

Shasta Local Agency Formation Commission



Final Municipal Services Review & Sphere of Influence Update County Service Area #23 – Crag View

December 4, 2014

**County Service Area #23 - Crag View
Municipal Service Review & Sphere of Influence Update**

1. Executive Summary.....
2. General Background
3. District Services.....
 - a. Infrastructure, Facilities, Services.....
 - b. Administration, Management, Operations.....
 - c. Fiscal.....
 - d. Governance.....
4. Regional context/Relevant services by other agencies
5. Agency Boundary & Proposed Sphere of Influence Service Area
6. Written Determinations for Municipal Service Review
- a. Growth & population projections.....
 - b. Disadvantaged unincorporated communities (DUCs)
 - c. Present and planned capacity of public facilities
 - d. Adequacy of public services.....
 - e. Infrastructure Needs or Deficiencies
 - f. Financing Constraints and Opportunities
 - g. Opportunities for Rate Restructuring
 - h. Status of and Opportunities for Shared Facilities.....
 - i. Accountability for community service needs,
governmental structure and operational efficiencies
7. Written Determinations for Sphere of Influence Update
- a. Present/planned land uses
 - b. Present and probable need for public facilities and services.....
 - c. Present capacity of public facilities/adequacy of services
 - d. Existence of social or economic communities of interest
 - e. Present and probable needs of disadvantaged unincorporated
communities within area.....
8. Conclusion.....
9. References
10. Exhibits.....
 - A. Map of proposed SOI Boundary: Crag View
 - B. Craig View CSD Formation documents
 - C. Reorganization: form CSA #23/Dissolve CVCSO
 - D. CSA Plat Map
 - E. District Budget
 - F. Shasta County Community Advisory Board Ordinance 1984
 - G. Community Calculator – District Area
 - H. Notice of Intent to Adopt CEQA Determination – Statutory Exemption PRC 21083
 - I. No Effect Determination – California Department of Fish & Wildlife

1. EXECUTIVE SUMMARY

Local agency formation commissions have been tasked with updating local agency municipal service reviews (MSR) and sphere of influence boundaries (SOI) every five years since 2008 [Government Code Section 56425 *et seq.*]. This study presents a baseline review of the District services and SOI needs, satisfying the requirements of this statute.

A good portion of LAFCO's original in-house information regarding formation of this District is unavailable. As a result, this baseline review seeks to associate the original formation purposes and activities of the District with an understanding of its current day operations and future plans.

2. GENERAL BACKGROUND

CSA #23 - Crag View's service area is located in northern Shasta County east of Interstate 5. It abuts the Siskiyou/Shasta County line to the north, the Sacramento River to the west, and the Castle Crag State Park is just south of the district. Formed with these boundaries, there is no room for expansion of the district.

A domestic water system had been developed over a number of years, belonging to no one, with maintenance and improvements conducted on a volunteer basis.

In 1968, Shasta LAFCO received a request to form the Crag View Community Services District for this area. Development at the time was mostly residential, with a large commercial recreational development and a campground being planned. Residents were concerned about the safety and availability of future water supplies and requested formation of a special district to address these issues and afford some form of protection of their resources. LAFCO approved the application on September 11, 1968.

The new District included 70 parcels, or about 190 acres. Water delivery systems were subsequently upgraded and water treatment facilities initiated. The District board of directors oversaw operations for about 25 years. The CVCSO had difficulty maintaining full membership on its board, and in retaining licensed operating staff.

By 1991, the District had begun to experience a number of administrative, operational, and financial difficulties. The District had less than \$13,000 in the bank, and was behind on their audits. Additionally the treatment plant needed repairs to bring it up to State standards. Two audits and the repairs came to an estimated \$10,000, which they did not have.

The Board of Directors asked Shasta County to request LAFCO initiate proceedings to reorganize the District, dissolving the Crag View Community Services District, and forming County Service Area #23 – Crag View which would assume responsibility for the water system.

Shasta LAFCO approved the request in February 1992. Assets and liabilities of the Crag View CSD were transferred to the new CSA #23, a schedule of fees and charges were established, and supervision of the new district was assigned to the County Public Works Department.

Castle Creek provides the source of CSA #23's water supply, with the intake facility near the Dunsmuir Railroad Park, along with a small storage tank and the treatment plant.

In 2011, funding was secured from the California Department of Public Health for a loan/grant package to make improvements to various portions of the water system. Construction consisted of: a new treatment plant with three water filters; a new backwash tank; larger pipeline from intake to the treatment plant to increase flocculation contact time; two new intake pumps; rerouting of treated water to increase chlorine contact time; and repainting the interior and exterior of the existing storage tank. Construction was completed in September 2012.

