

Shasta Local Agency Formation Commission



Final Municipal Services Review & Sphere of Influence Update County Service Area #6 – Jones Valley

December 18, 2014

**County Service Area #6 - Jones Valley
Municipal Service Review & Sphere of Influence Update**

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*Full study posted at LAFCO website and available from Shasta County Public Works website under Special Districts

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 CSA #6 – Jones Valley’ services and SOI needs, satisfying the requirements of this statute.

Some of LAFCO’s original in-house information regarding formation of this District was 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 #6 - Jones Valley is located in southern Shasta County, about 14 miles east of Redding and north of State Route 299 East just past the Bella Vista town center. Bear Mountain Road and Dry Creek Road off SR 299 East serve as main access routes to the Jones Valley/Elk Trail area.

Development in the general area of Jones Valley stimulated the creation of CSA #10 – Shasta Lake Ranchos 1984 to take over road maintenance services from the private road association within that subdivision. By 1994, the Board of Supervisors determined to transfer responsibility for road maintenance from CSA #10 to a permanent county road division status. CSA #10 became no longer used and is proposed for dissolution by Shasta County Public Works.

The original Silverthorn and Jones Valley water systems were constructed in 1950 and 1964, respectively. Initially, both subdivisions used on-site wells.

The CSA #6 – Jones Valley CSA was formed in 1980 with the intent to seek major facility improvements. This led to securing federal grants and loans for that purpose. Construction began that same year on the Shasta Lake intakes, transmission lines, treatment plant, and a 225,000 gallon storage tank.

In 1990, the Sagebrush Trail area was annexed to the District. The Silverthorn area tied into the transmission line in 1992. By 1998, additional federal grants and loans were obtained to upgrade pumping, treatment storage, and distribution facilities. In 2010 the Elk Trail area (both east and west) was annexed into CSA #6.

Jones Valley has a limited water supply, and the treatment and distribution system is sized to serve the current district boundaries. Because of the requirements of Proposition 218, it is difficult for the County to oversize the current system. Expansion costs would have to be

borne by the existing customers and, if a need for expansion never develops, there would be no relief from supporting those costs into the future.

3. AGENCY SERVICES

a. Infrastructure, Facilities and Services

Under the administration of the County Public Works Department, administration of the systems within CSA #6 - Jones Valley began after District formation in 1983 when the final documents were filed with the County Clerk and the State Board of Equalization. CSA #6 is currently 3,033 acres (4.74 square miles) and serves a population of 1,125.

Facilities should be adequate to serve the ultimate demand for services within its existing service area. There are no plans to serve outside of the district boundaries.

A major expansion of the water system was completed in 2012, requiring a major expansion of the existing infrastructure. Funding for this project was provided through a combination of USDA, State Revolving Fund, Environmental Protection Agency grants, and a State Revolving Fund Loan. The constructed improvements consisted of:

- two new storage tanks,
- 12.7 miles of main water line,
- major additions or modifications to the existing treatment plant system,
- the addition of a third supply pump in Shasta Lake,
- two booster pump stations,
- new fire hydrants, and
- three supervisory valves and laterals installed to 198 parcels.

The recent upgrade of the system's facilities was designed to handle 100% build-out within the current District boundaries, shown on Exhibit A of this report.

The existing CSA #6 boundary is relatively compact. The Bella Vista Water District (BVWD) is the nearest adjacent water agency which could serve the area of CSA #6. It is approximately two miles away and is located at a lower elevation. BVWD has its own treatment and distribution limitations. These physical constraints preclude using BVWD as an alternate service delivery resource at this time.

Areas outside the current boundaries cannot be served by the existing water service system. The more recent Elk Trail annexation of 196 parcels, previously reliant upon private wells, was recently upgraded to serve these new customers. Proposals for annexation will need to bring the costs for service expansion to the table before CSA #6

will consider agreeing to that request. Applicants are encouraged to contact the Public Works Department for District policies and requirements for annexation proposals.

CSA #6 meets current fire flow standards. The most pressing emergency situation would be a loss of power. Electricity is required to operate the Shasta Lake pumps and the treatment plant.

Provisions have been made to operate with generators, which can be mobilized within a few hours. A large generator was used to mitigate a deficient electrical service event in 2012. CSA #6 has a relatively high volume of storage. Two local booster pumps are equipped with backup power.

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 #6 - Jones Valley 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 operations supervisor, 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 bi-monthly service charges for water service.

Over the years several major infrastructure projects have been completed with a combination of grants and loans. Assessment districts have been formed to repay the loans. The funds are collected via a line item on the annual property tax bill. 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.

A flat fee was established at the time CSA #6 was formed (1980). The last rate increase was approved in December 2009. Proposition 218 requires CSA #6 to adopt a rate structure which is reflective of the actual cost of service. The current rate structure meets this standard. Consideration is being given to the benefits of restructuring how CSA #6 is funded.

