

# Shasta Local Agency Formation Commission



## Final Municipal Services Review & Sphere of Influence Update County Service Area #11 – French Gulch

December 4, 2014

**County Service Area #11 - French Gulch  
Municipal Service Review & Sphere of Influence Update**

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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: French Gulch
  - B. French Gulch Detail Map
  - C. District Budget
  - D. Shasta County Community Advisory Board Ordinance 1984
  - E. Community DUC Calculator – French Gulch
  - F. Notice of Intent to Adopt CEQA Determination – Statutory Exemption PRC 21083
  - G. 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**

The service area for CSA #11 - French Gulch is located in northern Shasta County, just west of Redding, and just north of Whiskeytown Lake and the Whiskeytown National Recreation Area. It is approximately 3 miles north of State Route 299, accessed by Trinity Mountain Road (known as Main Street in town).

French Gulch was established in 1850 when French Canadian immigrants started mining in the region. The first quartz mine in Shasta County began operation in French Gulch in 1851. For many years the settlement served as headquarters for east-west stagecoach operations. By 1860 the town boasted a population of 350.

After the mining era slowed, some residents switched from the ditch system to wells. French Gulch residents and businesses then relied on shallow well systems, which were recharged by the French Gulch Ditch system fed by the Clear Creek. Water supply testing in 1987 established that many of these systems were contaminated.

Citizens then petitioned for the formation of an entity by which they could petition for governmental assistance to upgrade their water delivery systems. In 1990 the Board of Supervisors adopted a resolution asking that Shasta LAFCO initiate proceedings to form a county service area to provide this entity.

Once approved by LAFCO in 1992, CSA #11 – French Gulch originally encompassed 439 acres and 121 parcels; subsequent annexations increased that to 543.8 acres. Funding then became available and a turnout on the existing ditch was created, and water treatment, storage, and isolated water piping was established. Deliveries to residents and businesses began in 1994.

The last update to the CSA #11 – French Gulch sphere of influence occurred in 1984.

**3. AGENCY SERVICES**

**a. Infrastructure, Facilities and Services**

Under the administration of the County Public Works Department, system upgrades for French Gulch began in 1993 and completed in 1994.

CSA #11 diverts water from Clear Creek under a pre-1914 appropriative water right that dates back to the mid-1800s when the original ditch system was constructed. The same ditch system is in use today.

Ditch water is treated to potable water standards and conveyed through a system of water lines that parallel and overlap the existing ditch system. Thus, water continues to be appropriated under the original pre-1914 water right using the same point of diversion, place of use, season of use, rate of diversion, and type of use. As such, French Gulch has one of the most reliable water supplies in California.

Existing facilities were designed to meet the needs of all parcels within the District boundary. The current treatment plan and storage tank has adequate capacity to handle a 100% build-out of the area within the District boundaries.

Extension of services necessarily is connect to proposals for development submitted to Shasta County, and the burden of analyzing the feasibility of supply services will rest with the developer. Services are currently provided only within the District boundaries.

As of 2003, CSA #11 provided water service to 82 of the 123 parcels within the District, operating at that time at 65% capacity. Subsequent improvements to these systems may have resulted in improved capacity and availability to customers. Subsequent studies on this District will generate updated data.

During emergencies, a loss of power would hamper water delivery. Establishment of reliable standby alternative power resources, such as generators, with sufficient power to operate the treatment plan and storage pump, would make such interruptions minimal. Fire hydrant flows meet current fire flow standards.

**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 #11 - French Gulch 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. An annual parcel charge was established in 1992, at the time of District formation, to pay back the Department of Water Resources (DWR) loan used to construct the improvements made in 1993-94. 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. The last approved rate increase became effective December 1, 2013. Proposition 218 requires CSA #11 to adopt a rate structure which is reflective of the actual cost 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 \$4,900 and total expenses of \$2,061. 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 #11 - French Gulch, 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 #11 - French Gulch is a registered-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 is 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](http://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 French Gulch area is estimated to be near \$24,860.

**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 #11 – French Gulch 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, the 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 west of the City of Redding, and is also now served by CSA #1 – Shasta County Fire Department and a local volunteer fire company. The City of Redding provide a major shopping and service industry hub to the east for local residents in Shasta County.

**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: French Gulch
- B. French Gulch Detail Map
- C. District Budget
- D. Shasta County Community Advisory Board Ordinance 1984
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