always several attendees as documented in the minutes.

District officials did not indicate whether or not they feel that the current service boundaries and sphere of influence are appropriate. Given the District’s proximity to the Berry Creek Community Services District (Berry Creek CSD) and the potential financially insolvent position of the District, consideration should be given to consolidating the District with the Berry Creek CSD and reorganization of sphere boundaries.

**Determination LMWD-7 (Government Structure and Local Accountability):**

The District maintains accountability and compliance 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. Consideration should be given to consolidating the District with the Berry Creek CSD and reorganization of sphere boundaries.

**MANAGEMENT EFFICIENCIES**

The District employs a full-time maintenance technician and an independent contractor (certified water system operator) who operate under the supervision of the Board of Directors. The certified water system operator provides information related to water quality to the District. The Board is addressing current funding and operational issues. Given the size of the District, there are no apparent structure changes necessary to result in more efficient operations.

**Determination LMWD-8 (Management Efficiencies):**

The number of employees is appropriate given the operation and size of the District.
Summary of Determinations

Determination LMWD-1 (Growth):  

The population of the District may grow at a rate of approximately 1.0% annually for the foreseeable future. Buildout of the existing parcels in the service area is very slow and may be prohibitive because of the limited development potential of most of the properties.

Determination LMWD-2 (Water Quantity):  

The District can provide adequate supplies of water to its service area for day to day needs. The District’s water supply is sufficient to accommodate the minor amount of growth that is projected. The District does not have adequate fire flow capacity.

Determination LMWD-3 (Water Quality):  

The District’s water quality can be characterized as good. The District’s water source meets all state and federal water quality standards.

Determination LMWD-4 (Water Facilities):  

Currently the District’s facilities are adequate to meet the demand for domestic water consumption. In order to meet fire flow requirements, the District needs to bring the third well online and requires more storage. Breakdown and repair of the wells, pipelines and valves provides a major constraint to the District.

Determination LMWD-5 (Financing and Rate Restructuring):  

Several factors may impact the District’s ability to sustain itself financially: Proposition 218 and funding the cost of lake clean up to comply with RWQCB requirements. The District is awaiting the availability of funds to bring a third well online for fire protection purposes. The District is in noncompliance with Government Code Section 53901.

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

The District is actively exploring cost avoidance opportunities to reduce costs associated with compliance with RWQCB requirements. Facilities sharing opportunities appear to be limited.
**Determination LMWD-7 (Government Structure and Local Accountability):**

The District maintains accountability and compliance 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. Consideration should be given to consolidating the District with the Berry Creek CSD and reorganization of sphere boundaries.

**Determination LMWD-8 (Management Efficiencies):**

The number of employees is appropriate given the operation and size of the District.