

# Shasta Local Agency Formation Commission



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Municipal Services Review  
& Sphere of Influence Update

Centerville Community Services District

November 2014

**Centerville Community Services District  
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 Centerville Community Services District services and SOI needs, satisfying the requirements of this statute, and seeks to associate the original formation purposes and activities of the District with an understanding of its current day operations and future plans.

The Centerville CSD staff provided excellent detailed information in their response to our Request for Information for this current MSR and SOI review of the District, as is often the case where a local agency provide enterprise services.

That data will be incorporated throughout this report. A number of related documents have been attached as exhibits to provide the reader with a more specific view of the coordinated operations and services provided by this District.

The last Sphere of Influence Update for the Centerville CSD occurred in 1984. As a result, boundary changes occurring between 1964 and 2008 also required the concurrent individual amendment of the District SOI boundary. SOI boundaries are meant to assist local agencies with long-range planning (10-20 years) for the potential provision future services. The District subsequently made, and LAFCO approved, over 20 changes to its boundaries between 1964 and 2014.

A Municipal Service Review was approved by Shasta LAFCO in 2003. This review incorporates updates to the Sphere of Influence and the Municipal Service Review for Centerville CSD.

Both the SOI and MSR are required to be reviewed and updated every five years. The next cycle of SOI/MSR review for this District will be due around 2019. Like many other providers of certain municipal-type services in Shasta County, it is recommended that a more comprehensive LAFCO review of the District be scheduled at that time.

**2. GENERAL BACKGROUND**

The Centerville Community Services District service area is located due west of the City of Redding along both sides of Placer Road, a main access road from the western foothills into the City.

The District provides services to the community of Centerville and adjacent developed areas. It is bordered to the north by the Shasta Community Services District, and the south boundary is short distance from the Clear Creek Community Services District. To the west and

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northwest the District borders Whiskeytown National Recreation Area (National Park Service) territory, and lands managed by the U. S. Forest Service and the Bureau of Land Management.

Formed in 1959 as a California special district (Government Code 61000 *et seq.*), the Centerville CSD provides domestic water to approximately 6,000 acres of unincorporated area residents and business for domestic, sanitation, and fire protection uses. The purposes identified at the time of its formation were to:

- Supply its inhabitants with water for domestic use, irrigation, sanitation, industrial use, fire protection and recreation, and
- Provide residents with protect against wildland and residential fires

During this period water supplies were obtained from individual wells incapable of providing sufficient water, especially in the summer months. Low production of water from those wells required that water to be transported out to the area. A second issue of concern back then was that those shallow wells frequently provided, from a public health standpoint, a very unsatisfactory source of domestic water.

The District subsequently negotiated for water service from the US Bureau of Reclamation (BOR) via the Muletown Conduit, being constructed as part of the Clear Creek Unit of the Trinity River Project.

Although authorized to provide all services enumerated in the Community Services District codes (GC 61000*et seq*) as it may be amended from time to time, and initially created to also provide fire protection and emergency services under that law, the District does not actively provide that service at this time.

The District provides facilities, utilities, and some maintenance support to the Centerville Volunteer Fire Department, which is currently administered by the Shasta County Fire Department (County Service Area #1), a department of Shasta County government.

The District has periodically studied the potential of assuming active responsibility for these fire protection and emergency services in the past, and will continue to reserve its right to pursue that component in the future.

The Centerville CSD territory encompasses 11,278 acres, providing its services to a population of approximately 3,992. Since its formation, the District has

The Cortese-Knox-Hertzberg Local Government Act of 2000 (CKH Act) provides the following focus for the provision of local governmental services:

*The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be*

*the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.*

The Centerville CSD is a multipurpose agency and is empowered to provide over thirty public services (GC 61100), and as such is the appropriate type of district to provide services to this densely developed rural community.

In 2006 the LAFCOs in some counties studied and established policies and procedures to identify services provided by their local agencies, declaring any remaining services as “latent.” This set up a system that require these independent agencies to undergo a special LAFCO review process and approval before they would be permitted to initiate those allowed services.