The total estimated population within CSA #23 is 165.

3. AGENCY SERVICES

a. Infrastructure, Facilities and Services

The District facilities were designed to meet the needs of all parcels within the District boundaries. Annexations occurred prior to reorganization from a CSD to a CSA, but will be unlikely in the future due to geographical boundary limitations. As a result, no Master Plan for expansion of services has been established.

One property in Siskiyou County, outside current District boundaries, currently receives water service from the District. It is located adjacent to the new water treatment plant. This service has been in existence since 1968, and was established in exchange for easement rights for District intake facilities adjacent to Little Castle Creek, and an easement for a water line connecting the intake to the treatment plant. There are no plans to annex that area.

Service is provided on a first come, first served basis. Demand for additional service has been very low. The City of Dunsmuir has provided additional water for short durations, during construction activities and during past emergencies. Systems are not underutilized and the District is not part of a joint powers agreement or arrangement.

b. Administration, Management and Operations

When preparing or updating a municipal service review, information about administrative, management and operational functions, including assuring internal

organization and agency policies, rules, and regulations are evaluated with respect to efficiencies and/or cost avoidance opportunities.

The CSA #23 - Crag View is governed by the Shasta County Board of Supervisors acting as the Board of Directors, operating as the administrative and financial manager of the District. The day-to-day management of the District is the responsibility of the Public Works Department, who may use maintenance contractors as needed.

The District currently has no distinct employees, but is supported by Public Works staff, consisting of: an operation supervisor, four licensed water treatment plant operators, and five part-time non-licensed employees which are shared with multiple county service areas. All County employees operate according to Shasta County policies and employment guidelines.

c. Fiscal

This is an enterprise fund district. Most operating revenue is derived from by-monthly service charges for water service. In 2010, an assessment district was established to pay back a loan from the State Revolving Fund for the 2012 treatment plant improvements. Available resources are maintained within the County's general operating budget.

Most agency revenue streams are subject to Proposition 218, which sets forth various constraints on the generation of revenues for infrastructure services. Bond financing is not subject to Proposition 218 per se, but is subject to a parallel administrative process.

Customers are charged according to existing rate structures. No rebates have been issued during the past three years. Delinquent amounts are placed on the tax bill associated with the property at the end of the year. Occasionally, after diligent effort, delinquent accounts may be deemed uncollectable. This requires an action by the Board of Supervisors. Rates and fees have not changed over the past three years, with the last approved rate increase occurring in 1998.

Proposition 218 require CSA #23 to adopt a rate structure which is reflective of actual costs of service. The current rate structure meets this standard.

The District budget details are included as Exhibit E at the end of this narrative. The Budget to Actual reports a net revenue of \$7,964.58 and a total of \$3,506.82 in expenses. The District manages a very conservative budget, providing due diligence on all fiscal matters and records.

d. Governance

The Shasta County Board of Supervisors operates as the governing body for CSA #23 - Crag View, and they do not receive compensation for sitting as the board of director of this District. District board meetings follow the rules and protocol for the Shasta County Board, including noticing and accessibility. Public participation is encouraged. Meetings are held as needed. Board meetings are held quarterly, or more often as may be needed.

Matters pertaining to District operations that require action by the Board are placed on an agenda for a regular meeting of the Board. Meetings are subject to the Ralph M. Brown Act and all State laws pertaining to notification of public meetings on District matters. Meeting notices are given to all customers that include the date, time, place and purpose of the meeting. The CSA #23 - Crag View is a landowner-voter district.

4. REGIONAL CONTEXT/RELEVANT SERVICES BY OTHER AGENCIES

Land use and building regulation services are provided by the County of Shasta, as are law enforcement, road services and other general services provided to the unincorporated areas of the county by various county departments.

5. AGENCY BOUNDARY AND PROPOSED SPHERE OF INFLUENCE UPDATE MAPS.

The District's service area physically situated in a mountainous region where the natural terrain limits the areas where extension of water service would be practical. The current sphere of influence coincides with the boundaries of the district. Any request for an expansion of the SOI boundary would require a concurrent examination as to whether it could be deemed economically feasible. Any subsequent LAFCO application would be the responsibility of the requestor.

It is proposed the Commission set the SOI boundary to be coterminous with existing district boundaries, as shown on the enclosed map of proposed Exhibit A - SOI Boundary Update at the end of this report.

