



Shasta Community Services District

**Municipal Services Review &
Sphere of Influence Update**

**Services Divestiture
Commission Approved October 2023**

SHASTA LOCAL AGENCY FORMATION COMMISSION

Commissioners

Patrick Jones, County Member - District 4 Supervisor

Kevin Crye, County Member - District 1 Supervisor

Stan Neutze, City Member - City of Anderson

Pamelyn Morgan, City Member - City of Shasta Lake

Ronnean Lund, Special District Member - Anderson Cottonwood Irrigation District

Vacant, Special District Member & Chair

Lawrence Russell, Public Member

Alternate Members:

Mary Rickert, County Member - District 3 Supervisor

Mike Dacquisto, City Member - City of Redding

Fred Ryness, Special District Member - Burney Water District

Michael Spencer, Public Member

Shasta LAFCO Staff:

George Williamson, AICP, Executive Officer

James M. Underwood, Legal Counsel

Planwest Partners Staff:

Colette Santsche, Analyst

Jason Barnes, GIS Analyst

Amber Chung, Planning Technician

Acknowledgements:

LAFCO staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by the Shasta Community Services District General Manager Chris Koeper and Administrative Assistant Shawna Staup and County of Shasta Auditor Nolda Short and other administrative staff.

TABLE OF CONTENTS

1.0 Introduction	2
1.1 Report Uses	4
1.2 Review Methods.....	5
2.0 Agency Profile.....	5
District Boundaries	5
Population	6
Existing and Planned Uses	6
Disadvantaged Unincorporated Communities	6
3.0 Infrastructure and Services.....	9
3.1 Domestic Water Service.....	9
3.2 Fire Services for Divestiture to CSA #1 as Successor Agency	12
3.3 Other Service Providers	13
4.0 Financing	14
4.1 Budget Information.....	14
5.0 Accountability and Governance.....	17
6.0 Municipal Service Review Determinations.....	18
7.0 Sphere of Influence Determinations	21
8.0 References.....	22

TABLES

Table 1: Shasta CSD Contact Information.....	5
Table 2: Shasta CSD Equipment List	11
Table 3: Shasta CSD Current Fire Fleet	12
Table 4. Divestiture Revenues and Expenditures.....	13
Table 5: Shasta CSD Water Services Actual Revenues and Expenditures	14
Table 6: Fire Services Actual Revenues and Expenditures	16
Table 7: Shasta CSD Board of Directors Membership	17

FIGURES

Figure 1. Municipal Service Review and Sphere of Influence Update Map.....	7
Figure 2 Land Use and Zoning.....	9

1.0 INTRODUCTION

This Municipal Service Review (MSR) and Sphere of Influence (SOI) Update provides information about the services and boundaries of the Shasta Community Services District in western Shasta County. The report is for use by the Shasta Local Agency Formation Commission (LAFCO) in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that the Commission conduct periodic reviews and SOI updates for Shasta County cities and special districts (Government Code §56425).

State law also requires that, prior to SOI adoption, LAFCO must conduct a municipal services review for the local agency (Government Code §56430). This report provides Shasta LAFCO with a tool to study current and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Community Services District Overview

Government Code §56036(a) defines "District" or "special district" as "an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries". A community service district (CSD) is often the best way for a community to begin organizing basic services, as Shasta CSD citizens did in 1959, because the law invests these districts with the power to provide almost every service a city can provide, with the requirement that the community agrees to pay for these services. Shasta CSD provides both water and fire services, however, fire services are proposed for divestiture.

Principal Act

The CSD principal act is the Community Services District Law (Government Code §61000, et seq.) which authorizes CSDs to provide up to 31 types of governmental services within their boundaries. Centerville CSD is authorized to provide water services. Other services, facilities, functions, or powers enumerated in the District's principal act but not identified in the formation resolution are "latent," meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Latent powers and services activation require LAFCO authorization as indicated in Government Code §25213.5.

Service Review Determinations

CKH Act §56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region, or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determinations with respect to each of the following topics:

- Growth and population projections for the affected area;

- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere;
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies;
- Financial ability of the agency to provide services;
- Status of, and opportunities for, shared facilities;
- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

This service review provides an overview of the Community Services District along with an agency profile. The report also includes service review determinations and sphere of influence recommendations for:

Shasta Community Services District

State Guidelines and Commission policies encourage stakeholder cooperation in the municipal service review preparation. It also provides a basis to evaluate, and make changes to the Spheres of Influence, if appropriate.

Sphere of Influence Determinations

A Sphere of Influence (SOI) is a LAFCO-approved boundary that designates an agency's probable physical service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCO is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCO must update those SOIs every five years. In updating the SOI, LAFCO is required to conduct a MSR and adopt related determinations. In addition, in adopting or amending an SOI, LAFCO must make determinations with respect to the following topics:

- (1) Present and planned area land uses, including agricultural and open space lands;
- (2) Present and probable need for public facilities and services in the area;
- (3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- (4) Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency; and
- (5) Present and probable need for public facilities and services related to sewers, municipal or industrial water, or structural fire protection of any disadvantaged unincorporated communities in the existing SOI (effective July 1, 2012).

