

Shasta Local Agency Formation Commission



DRAFT
Municipal Services Review
& Sphere of Influence Update

County Service Area #7 -
Burney Flood Control

August 2014

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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 this District services and SOI needs, satisfying the requirements of this statute.

This baseline review seeks to associate the original purposes and activities of the District with an understanding of its current day operations and future plans.

2. GENERAL BACKGROUND

The District service area is located in Shasta County adjacent to the community of Burney, approximately 70 miles east of Redding via State Highway 299. It was formed by LAFCO in November 1988 at the request of the property owners in Burney Terrace and Nordic Village subdivisions. Its purpose is to finance the operation and maintenance of existing storm drainage facilities. It encompasses approximately 76 acres.

Shasta County Public Works maintains drainage facilities existing within the public right-of-way, such as culverts under bridges, with the county road department performing much of this work. The County Service Area (CSA) staff oversees District activities and budgets.

3. AGENCY SERVICES

a. Infrastructure, Facilities and Services

District services are physically situated adjacent to the water stream for which the retaining wall was constructed to protect the properties adjacent to it. The sump and pump system is physically situated to receive runoff storm water from the subdivision properties.

A portion of the infrastructure (retaining wall) for this CSA was recently de-certified by FEMA (Federal Emergency Management Agency). The CSA did not have sufficient funds to make required improvements and the property owners did not approve an increase in the annual funding to provide for the required improvements. The retaining wall will remain in place until it is structurally unsound, when it will either (a) have to be removed or (b) the property owners decide they want the retaining wall brought up to standards.

The other part of the infrastructure is a water sump and pump facility. This is the only portion of the infrastructure that is being maintained. This CSA has no master plan for expansion of infrastructure. No replacements or upgrades are planned at this time.

In 2011 FEMA required all flood retention structures to meet minimum standards or they would be de-certified. A study was made of the existing flood retaining wall and it was determined to sub-standard. A cost estimate was developed for the required improvements, but insufficient funds were available for this project. Additionally, the affected property owners did not approve an assessment fee increase to cover the cost of this work.

As a result, FEMA de-certified capability of the wall because of its deficiencies. This action impacted flood insurance rates for some property owners.

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 Shasta County Board of Supervisors sits as the Board of Directors of this District, with its Department of Public Works as its management team. The District has no employees per se. Meetings are held as needed. Competitive bidding on projects conform to State and Shasta County policies and standards.

c. Fiscal

Basic operating revenue comes from funds collected as part of the parcel's annual tax bill. Any change in the annual parcel charge originate with an engineering report which analyzes existing revenue and projected costs. Based on the analysis, a new rate structure is recommended. Proposition 218 requires that all affected landowners receive a "protest ballot" which grant the property owners the power to approve or reject the change in rate structure.

Prop. 218 also requires a public hearing be held allowing the public the opportunity to voice their support or opposition to the proposed rate change. If a majority of eligible voters do not oppose the proposal, the Board is free to approve the rate change. If a majority opposes, the Board cannot approve any proposed change.

An annual budget, approved by the Board, establishes limits on expenditures. Major expenditures also require approval through the budget process. Any changes in budgeted amounts (for example, major unexpected expenditures beyond budget allocations), require Board approval. The 2013 final and 2014 approved budget follow:

COUNTY OF SHASTA
Budget to Actual Figures

Ledger: GL Fiscal Month End Date: 06/30/2014
Fiscal Year: 2014 Report Run Date and Time: 07/28/2014 08:29:26

Budget: AG

Cost Center Title Director
00393 CSA #7 BURNEY STRM DRAIN ADMIN DIRECTOR OF PUBLIC WORKS

Object	Description	Budget	Actual	Encumbrance	Balance
001000	CASH IN TREASURY	0.00	76,723.17	0.00	(76,723.17)
009760	FUND BALANCE RESTRICTED	0.00	72,074.96	0.00	(72,074.96)
033700	MAINTENANCE OF STRUCTURES	5,000.00	0.00	0.00	5,000.00
034800	PROF & SPECIAL SERVICES	25,000.00	0.00	0.00	25,000.00
034829	PROF MAINTENANCE SVS	500.00	0.00	0.00	500.00
036100	UTILITIES	200.00	154.74	0.00	45.26
050001	CENTRAL SERVICE COST A-87	(81.00)	(81.00)	0.00	0.00
420000	INTEREST	360.00	294.67	0.00	65.33
668148	S/A CSA #7 BURNEY CURR	4,427.00	4,427.28	0.00	(0.28)
Total Revenue		4,787.00	4,721.95	0.00	65.05
Total Expense		30,619.00	73.74	0.00	30,545.26
Net Total (Revenue - Expense)		(25,832.00)	4,648.21	0.00	(30,480.21)
Grand Total Revenue		4,787.00	4,721.95	0.00	65.05
Grand Total Expense		30,619.00	73.74	0.00	30,545.26
Grand Totals (Revenue - Expense)		(25,832.00)	4,648.21	0.00	(30,480.21)