Although identification of latent services was a requirement for LAFCOs in 2006, a few short years later that section was amended to make identification of “latent” services discretionary rather than mandatory. Now, during sphere of influence updates, LAFCOs can choose whether to institute such proceedings on case-by case basis, or not.

Shasta LAFCO examined initiating this program back in 2006, but rescinded that decision in January 2014, electing to permit its local districts and cities to determine what services they wished to implement within its service areas and how they would fund such services.

Therefore, the Centerville Community Services District continues to be empowered to provide all services enumerated in the State laws governing their special district operations. Their public retains the ability to support or veto implementation of any additional services at the ballot box, thus providing a balance of power between service providers and service recipients, the latter, of course, are the ones who chose to approve the funding for new services.

### **3. AGENCY SERVICES**

The 2003 MSR study for the Centerville CSD indicates that the initial water system improvements were financed through a Davis Grunsky loan from the State Department of Water Resources in 1964. The District constructed additional supply mains, storage, and booster pumping facilities in 1982 and 1983 utilizing a combination grant and loan funding program from Farmers Home Administration.

The distribution system has expanded to encompass a number of private development projects approved by the County, including Olney Park, Ranchland, Montgomery Ranch, Monte de Las Flores, Westside Estates, Placer Pines and Texas Springs.

In 1996 the District added a permanent Zone C Booster Pump Station and a 1.0 million gallon Zone C Reservoir to stabilize summertime water supplies and pressures within Zone C. It also participated in the expansion of the water treatment plant at the base of Whiskeytown Dam to provide for year-round filtration of the water supply. All of these improvements were funded by a Safe Drinking Water Bond Law loan from the California Department of Water Resources.

In 2002 the District extended water mains easterly from Texas Springs Road to Honeybee Road, and on Clear Creek Road. Rural Development funded the majority of this expansion. The main expansion into the Clear Creek Road area was funded by the property owners being served.

**a. Infrastructure, Facilities and Services: *Municipal Utilities Water Service***

Large capital improvements are defined in the District's Water Master Plan (included as Exhibit F). Originally approved in 2004, that plan is currently being updated by the District's engineers and is expected to be completed in 2014-2015.

The original plan included a conceptual plan staging cost estimates and financing for the major capital improvements that the District anticipated would be necessary for growth. The current review of that plan will examine those past projections and provide an updated capital improvement schedule for the District's board of directors. The District Master Plan guides the scheduling for infrastructure replacements and upgrades.

Projects proposed for implementation will likely be financed by a diverse array of options, including District reserves, grants, bond financing, additional financing vehicles, or development agreements for subdivision and construction projects. Capacity fees are charged on all new service connections and retained in the Capacity Fees Reserve account for capital improvements as defined by the Master Plan.

The District is not currently have any immediate deficiencies in its infrastructure. It entered into a Water Treatment Plant Dedicated-Capacity Contract with the Clear Creek Community Services District in October 1994, which addresses capacity, operational costs, and expansion cost-sharing. It was completed in 1997, bringing it into compliance with the California Surface Water Treatment Rule. Clear Creek CSD is required to complete backwash water recirculation work by April 2017.

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The Zone C booster pump and storage reservoir and capacity improvements at the Muletown Conduit turnout also occurred during this period.

Centerville CSD holds a 40 year long-Term Renewal Contract with the Bureau of Reclamation (BOR) for 2,900 acre feet of water per year. Centerville also has an unlimited term Exchange of Water Contract with BOR for 900 acre feet per year, for a total contract allocation through these contracts of 3,800 acre feet per year.

Historically, this water source has been excellent; however, it has been necessary to exercise conservation measures during recent extreme drought conditions through use of the District's Drought Contingency Plan. In general, the Centerville CSD's annual water usage is approximately 50% of the total contracted amounts, leaving a substantial supply available for future District needs and use.

The District is underutilizing its 25% dedicated capacity available in the treatment plant located at the base of Whiskeytown Dam, except for some peak flows during the summer months. The district does share this facility and the Muletown Conduit with the Clear Creek CSD.

The completion of the 2014 Master Plan will provide the analyses and potential means for projecting future service need within the District. As usual elsewhere in Shasta County, actual development is governed land use permit approvals granted by Shasta County, and in some cases the City of Redding.

