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Brent Weaver  
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David Kehoe  
County Member

Stephen Morgan  
Special District Member

Dick Fyten  
Public Member

Bob Richardson  
Public Member Alternate

James M. Underwood  
Interim Executive Officer

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Thursday, August 6, 2015

**Re: Preliminary Proposed Municipal Services Review/Sphere of Influence Update (Item # 8a)**

Commissioners:

**Summary & Recommendations**

The Commission recently completed an update of municipal service reviews and spheres of influence for affected local agencies. The intensive and compact work schedule related to recent MSR/SOI updates lead to discussions during the Commission's adoption of a FY 2015-16 Final Budget in support of advance planning for future such updates. The Shasta LAFCO Fiscal Committee has reviewed options and made a recommendation for the Commission's consideration.

It is therefore recommended that the Commission consider this staff report and then take the following actions:

1. Consider the Fiscal Committee's recommendation, and discuss related issues and options for future MSR/SOI updates;
2. Take comments from interested members of the public concerning this proposed MSR/SOI Update Plan and related issues; and
3. Consider adopting a Preliminary Proposed MSR/SOI Update Plan and direct staff to forward it to affected local agencies to obtain comments that may assist in plan refinement and the adoption of a Final Proposed MSR/SOI Update Plan at a subsequent Commission meeting.

**Discussion**

As a result of recent Commission proceedings to adopt updated MSR/SOIs for affected local agencies it has become apparent that advance planning for the next 5-year update contemplated by the governing statute makes sense. From a fiscal planning perspective, the recently adopted Final FY 2015-16 Budget identified the need to establish an MSR/SOI Updates Reserve Fund as Shasta LAFCO operations permit that to occur. A review of the current year fund balance next June, and related Shasta LAFCO financial conditions then, will determined to degree to which such a reserve can be established in the years leading up to commencement of the next round of updates.

The Commission's Fiscal Committee has also been reviewing this issue and has developed a proposed MSR/SOI Update Plan that would ensure the completion of such work within the 5-year period directed by statute, in a way that would balance the need to have such work done

without undue "compaction" and scheduling problems, and consider the affected local agencies' likely desires to have the next cycle of update proceedings extended to the most distant dates reasonably possible while still complying with the statutory requirements.

The resulting Fiscal Committee recommendation is reflected on the attached Preliminary Proposed MSR/SOI Update Plan. Some of the major aspects of the proposed plan include:

- Commencement of the initial round of MSR/SOI Updates would occur in FY 2017-18 with all such updates to be completed by the end of FY 2019-20;
- Scheduling agency MSR/SOI Updates, based on assumed level of efforts for each kind of agency (i.e., with cemetery districts requiring the least amount of time and effort and cities requiring the most), to plan for substantially equal levels of overall work effort over a three year period; and
- Recognition that this proposed plan is intended as a flexible planning tool to be put in a final proposed form upon receiving comments from affected agencies, and with continuing flexibility such that adjustments can be made periodically as determined appropriate.
- The estimated cost of updating the MSR/SOIs as proposed, and the resulting estimated reserves to be set aside for this future endeavor, will likely require dedicating an average of approximately \$28,000 to \$37,500 annually beginning with the FY 2016-17 Budget for this effort.

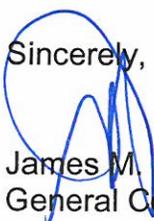
### **Alternatives**

The Commission, in considering how to proceed, could determine to narrow the period of time in which to commence and complete the next round of MSR/SOI Updates from three years to two years, such that all required update work is compressed into FY 2018-19 and FY 2019-20. The Commission could also rearrange specific agency MSR/SOI update target dates, keeping in mind how that would affect the balance between specific agency scheduling accommodations and overall work flow management for the consultant to perform the required work in coordination with affected local agency staff. Lastly, the Commission could provide comments and ask the Fiscal Committee to further review and refine the Proposed MSR/SOI Update Plan, for further Commission consideration at a subsequent meeting.

### **Conclusion & Recommendations**

Based on the foregoing it is recommended that the Commission proceed to consider adoption of a Preliminary Proposed MSR/SOI Update Plan as above outlined.