6. WRITTEN DETERMINATIONS FOR THE MUNICIPAL SERVICE REVIEW

a. Growth & Population Projections

Development and growth within the District will be primarily guided by the number of available parcels currently within the District. District operations and program growth will be included and evaluated during development permit processes for these areas so as to effectively meet expected service needs.

b. Disadvantaged Unincorporated Communities (DUCs)

The area serviced by the District has more than 12 registered voters and therefore qualifies as a “Disadvantaged Unincorporated Community.” California State Parks (www.parks.ca.gov) provides a Community Locator tool which helps with identifying the general income within one-half mile of the town center. It usually sufficient to provide a guideline for this classification (see attached sheets). The population counts shown on these reports only encompass a one mile diameter and do not reflect the actual population assigned to those communities.

The median per capita income for the state is \$46,477, and a local community would qualify for designation as a DUC if their median income falls below 80% of this figure. The median per capita income calculation for the CSA #23’s area is estimated to be near \$27,871.

c. Present and Planned of Public Facilities

The District staff monitors capital improvement needs to maintain and upgrade service systems. Future development will pay its pro rata share of costs for services.

d. Adequacy of Public Services

District facilities are adequate for current service needs. It also has sufficient access to needed resources and capacity to serve the areas within the proposed sphere of influence boundaries. Any cost of extension of services will be tied to development permits for future growth.

e. Infrastructure Needs or Deficiencies

District monitors and evaluates water service infrastructure for capacity, condition, availability, and quality water services. Correlation of operational, capital improvement, and finance plans are appropriate for the size of the District and its service area at this time. No current deficiencies have been noted.

f. Financing Constraints and Opportunities

As an “enterprise” district, CSA #23 - Crag View derives its water service funding primarily from fees and charges levied for services provided. As such, the District must maintain a reasonable nexus between fees and charges levied and the cost of the service provided. That having been said, District seeks to be as efficient and innovative as possible in maximizing use of existing fiscal resources.

g. Opportunities for Rate Restructuring

As noted above, there are inherent statutory limitations on the District’s ability to restructure rates. With that in mind, District should regularly review fees and charges levied so as to maintain a reasonable nexus between rates and actual costs.

District will also want to employ effective rate setting procedures, identify conditions that could impact future rates, and give due consideration to timely restructuring opportunities without impairing the quality of services.

h. Status of and Opportunities for Shared Facilities

There are presently inherent limitations – geographically, jurisdictionally, and operationally – on District water service facilities being extended to and/or shared with other areas or other water service purveyors outside its proposed SOI boundary.

i. Accountability for Community Service Needs, Governmental Structure, and Operational Efficiencies.

The District meets quarterly (or more often if needed), notices meetings, and offers the public an opportunity to participate in their meetings, which are mainly focused on provision of water and maintenance of facilities.

District continues to strive towards an effective internal organization to provide efficient, quality services.

7. WRITTEN DETERMINATIONS FOR THE SPHERE OF INFLUENCE UPDATE

a. Present and Planned Land Uses

Shasta County designates much of the area served as rural residential, agricultural, and timber lands. This is a rural area, with community development either clustered around the District or scattered about on secondary roads.

b. Present and Probable Need for Public Facilities; Adequacy of Services

The District has ongoing capital improvement programs to maintain and upgrade service systems.

c. Present Capacity of Public Facilities and Adequacy of Services

District facilities are adequate for current service needs. It has the capacity to serve the areas within the proposed sphere of influence boundaries, with extension of services tied to development of parcels.

d. Existence of Social or Economic Communities of Interest

The District is located north of the City of Redding, is served by Castella Fire Protection District. The City of Redding provide a major shopping and service industry hub for local residents in Shasta County. The Siskiyou County communities of Dunsmuir, Mt. Shasta, Weed, and Yreka also offer alternative service locations for residents.

e. Present and Probable Needs of Disadvantaged Unincorporated Communities (DUCs) within the area.

As identified in the MSR section, the District service area qualifies as a disadvantaged community. Shasta County is undertaking a study of these DUCs as part of their General Plan update and additional information should be available for an expanded analysis of this designation during the next MSR/SOI Update which will be due in 2019.

8. CONCLUSION

In this review, Shasta LAFCO has endeavored to accurately assess the current services and organizational status of District as a provider of water services based upon information available at this time. This is the first review of this district since 1983, and it is expected that additional data will be brought forward, especially as future development occurs. LAFCO has made what we believe are substantiated determinations based upon prescribed statutory factors.

It is recommended that the municipal service review and sphere of influence update for the District be adopted as proposed on the enclosed SOI update map, Exhibit A.

9. REFERENCES

- a. District (interviews, records)
- b. County of Shasta Departments
- c. Shasta LAFCO files for this district.
- d. Internet research on various sites.

10. EXHIBITS

- A. Map of proposed SOI Boundary: Crag View
- B. Craig View CSD Formation documents
- C. Reorganization: form CSA #23/Dissolve CVCSO
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