Regarding growth and population projections, the District meters all services. There are a number of proposed developments within the District which could expand its customer base by as much as 450 new meters.

Although timing is uncertain, there is a potential these connections could be completed and built out prior to 2024. The District provides its services district-wide and does not utilize special service zones to accommodate reduced or differing levels of services. Pending development include the Westridge, Hurner, and Menezes/Wilson projects, all are currently within the District service area.

All of the areas included within the District can be efficiently services by District facilities through the construction of new main line extensions, storage reservoirs, and pump stations. Local topography, naturally defined boundaries, and good, conservative planning are elements that support this factor.

The Centerville CSD has agreements with a number of agencies, including:

- A 1993 agreement with the City of Redding permitting property within Centerville CSD to be annexed into the City, but with the District

maintaining primary responsibility for continuing to provide water service to those areas.

- A 1994 agreement with the Clear Creek CSD for a 25% share of the 24 million gallon/day water treatment plant under the Water Treatment Plant Dedicated-Capacity Contract.
- The District has three Emergency Inter-ties with the City of Redding.
- A 2013 District's Omnibus Mutual Aid Agreement with the California Water-Wastewater Agency Response Network for the purpose of mutual aid during times of emergencies.

The District does not currently provide services outside its established boundaries. It has not have written policies addressing infilling needs because it does not have any territory within its boundaries that is ineligible for receiving services. All services are available district-wide.

To accommodate providing services during an emergency, the District currently has 2.2 million gallons (MG) of storage capacity, 0.52 MG above current recommended storage capacity standards. Three inter-ties with the City of Redding are located at:

- Record Lane and O'Connor (20 HP booster pump)
- Rainer and Sienna (automatic check valve, only to Westside Estates)
- Clear Creek Road (emergency to City of Redding)

As mentioned earlier, an Omnibus Mutual Aid Agreement with the California Water-Wastewater Agency Response Network for mutual aid purposes during emergencies.

#### **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 District Board of Directors operates as governing body of the District. The day-to-day management of the District is the responsibility of the District Manager, appointed by the Board, who brings administrative and fiscal recommendations to them for approval.

The District currently has five full-time employees: a District Manager, District Secretary/Bookkeeper, Water Service Lead Worker, Water Service Worker II (currently vacant), and Water Service Worker I.

A policy and procedures manual associated with District functions has been established by the Board for all employees, who are encouraged to follow a “chain of command” path for processing complaints and/or concerns of any policy. If something about a job is bothersome or if the employee has cause to feel they are not being treated fairly, a means of redress is available to them.

Annual audits, legal counsel, and fee studies are contracted out to economize in-house expenses. Current contractors providing support services to the District include:

- Engineering – PACE Engineering, Inc.
- Legal – Rees, Smalley, Wiseman & Schweitzer, LLP
- Financial Audits – Hathaway, Ksenzulak and Lapp, LLC
- Finances – Alisa Scholberg, Bookkeeping
- Backflow Testing - Northwoods Backflow

The District participates in the Shasta County Operational Area Organization (SCOAO), organized as a vehicle to coordinate all local governmental entities to protect the public welfare by sharing resources and information during any potential major catastrophe due to earthquakes, floods, or other natural or man-made disasters.

Regarding wages and compensation issues, the District Handbook provides the following policy:

*It is the policy of Centerville Community Services District to provide suitable compensation, including salaries and benefits that are competitive with our general labor market. The District makes a continuous effort to maintain a salary range structure based on careful evaluations of each job classification in relation to salary ranges established for similar positions in other Districts in the area.*

The District cooperates with other local agencies in surveys related to this matter. The full policy is located in Section III of the Employee Handbook.

The District has an adopted policy addressing competitive bidding and sole source procurement activities. The policy clarifies the District’s position regarding performing in-house work or contracting with outside sources for their public work projects and purchasing related materials and supplies, and complies with the California Public Contract Code Section 20680 *et seq.*

The district participates in a joint powers agreement with the Association of California Water Agencies/Joint Powers Insurance Authority, contributes to the California Public Employees Retirement System, and is a member of both the California Rural Water Association and the Association of California Water Agencies. During the past three years the District has been acknowledged for its efforts:

- President’s Special Recognition Award from the Association of California Water Agencies Joint Powers Insurance Authority for Liability, Property and Worker’s Compensation insurance coverage for achieving a low ration of paid claims and case reserves to deposit premiums in each of the programs.
- Certificate of Achievement from the California Highway Patrol for receiving two consecutive satisfactory ratings.