Sincerely,

  
James M. Underwood,  
General Counsel/Interim Executive Officer

Attachment

**PROPOSED MSR/SOI UPDATE PLAN & COST ESTIMATE**

**Target MSR/SOI Completion**

Agency Name	Current Services	SOI Update Date	Update Requirement	Est. Level of Effort	Target MSR/SOI Completion					Notes & Comments	
					FY15/16	FY16/17	FY17/18	FY18/19	FY19/20		
1 Anderson FPD	Fire, EMS	0-9-2013	0-9-2018	3							
2 Cottonwood FPD	Fire, EMS	0-9-2013	0-9-2018	3							
3 Happy Valley FPD	Fire, EMS	0-9-2013	0-9-2018	3							
4 Millville FPD	Fire, EMS	0-9-2013	0-9-2018	3							
5 Anderson Cemetery Dist.	Cemetery	0-9-2013	0-9-2018	1			1				
6 Burney Cemetery Dist.	Cemetery	0-9-2013	0-9-2018	1			1				
7 Cottonwood Cem. Dist.	Cemetery	0-9-2013	0-9-2018	1			1				
8 Fall River Mills Cemetery Dist.	Cemetery	0-9-2013	0-9-2018	1			1				
9 Holcomb Cemetery Dist.	Cemetery	0-9-2013	0-9-2018	1			1				
10 Monton Joint Cemetery Dist.	Cemetery	0-9-2013	0-9-2018	1			1				
11 Milville Masonic & Odd Fellows	Cemetery	0-9-2013	0-9-2018	1			1				
12 Pine Grove Cemetery Dist.	Cemetery	0-9-2013	0-9-2018	1			1				
13 Igo-Ono CSD	Water	3/6/2014	3/6/2019	3							
14 CSA #15	Lighting	3/6/2014	3/6/2019	3							
15 Fall River Valley CSD	Water	3/6/2014	3/6/2019	3							
16 Fall River RCD	Resource Conservation	4/3/2014	4/3/2019	2							Note: This could be considered a more complicated CSD requiring a greater level of effort.
17 Western Shasta RCD	Resource Conservation	4/3/2014	4/3/2019	2							
18 Burney Basin Mosquito Dist.	Vector Control	4/3/2014	4/3/2019	2							
19 Pine Grove Mosquito Dist.	Vector Control	4/3/2014	4/3/2019	2			2				
20 Shasta Mosquito Abatement Dist.	Vector Control	4/3/2014	4/3/2019	3			3				
21 CSA #1 (County Fire)	Fire, EMS	4/3/2014	4/3/2019	3							
22 Castella FPD	Fire, EMS	5/1/2014	5/1/2019	3							
23 Anderson City	Municipal Services	5/1/2014	5/1/2019	5							
24 Mountain Gate CSD	Fire, Water	5/1/2014	5/1/2019	4							
25 Cottonwood Water Dist.	Water	6/5/2014	6/5/2019	3							
26 Anderson Cottonwood Irr. Dist.	Water	8/7/2014	8/7/2019	3							
27 CSA #7 (Burney)	Water	8/7/2014	8/7/2019	3							
28 CSA #2 (Sugarloaf)	Water	9/4/2014	9/4/2019	3							
29 Shasta CSD	Fire, EMS, Water	8/9/2014	Nov-19	4							
30 Tucker Oaks Water Dist.	Water	10/2/2014	10/2/2019	3							

Note: This proposed CSA #1 MSR/SOI Update target date could be accelerated into FY 2018-19 in order to meet statutory 5-year update direction.

