

Shasta Local Agency Formation Commission



Final Municipal Services Review & Sphere of Influence Update County Service Area #3 – Castella

December 4, 2014

**County Service Area #3 - Castella
Municipal Service Review & Sphere of Influence Update**

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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 #3 - Castella is located in northern Shasta County on both sides of Interstate 5. It abuts Castle Crag State Park is just northwest of the district. Castella is about 50 miles north of Redding, and is located on the west side of the Sacramento River, just north of the community of Sweetbriar, in the narrow Sacramento Canyon. The area is also bisected by a major commercial railroad and two power transmission lines.

The subdivision units within the boundaries of CSA #3 - Castella are some of the oldest in Shasta County, dating back to 1895. Much of the town is built on small urban-sized lots and are mostly located between I-5 and the Sacramento River.

Originally an active railroad station and mining supply center, these were followed by a sawmill operation that provided work for the local community for some time. These activities have ceased and since been replaced primarily with seasonal visitors, and retired, semi-retired, and unemployed residents.

Year-round land owners often commute to nearby towns for work. Small commercial businesses serve the local population, and an elementary school is located in Castella. The Castella Fire Protection District maintains a fire station in Castella, supported by a volunteer fire company. The current population is approximately 185.

Castella was originally served by a private water company. Untreated water from Castle Creek was served through an open ditch system, structures commonly found in Shasta County's mining districts. At the end of the ditch the private owner of the water system maintained an open pit lined with wood and covered by a shed roof. A sand pile in the middle of the pit served as a filtration system for the water before it was delivered to the town. Sand filter systems were common in outlying areas during the 19th and 20th centuries.

These delivery systems were not very secure from critters, who were able to access the water in many places. During the 1976-77 drought, Castle Creek water levels were so low that normal surface diversions became most difficult.

In 1976, County Service Area #3 - Castella was formed covering 411 acres of the area, and appropriate water rights for the Castle Creek source were established in 1977, securing water for the town system. The purpose of this formation was (a) to establish a local governmental entity to secure financing for construction, operation, and management of the Castella water system, and (b) to protect the health and safety of those Shasta County residents living in the area.

3. AGENCY SERVICES

a. Infrastructure, Facilities and Services

Under the administration of the County Public Works Department, an intake structure, water treatment plan, and welded steel storage tank were constructed in 1980. The water right is appropriate and considered "recent" and, because of prior existing water rights, it does not provide water during July and August of each year.

During these two months, the U. S. Bureau of Reclamation (USBR) Central Valley Project (CVP) through the Shasta County Water Agency (SCWA) provides water to CSA #3 for the Castell area. A total of 157 acre/feet are available from the appropriate water right, entitling the CSA to up to an additional 80 acre/feet per year. The SCWA allocation provides for up to 77 acre/feet per year.

In 2008, a U. S. Department of Agriculture (USDA) combination grant/loan was secured to fund major improvements and upgrades to the water system. This work included: the modification of existing water filters to meet current standards; the addition of pipeline to increase flocculation and chlorine contact time; operational improvements to the treatment plant; and new service laterals, complete with radio-equipped water meters. The water storage tank is located on a USFS parcel on a hillside at the easterly side of the District.

The main water intake is a fabric-lined, wooden crib-structure in Castle Creek. It was constructed in 1980, and is periodically backwashed to clear debris. It is difficult to enter this confined space, however, to remove large debris and replace the lining. The County is currently seeking funding to replace the intake structure. No other major improvements are needed or being planned at this time.

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.

Water facilities, as of 2003, had a designed capacity of 123 connections, of which 90 were active and 21 were standby accounts (available but not connected). 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 water emergencies, the only possible means of gaining additional water to the area would be via trucking it in to the area from off-site.

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 #3 - Castella 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 #3 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 #3 - Castella, and 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 #3 - Castella 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 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 Castella area is estimated to be near \$28,627.

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 #3 - Castella 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.

The 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, and is also served by Castella Fire Protection District. The City of Redding provide a major shopping and service industry hub to the south 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: Castella
- B. District Budget
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