The Budget to Actual reports actual cash in the treasury of \$265,422, total fiscal year budgeted revenue of \$300,562, and total budgeted expenses for the fiscal year of \$1,045,457. The District manages a very conservative budget, providing due diligence on all fiscal matters and records. The District's budget details are included as Exhibit C, at the end of this narrative.

d. Governance

The Shasta County Board of Supervisors operates as the governing body for CSA #6 - Jones Valley, 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 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 #6 - Jones Valley is a registered-voter district.

A Community Advisory Board was established for CSA #6 by the Board of Supervisors. Duties and responsibilities of this group, who are registered voters (1 vote regardless of number of parcels owned) within the District, are described in Exhibit E incorporated into this study.

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. Volunteer Fire Companies, administered

by a County contract with Cal Fire and CSA #1 – Shasta County Fire, provide fire and emergency services to the CSA #6 – Jones Valley territory.

5. AGENCY BOUNDARY AND PROPOSED SPHERE OF INFLUENCE UPDATE MAPS

The District’s service area is physically situated in the North Sacramento Valley just north of State Route 299 East, where areas requesting extension of water service are practical and compatible with the District’s ability to serve most of the area.

The proposed sphere of influence boundary coincides with the District’s current boundaries. A request for the subsequent expansion of the approved SOI boundary would require a concurrent examination by the District as to whether it could be deemed economically feasible to serve the proposed area. Any subsequent LAFCO application would be the responsibility of the requestor. Exhibit A demonstrates the proposed SOI boundary for CSA #6 – Jones Valley.

It is proposed the Commission approve the SOI boundary consistent with and coterminous to its 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.

The general area is currently experiencing a 4% population change, indicating people are settling down more than leaving. Unemployment rates are at 9.5%. Job growth rests at 1.04%, with most working people employed outside the area.

b. Disadvantaged Unincorporated Communities (DUCs)

The area serviced by the District has more than 12 registered voters and therefore may qualify as a “Disadvantaged Unincorporated Community” under certain circumstances. 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 is usually sufficient to provide a guideline for this classification (see attached sheets). The

population counts shown on these reports only encompass a two 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 Jones Valley area is estimated to be near \$23,418. Median household income is estimated at \$63,125. Current population is estimated at 2,878.

c. Present and Planned of Public Facilities

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 generally adequate for current service needs. There have been issues raised over the years about the level of service and response time needed to respond to on-the-ground issues, and citizens within the District are endeavoring to work with the Public Works staff to resolve these matters.

The citizens believe keeping their Community Advisory Board as an active partner with the CSA #6 staff and Board is the best idea, so as to provide good current information to the staff when emergencies arise or when planning for future work.

The current CSA #6 staff is experienced in the handling and management of water systems. Likewise, the citizens within the District are often retired individuals who have come from many service sectors and have expertise the staff could use to their advantage in support of future projects.

The citizens do not at this time desire to change the district from a dependent County Service Area into an independent Community Services District. There is insufficient population at this time to support a separate board of directors for such a district.

CSA #6 staff 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. The Community Advisory Board can assist with identifying deficiencies, recommend actions, and assist the District with a planning for needed tasks.

f. Financing Constraints and Opportunities

As an “enterprise” district, CSA #6 – Jones Valley derives its 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. The District maintains a positive balance in the treasury and 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, the 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 areas outside its proposed SOI boundary without prior annexation of the area into the District.

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

The District Board of Directors meets as 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 and agricultural. This is a rural area, with community development either clustered or scattered about on secondary roads.

The District is physically situated in a rural region where separation from other communities limits the area where extension of water service is practical.

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

Future development projects will be conditioned to require payment for the extension of any services, including all necessary and related costs associated with annexing into the District. Prior annexation is a condition for receiving services from CSA #6.

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 outside the District as they are brought both within the sphere of influence boundaries during the annexation process. Extension of services will be tied to development permits of parcels. Service is available and adequate to serve the undeveloped areas within the existing District boundaries.

d. Existence of Social or Economic Communities of Interest

The District is located east of the City of Redding, and is currently served by the CSA #1 – Shasta County Fire Department and local Volunteer Fire Companies. The City of Redding provides a major shopping and service industry hub for local residents throughout Shasta County.

e. Present and Probable Needs of Disadvantaged Unincorporated Communities (DUCS) Within the Area.

As identified in the MSR section, portions of the District service area may qualify as a disadvantaged unincorporated 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 SOI/MSR review of CSA #6 – Jones Valley since 1984, 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. A comprehensive SOI/MSR update should be planned for the next cycle of review, in or before 2019.

It is recommended that the municipal service review and sphere of influence update for the CSA #6 – Jones Valley be adopted as coterminous with its existing boundaries, 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. CSA #6 - Map of Proposed SOI Boundary: Jones Valley
- B. CSA #6 - Formation Resolution
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