Agency Name	Current Services	SOI Update Date	Update Requirement	Est. Level of Effort	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	Notes & Comments
31 Burney Water Dist.	Water	11/6/2014	11/6/2019	3					3	
32 Burney FPD	Fire, EMS	11/6/2014	11/6/2019	3					3	
33 Mayers Memorial Health Care Dist.	Health Care, EMS	11/6/2014	11/6/2019	4			4			
34 Shasta Lake FPD	Fire, EMS	11/6/2014	11/6/2019	3					3	
35 Shasta Lake City	Municipal Services	11/6/2014	11/6/2019	5			5			
36 Centerville CSD	Fire, EMS, Water	11/6/2014	11/6/2019	4			4			
37 Clear Creek CSD	Water	11/6/2014	11/6/2019	4			4			
38 CSA #3 (Castella)	Water	12/6/2014	12/6/2019	3					3	
39 CSA #23 (Craig View)	Water	12/6/2014	12/6/2019	3					3	
40 CSA #8 (Palo Cedro)	Sewer & Water	12/6/2014	12/6/2019	3					3	
41 CSA #11 (French Gulch)	Water	12/6/2014	12/6/2019	3					3	
42 CSA #13 (Alpine Meadows)	Waste Water	12/18/2014	12/18/2019	3					3	
43 CSA #14 (Belmont)	Storm Drainage	12/18/2014	12/18/2019	3					3	
44 CSA #17 (Cottonwood)	Waste Water	12/18/2014	12/18/2019	3					3	
45 CSA #25 (Keswick)	Water	12/18/2014	12/18/2019	3					3	
46 CSA #6 (Jones Valley)	Water	12/18/2014	12/18/2019	3					3	
47 Bella Vista Water Dist.	Water	12/18/2014	12/18/2019	3				3		
48 Buckeye FPD	Fire, EMS	12/2/2014		3				3		Note: A review of Buckeye FPD's status following recent City of Redding, City of Shasta Lake and Shasta Lake FDP MSR/SOI completions is ongoing.
49 Redding City	Municipal Services	12/18/2014	12/18/2019	5					5	
50 McArthur FPD	Fire, EMS	4/2/2015	4/2/2020	3			3			
51 Fall River Mills FPD	Fire, EMS	4/2/2015	4/2/2020	3			3			
<b>NO. OF MSR/SOIS</b>					0	0	17	18	17	52
<b>COMBINED WEIGHTED EFFORT</b>					0	0	36	54	54	144
<b>AVE. WEIGHTED EFFORT</b>					0	0	0.3	0.4	0.4	0.33
<b>EST. CONSULTANT HOURS</b>					0	0	540	810	810	2160
<b>EST. CONSULTANT EFFORT (FTEs)</b>					0.00	0.00	0.28	0.41	0.41	1.1
<b>Level of Effort Assumptions:</b>										
Lowest Level of Effort				Cemetery Districts						
Second Lowest level of Effort				RCDs, Mosquito Abatement Dist.,						
Mid-Range Level of Effort				Fire Districts, CSDs, Water Districts,						
Second Highest Level of Effort				Hospital District and more complex CSDs						
Highest Level of Effort				Cities						

**ESTIMATED MSR/SOI UPDATE COSTS**

<u>Fiscal Year</u>	<u>Estimated Hours</u>	<u>Est. Cost/Hours</u>	<u>TOTAL EST. COST</u>	<u>TARGET RESERVE ALLOCATION</u>	<u>EST. CUMULATIVE MSR/SOI EXPENSES</u>	<u>EST. MSR/SOI RESERVE BALANCE</u>
2015-16	0	70.00	0	\$7,500	\$ -	\$7,500
2016-17	0	70.00	0	\$37,500	0	\$45,000
2017-18	540	70.00	37800	\$37,500	\$37,800	\$44,700
2018-19	810	70.00	56700	\$37,500	\$94,500	\$25,500
2019-20	810	70.00	56700	\$37,500	\$151,200	\$6,300
	<b>2160</b>	<b>\$ 70.00</b>	<b>\$ 151,200</b>	<b>\$ 157,500</b>	<b>\$ 151,200</b>	<b>\$6,300</b>

**Note:** For comparison purposes, if it were to be assumed that the level of consulting effort will be 12 hours per unit of assumed MSR/SOI update work instead of 15 hours, at the same assumed consulting rate, the total estimated MSR/SOI Update cost would be about \$112,000, and require target annual reserve allocations of approximately \$28,500 annually beginning in FY 2016-17.