COUNTY OF SHASTA
Budget to Actual Figures

Ledger: GL Fiscal Month End Date: 07/31/2014
Fiscal Year: 2015 Report Run Date and Time: 07/28/2014 08:30:03

Budget: AG

Cost Center Title Director
00393 CSA #7 BURNEY STRM DRAIN ADMIN DIRECTOR OF PUBLIC WORKS

Object	Description	Budget	Actual	Encumbrance	Balance
001000	CASH IN TREASURY	0.00	(13.19)	0.00	13.19
033700	MAINTENANCE OF STRUCTURES	5,000.00	0.00	0.00	5,000.00
034800	PROF & SPECIAL SERVICES	25,000.00	0.00	0.00	25,000.00
034829	PROF MAINTENANCE SVS	500.00	0.00	0.00	500.00
036100	UTILITIES	300.00	13.19	0.00	286.81
050001	CENTRAL SERVICE COST A-87	305.00	0.00	0.00	305.00
420000	INTEREST	200.00	0.00	0.00	200.00
668148	S/A CSA #7 BURNEY CURR	4,427.00	0.00	0.00	4,427.00
Total Revenue		4,627.00	0.00	0.00	4,627.00
Total Expense		31,105.00	13.19	0.00	31,091.81
Net Total (Revenue - Expense)		(26,478.00)	(13.19)	0.00	(26,464.81)
Grand Total Revenue		4,627.00	0.00	0.00	4,627.00
Grand Total Expense		31,105.00	13.19	0.00	31,091.81
Grand Totals (Revenue - Expense)		(26,478.00)	(13.19)	0.00	(26,464.81)

The District has no outstanding bonds and has insufficient funds to participate in traditional investment practices, or to maintain reserves. Retained earnings are restricted to use only within the District, and are not available for transfer for other uses. Variances in rates or fees are established based on an engineering report, which is designed to analyze various scenarios and the cost difference for each scenario. These are presented to the Board at a public hearing for their review and approval. No changes in fees or rates have occurred in the past three years. The per-parcel assessment has remained the same since the District formation in 1988.

In reference to rate restructuring, the study for upgrade requirements and costs exceeds the level revenues available from the District's current financing sources, and also increased flood insurance costs. The Pit River Tribe is remapping a portion of the floodplain, and this work may lead to a renewed interest in flood protection.

Most County Service Areas depreciate facilities at an annual rate of 1%. Since de-certification, the floodwall has no value. There is a small pump, the replacement of which is below what the county considers an "asset."

d. Governance

The Shasta County Board of Supervisors operates as the governing body for the District, and serve four-year terms when concurrently serving on the Board of Supervisors. Board members receive no compensation. The District is a landowner-voter district.

Board of Supervisors' meetings are held weekly, but Board of Directors' meetings are held as 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.

Public notification of meetings are published in the local newspaper once a week for three weeks in advance of a public hearing. A public hearing is scheduled during the regular or special Board of Supervisors' meeting. Those facilities are accessible to the public, with adequate space for the public, and are usually held on a Tuesday.

4. REGIONAL CONTEXT/RELEVANT SERVICES BY OTHER AGENCIES

Land use and building regulation services are provided to this area 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 located a little south of the unincorporated community of Burney. The boundaries are specific to the two subdivision areas it serves and the District does not anticipate any expansion of that boundary in the future.

It is proposed the Commission designate a SOI boundary to be coterminous to the existing District boundary, including all parcels shown in the original subdivision maps for the Burney Terrace and Nordic Village, and as further identified on the enclosed map of proposed SOI Boundary Update found 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 rate of development within area of the original subdivision maps. District operations and program growth should be considered during future development permit processes for these areas so as to effectively meet expected service needs. Growth at this time is very slow.

b. Disadvantaged Unincorporated Communities (DUCs)

The median per capita annual income state-wide 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 District area is estimated to be near \$21,422. The current District population is estimated at 250.