The Board elected in 2014 to participate in the Association of California Water Agency Joint Powers Insurance Authority’s “Commitment to Excellence” program.

**c. Fiscal**

The Board of Directors is responsible for establishing and maintaining a system of internal accounting control and has established a financial committee to provide oversight and assistance.

The Board’s Finance Committee consists of two Board members and the District Manager. It is involved in the annual budget process. In addition, monthly profit and loss statements are presented for review and comment. The Board must approve all unbudgeted expenditures and contractual obligations over \$7,000.

In September 2005 the Board of Directors adopted Resolution 05-09, establishing a policy for Manager-approved expenditures for items listed in the District’s Operation & Maintenance and Capital Budgets, and on non-budgeted items for up to \$7,500 without Board approval. Resolution 2007-02 established policies for use of agency credit cards.

The District maintains policies and procedures for investment practices, and the majority of the District’s reserve funds are deposited in the Local Agency Investment Fund (LAIF), a voluntary program created by the State in 1977 to provide an affordable investment alternative for local agencies. The Board has adopted and maintains reserves as follows:

- Designated Reserves (operations, facilities, and emergency needs)
- Obligated Reserves (tied to infrastructure improvements)
- Restricted Reserves (required and used for payment of debt service)

District revenues sources used to provide and finance infrastructure services include property taxes, special taxes, service charges, fees, assessments, and grants.

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- Davis-Grunsky Special Tax pays for the 1964 loan used to construct the District's original distribution system.
- Water Assessment District No. 1995-1 is used to pay for improvements to expand the District's Water Treatment Facility and : to comply with the State of California water quality requirements; to acquire real property for construction of the pump station; and construction of a new storage facility.
- Texas Springs Water Assessment District No. 2001-1 is used to pay for improvements required to extend the District distribution system to serve the Texas Springs/Honeybee Road areas.
- Capacity and Usage Fees are charged on all new service connections requested. User fees are charged for (a) monthly availability and (b) consumption of water. These fees are used for capital improvements and the ongoing operation and maintenance of the District and its facilities.

The Centerville Community Services District is an Enterprise Special District, and as such primarily relies on property taxes and user fees for services provided. The ability to generate new revenue is limited. It does have the ability to increase revenue in order to build reserves for capital improvement projects.

An enterprise district's fund resources are applied more specifically than general fund taxes in that the money generated can only be spent on a specific purpose, such as water, sewer, or park services. Most enterprise funds are raised from fees related to that particular service mission. This approach has its advantages. Service recipients and the general public can see how much it costs to provide those services, and why their fees are set at a certain levels. This level of transparency is beneficial for both the District and its customers.

Although it is not always possible to balance those fees and the cost of providing them perfectly, for a fund may run in the red one year. When this happens, it is a sign the local agency needs to raise their fees for that service. On the other hand, should the service fund turn a profit, the money could be used to fund operations during the next fiscal year, and customers might even see their fees drop.

The District currently has three basic rate structures (see Exhibits D & E for details): Residential Rate, Commercial Rate, and an Industrial Rate. A Backflow Prevention Assembly Testing and Repair fee was adopted in 2005 and only applies to customers who are experiencing backflow issues. It is applied to a customer for a defined period of time and is subsequently removed when no longer needed.

Another special rate is the Grant School Service Rate, established in 2010, a tiered rate specific to public facility customers. In the past four years the District has adopted fourteen ordinances related to increases in water rates and capacity fees.

During severe drought conditions the District imposes a Drought Surcharge to cover the costs associated with purchasing water from outside sources to compensate for action taken by the Bureau of Reclamation to reduce the normal allocation of Central Valley Project water assigned to the District during severe drought conditions. The Surcharge is implemented for a defined period of time, after which it is removed by action of the Board.

Current budgets for fiscal years 2013-14 and 2014-15 are attached as Exhibit C of this report. The Centerville CSD Board manages a very conservative budget, providing due diligence on all fiscal matters and records.

**d. Governance**

The five-member Board of Directors operates as the governing body for the District and are elected at-large. They serve staggered four-year terms to preserve continuity of governance experience on the Board. Board members are required to live within the District boundaries. Appointments of board members, if required, are advertised and letters of interest are solicited. Appointments are made by the Board.

The District is a registered-voter district. Only registered voters who reside within the District boundaries are eligible to vote; they do not have to be landowners. District policy permits a stipend of \$50 per board member per board or committee meeting, not to exceed six days in any calendar month.

Regular Board meetings are held the third Wednesday of each month at 7:00 p.m. at the District offices in Centerville at 8930 Placer Road. Standing Committees (Finance, Personnel, Resource and Planning, Ordinance, Public Information) meet on an as-needed basis. Non-emergency meetings are agendaized and posted at least 72 hours in advance.

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.

**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 other unincorporated areas of the Shasta County by various county departments. CSA #1 - Shasta County Fire currently manages fire protection and emergency services provided

by the Centerville Volunteer Fire Department, while the Centerville CSD provides facilities, utilities, and some maintenance support to the Centerville Volunteer Fire Department.

The District is empowered to provide fire and emergency rescue services, and periodically examines the potential for activating that power. The Legislature has affirmed that it prefers coordination of local services by one multipurpose local government agency as the best mechanism in urban areas whenever possible. At this time the District supports continued mutual support of the Centerville Fire Department under the supervision of Shasta County Fire.

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

The District's service area is identified by its current boundaries and the SOI boundary updated in 1984 and as it has been amended from time to time.

At its January 9, 2014, meeting, Shasta LAFCO rescinded a previous "latent services" restriction that had been applied to all community services districts. This means that at this time these local agencies can provide all authorized services outlined in their enabling acts or codes, should they decide to do so and are able to finance those services, without formally coming back to LAFCO for permission. Should the Commission determine to revisit this issue at a later time, the subsequent requisite hearing process would include wide-spread notice and involvement of local agencies and citizens that would be affected in this process.

It is proposed the Commission set the SOI boundary to include all parcels shown on the enclosed map of proposed Centerville Community Services District SOI Boundary Update as Exhibit A 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 an improved economy and the willingness of applicants for service to pay for extension of District services. Extension of services into the SOI boundary area will require, in most cases, an application to annex into the District.

The unemployment rate in the Centerville area estimated at 8.20%, with job growth of 1.04%. As a bedroom community to Redding estimated job growth for the area over the next ten years is predicted to be near 33.90%. Unemployment as of June

2014 was about 9.5%, with future job growth estimated at 32.60%. This general area has experienced a 16.9% increase in population from 2010 to 2014, with a population change factor of 33%. (Sperling's Best Places website).

District operations, service availability, and program growth will be included and considered during future processing of development permit by regulating agencies so as to effectively assist the District to meet anticipated service needs and growth.

The Centerville CSD notes that the Master Water Plan which has effectively guided the District for many years is being revised to reflect future service needs for areas within the SOI boundary which may request to annex. It estimates current service delivery to a population of 3,992.

**b. Disadvantaged Unincorporated Communities (DUCs)**

Senate Bill 244 (2011) governing the identification of disadvantaged unincorporated communities (DUCs) requires both counties and cities to undertake an inventory of these areas during updates of their General Plan Housing Element.

In addition, LAFCOs are mandated to make determinations about DUCs located within or adjacent to an agency during its periodic municipal service review and sphere of influence updates, and also during any subsequent proposed boundary change requests. Shasta LAFCO has not at this time established a local policy for defining or modifying the review requirements for these DUCs set by the Legislature in SB 244.

A "community" is defined in SB 244 as an inhabited area within or coterminous to a city's sphere of influence, and that is comprised of no less than 10 dwellings adjacent or in close proximity to one another, or at least 12 registered voters within the identified area.

Areas outside the District, serviced by or coterminous to the District's sphere of influence, may qualify as a DUC under this Act, as may certain areas within the District. Analysis by Shasta County, to take place during specific General Plan element updates, will include evaluation of unmet service needs of these DUC areas (i.e. failing septic systems, water service, or drainage issues, etc.). They can include such "communities or neighborhoods" as trailer parks or resort areas.