The area serviced by the District has more than 12 registered voters and therefore qualifies as a "Disadvantaged Unincorporated Community." California State Parks provides a Community Locator tool which helps with identifying the general income within one mile of the town center. It is usually sufficient as guideline for this level of review (see attached sheets). The population counts shown on these reports are estimates and may not reflect the actual residential population of the area.

c. Present and Planned of Public Facilities

The District has insufficient capital to make FEMA-required improvements to maintain and upgrade service systems. This situation resulted in a de-commissioning of the facilities by FEMA. A measure to generate funds for the needed work failed to achieve the required votes. Plans for improvements to the flood wall are at this time in abeyance until a plan for financing them can be established. Development will need to pay its pro rata share of costs for services.

d. Adequacy of Public Services

District facilities are inadequate for current service needs. It also has insufficient access to needed resources and capacity to serve the area within the District. The cost of extension of services will be tied to development permits for any future growth.

e. Infrastructure Needs or Deficiencies

District staff continues to monitor and evaluates infrastructure for capacity and condition. Operational, capital improvement, and finance plans are insufficient for the District's service area at this time. The Board of Directors are working to update management systems for these services and is working diligently to resolve identified infrastructure needs and deficiencies, and seeking opportunities for financing upgrades of these needs.

f. Financing Constraints and Opportunities

The District derives its funding primarily from fees and assessments instituted at the time of formation. As such, the District must maintain a reasonable nexus between fees and charges levied and the cost of the service provided.

The District operated on a breakdown maintenance policy until facilities were de-commissioned (de-certified by FEMA). Staff keeps a regular eye on infrastructure. The current three-year drought has not produced sufficient rain to cause the type of flooding within the District that prompted formation of it in the first place.

g. Opportunities for Rate Restructuring

Rates are fixed at this time, with no opportunity to restructure.

h. Status of and Opportunities for Shared Facilities

This is a single purpose District with services that affect only its landowners.

- i. **Accountability for Community Service needs, governmental structure, and operational efficiencies.**

The District Board (County Board of Supervisors) 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.

7. WRITTEN DETERMINATIONS FOR THE SPHERE OF INFLUENCE UPDATE

The current sphere of influence coincides with the boundaries of the district. Any expansion of the SOI boundary could occur should there be an application for land development in the general area, and the Department of Public Works determines the development needs to be annexed to the District. The developer would then be required to apply to LAFCO for annexation into CSA #7. Currently there are no pending requests for annexation.

a. Present and planned land uses

Shasta County designates much of the general area as rural residential, agricultural, and timber lands. Within this District area are PD-Planned Development or R-1-BSM-One Family Residential Building Site designations. Future development will be processed through and determined by the Shasta County.

b. Present and probable need for public facilities; adequacy of services

The District has no ongoing capital improvement programs to maintain and upgrade service systems, and is exploring methods for correcting the current maintenance and certification impasse.

c. Present capacity of public facilities and adequacy of services

District facilities need to be brought up to par for current service to be considered adequate for the needs of its public. It has the capacity to serve the areas within the proposed sphere of influence boundary, but must come up with financing systems that permit repairs and recertification of its facilities. Extension of services will be tied to future development of parcels.

d. Existence of social or economic communities of interest

The District is located just south of the unincorporated community of Burney, and is served by the Burney Fire Protection District and the Burney Water District. The Fall River Valley is about eleven miles to the east. This area is generally designated as

the Inter-Mountain area, and schools serve both communities. Mayers Community Hospital is located in Fall River Mills and also serves the Inter-Mountain area.

Local shops and service businesses are found in Burney. A commuter bus program provides assistance for traveling to the I-5 area where medical and county governmental services are located. Major shopping and service industry hubs for local residents are just under an hour away in Redding.

e. Present and probable needs of disadvantaged unincorporated communities (DUCs) within the area.

As identified in the MSR section of this report, 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.

With a DUC designation, it is possible this District may be eligible for public financial assistance to help correct some of the deficiencies outlined in this report.

8. CONCLUSION

In this review, Shasta LAFCO has endeavored to accurately assess the current services and organizational status of the District as a provider of flood control services based upon information available at this time. This is the first review of this district since its formation in 1988, 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.

Although, given the difficulties the District currently faces with infrastructure repair and financing, there does not seem to be a current interest in dissolving the district. The flood control services are needed in that area, although with the current drought it is not so visible a need. Weather runs in cycles in Shasta County and when heavy rain once again comes to this mountain area, the immediate need for the flood wall to be operational will once more be understood and supported by the affected landowners.

It is therefore recommended that the municipal service review and sphere of influence update for County Service Area #7 – Burney Flood Control be adopted as proposed, maintaining a SOI Boundary as coterminous to the existing District boundary as shown on the enclosed SOI update map.

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
- b. Community Calculator –District area
- c. Notice of Intent to Adopt CEQA Determination – Statutory Exemption PRC 21083
- d. No Effect Determination – California Department of Fish & Wildlife