Unincorporated areas receiving agency services should also be identified and marked for future annexation.

With identification of these special areas adjacent to the city sphere of influence, and the City's plans and policies established to address their unique service needs,

LAFCO will be able to incorporate new data during the next round of municipal service reviews and sphere of influence updates due near 2019.

LAFCO is using a California State Parks ([www.parks.ca.gov](http://www.parks.ca.gov)) calculator to provide a guide in estimating income and population levels (see attached sheets). The population counts shown on these reports only encompass a general diameter of the area and may not reflect the actual population assigned to those areas. The estimated income in this model is per capita rather than per household. Once the County staff completes the location and analysis of its DUCs, updated figures and data will be available for incorporation in the next LAFCO review.

According to the Parks model, 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 Centerville CSD area is estimated to be near \$40,178.

A useful State Technical Advisory about the Disadvantaged Communities process may be downloaded from the Shasta LAFCO website at [www.shasta.lafco.ca.gov](http://www.shasta.lafco.ca.gov) under the “Resources” tab for use in locating and planning for services to identified DUCs by the County, its cities, and those special service districts providing services to these DUC areas, or whose sphere of influence is coterminous with the County’s unincorporated areas.

**c. Present and Planned of Public Facilities**

The District monitors capital improvement needs to maintain and upgrade service systems. Future development will pay its pro rata share of costs for services. The Centerville Community Services District’s Master Plan is available for review, electronically or in hard copy, upon request to either the District or Shasta LAFCO.

**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, with the cost of extension of services tied to development permits for future growth.

**e. Infrastructure Needs or Deficiencies**

The District regularly monitors and evaluates water service infrastructure for capacity, condition, and availability of quality water sewer services. Correlation of operational, capital improvement, and finance plans are appropriate for the size of the District and its service levels to the area at this time.

**f. Financing Constraints and Opportunities**

As an “enterprise” district, the District derives its funding for water and other services 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.

Most enterprise funds are raised from fees related to that particular service mission. This approach has its advantages. Service recipients and the general public can see how much it costs to provide those services, and why their fees are set at a certain levels. This level of transparency is beneficial for both the District and its customers.

Although it is not always possible to balance those fees and the cost of providing them perfectly, for a fund may run in the red one year. When this happens, it is a sign the local agency needs to raise their fees for that service. On the other hand, should the service fund turn a profit, the money could be used to fund operations during the next fiscal year, and customers might even see their fees drop.

That having been said, the District seeks to be as efficient and innovative as possible in maximizing use of existing fiscal resources, utilizing cost avoidance techniques that increase efficiency and decrease operating costs. Techniques include eliminating duplicate services, reducing high-administrative-to-operational-cost ratios, reducing inventories of inefficient and/or outdated equipment, implementing economies of scale, and creative use of personnel resources.

More specific data about this and other topics may be found in the District’s response to LAFCO’ RFI form, included as Exhibit B following this report.

**g. Opportunities for Rate Restructuring**

The District primarily utilizes water sales and the Capacity Charge for maintenance and construction of improvements. This charge evaluated yearly to keep up with inflation and increased costs.

There are inherent statutory limitations on the ability of enterprise districts 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.

The District also employs effective rate setting procedures, identifies conditions that could impact future rates, and gives due consideration to timely restructuring opportunities without impairing the quality of services delivered.

**h. Status of and Opportunities for Shared Facilities**

Again, 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.

The District does provide shared facilities, utilities, and some maintenance work with CSA #1 – Shasta County Fire regarding direct support of the Centerville Volunteer Fire Department at this time.

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

The Centerville CSD works effectively with other public water systems and other public organizations in exploring additional inter-governmental options that may have the potential to achieve economies of scale and greater efficiencies in the delivery of service to its customers.

The District continues to strive towards an effective internal organization to provide efficient, quality services, and has developed an understanding of the various governmental restructuring and jurisdictional change options provided under the LAFCO statute as they pertain to the District and its 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, some commercial, some agricultural, and oak woodland uses. The Shasta County General Plan and Zoning Ordinance establishes and enforces current planning and zoning uses permitted within the District and within its SOI boundary.

This is a rural area, with community development either clustered around county-approved subdivisions or scattered about on secondary roads. A detachment of a part of Foxwood Unit No. 2 is proposed due to an application to annex approximately three parcels into the Shasta Community Services District.

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

The District has ongoing capital improvement programs to maintain and upgrade service systems. It is currently updating its Master Plan to accommodate additional growth needs and service connections.

At present there are a number of pending developments which include: Westridge, Hurner, and Menezes/Wilson projects. All of these developments are within the District's service area and will not require annexation before serving. Collectively, these projects could add an additional 450 service connections to the District.

The Laurel Glen and Centerville Oaks subdivisions located along Placer Road, and the Canto De Las Lupine subdivision have all been completed and will include the construction of new homes. Collectively, 58 new service connections will result from these projects.

The District's sphere of influence area also includes a substantial area of land controlled by the US Bureau of Land Management (BLM).

**c. Present capacity of public facilities and adequacy of services**

District facilities are very 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.

Based upon the topography and some of the naturally defined boundaries, all of the areas included within the District and its sphere of influence can be efficiently serviced by District facilities through the construction of new mainline extensions, storage reservoirs, and pump stations. It is anticipated that any new developments will require the installation of new infrastructure at the time of construction.

The District currently holds a 40-year Long-Term Renewal Contract with the US Bureau of Reclamation (BOR) in the amount of 2,900 acre-feet per year. The District also has an unlimited term Exchange of Water Contract with the BOR for 900 acre-feet per year for a total contract allocation of 3,800 acre-feet per year.

Historically, the reliability of this water source has been excellent; however, it has been necessary to exercise conservation measures during extreme drought conditions through use of the District's Drought Contingency Plan. In general, the District's annual water usage is approximately 50% of the total contracted amounts; therefore, the District has a substantial supply available for future use.

Regarding water treatment capacity, the District has a 25% dedicated capacity in the treatment plant located at the base of the Whiskeytown Dam. The new facilities were constructed back in 1997 and are capable of producing 24 MG/D of potable water. At present, there remains additional treatment capacity which is not being utilized by the District (except for some peak flow periods during the summer months).

The District shares this facility and the Muletown Conduit with the Clear Creek Community Services District.

**d. Existence of social or economic communities of interest**

The District is located just west of the City of Redding is served by the Centerville Volunteer Fire Department under the management of Shasta County Fire Department for fire protection and emergency rescue services. The District shares interagency agreements with a number of local, county, state, and federal agencies.

The Centerville CSD has a limited number of commercial, industrial, and public customers within its boundaries; the majority of customers served are residential uses. The City of Redding provides a major shopping and service industry hubs for local residents.

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

As identified earlier, the District service area may qualify as a disadvantaged unincorporated community (less than 80% of the state average) under certain circumstances.

Shasta County is in the process of undertaking a study of these DUCs throughout the county 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. This study simply identifies the first step in that process: that the area within the District qualifies as a DUC and will be evaluated as such in future projects.

**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 and sewer services based upon information available at this time.

This is the first review of this district's sphere of influence since 1984, and it is expected that additional service data will be brought forward as future development occurs. LAFCO has made what we believe are substantiated determinations based upon prescribed statutory factors.

**Centerville Community Services District  
Municipal Service Review & Sphere of Influence Update**

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It is recommended that the municipal service review and sphere of influence update for the Centerville Community Services District be adopted as presented on the enclosed SOI update map as 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 for Centerville CSD
- B. District Response to Request for Information for SOI/MSR Update
- C. District Financial Documents
- D. CCSD Ordinance 96-1 Establishing Fees, Rates, and Charges
- E. CCSD Current Rate Schedules
- F. 20-Year Master Plan 2004
- G. California Department of Public Health DRINC Report 2014
- H. Grand Jury Report on CCSD 2006
- I. Monthly Newsletter sent to customers
- J. Community Calculator – Centerville Area
- K. Notice of Intent to Adopt CEQA Determination – Statutory Exemption PRC 21083
- L. No Effect Determination – California Department of Fish & Wildlife