California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code §21000 et seq. Public agencies are required to evaluate the potential environmental effects of their actions. MSRs are statutorily exempt from CEQA pursuant to §15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines §15306 (information collection). CEQA requirements are applicable to SOI Updates. The CEQA lead agency for SOI Updates is most often LAFCO, unless an agency has initiated an SOI expansion or update.

Shasta County Growth Projections

The California Department of Finance projects the County's population will increase from 179,412 to 188,154, between 2020 and 2030, an average annual growth rate of 0.5%. If the unincorporated area's portion of the County remains near 38%, the population would increase from 68,177 to 71,499. There is some data that Shasta County's population decreased by 0.1% from 2018 to 2019, likely the result of recent wildfires. For report purposes, an annual population growth estimate of 0.2% to 0.5% is used to predict the future population range to be served by the CSD.

1.1 Report Uses

This service review process identifies ways to expand district boundaries where appropriate to increase efficiency of service provision. The potential report uses are described below.

To Update Spheres of Influence

This service review serves as the basis for potentially updating the Shasta CSD SOI. Specifically, a SOI designates the territory LAFCO believes represents an agency's appropriate future jurisdiction and service area. All boundary changes, such as annexations, must be consistent with an affected agency's SOI with limited exceptions. No change in SOI is anticipated as part of the divestiture.

To Consider Jurisdictional Boundary Changes

LAFCO is *not* required to initiate any boundary changes based on service reviews. However, LAFCO, other local agencies (including cities, special districts, or the County) or the public may subsequently use this report together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries.

Resource for Further Studies

Other entities and the public may use this report for further study and analysis of issues relating to service provision in Shasta County.

Reorganization and Sphere of Influence Changes - 2019

Shasta CSD Annexed County Service Area (CSA) #25 – Keswick in 2019 and the CSA was dissolved (see Figure 1). The current Shasta CSD boundary and SOI now include the former CSA #25 Keswick territory.

1.2 Review Methods

Information from the following categories was gathered from the District to understand the current status of district operations and services:

- 1. Governance and Organization
- 2. Financial
- 3. Personnel
- 4. Infrastructure and Facilities
- 5. Water Source and Demand
- 6. Treatment
- 7. and Distribution

Other source documents include, but are not limited to, the following:

- Shasta CSD budget and plan for services

Information gathered was analyzed and applied to make the required determinations for each agency and reach conclusions about the focus issues identified in the service review. All information gathered for this report is filed by LAFCO for future reference.

2.0 AGENCY PROFILE

Formation of Shasta CSD was initiated by petition of landowners and registered voters in 1959. In 1960, the CSD began providing fire protection services to the community. In 1964, the CSD began providing domestic water service to its citizens. The CSA #25- Keswick was annexed into the Shasta CSD in 2019. To the southeast is the City of Redding and to the south is Centerville CSD. On the west is U.S. Forest Service lands and the Whiskeytown National Recreation Area. Bureau of Land Management (BLM) parcels are interspersed throughout the District. The District is bisected by State Route 299 West.



Table 1: Shasta CSD Contact Information

Contacts:	Chris Koeper CSD General Mgr.	Shawna Staup, Admin Assistant
Emails	ckoeper@shastacsd.org	sstaup@shastacsd.org
Physical Address	15611 Rock Creek Rd, Shasta, CA 96087	
Mailing Address	PO Box 2520 Shasta, CA 96087	
Phone Number	(530) 241-6264	
Website	www.Shastacsd.org	
Population Served	Approximately 1,231	Service Area 12,366 Acres (19 sq. miles)
Number of Staff	6: a General Manager, Administrative Assistant, two Water Operators, Interim Fire Chief, and Interim Asst. Fire Chief	

District Boundaries

Currently the Shasta CSD encompasses about 12,366 acres, or approximately 19 square miles (Figure 1). Within that boundary, CSA #1- Shasta County Fire provides fire services to approximately 5,519 acres and Shasta CSD provides fire services to approximately 7,207 acres. There are no CSD boundary changes proposed in this MSR/SOI Update.

Population

The estimated 2022 Shasta County population is 181,193. The Annual Growth Rate since the last MSR/SOI Update in 2019 is approximately 0.2%. The unincorporated area of the County currently makes up about 38% of the entire County's total, for an estimated population of 68,854. The remainder is in the three Cities, Redding, Anderson and Shasta Lake. Shasta CSD is a census designated place (CDP), so US Census population statistics are available. The Shasta CDP, the portion of the District where the Shasta CSD provides fire services currently, has a population of 1,043 as of 2020¹. The Keswick CDP, the portion of the District where CSA #1 provides fire services, has a population of 188 as of 2020. Since the Shasta CSD encompasses both areas, the 2020 CSD population was 1,231.

Existing and Planned Uses

Land uses within the area are subject to the Shasta County General Plan and Zoning Ordinances. The Shasta County General Plan identifies Shasta CSD as a Rural Community Center which is defined as a community that may or may not provide water and/or wastewater treatment. Zoning in the District is primarily Limited Residential (R-L), Rural Residential (R-R), Building Site (B), and Community Commercial. Land-use is primarily rural residential with some areas of planned development in the western and southern portions of the district and an aggregate mining operation designated mineral resources adjoining an industrial area along Iron Mountain Road. Land uses are shown in Figure 2.

Shasta County designates most lands in the Shasta CSD as rural residential, agricultural, and timber lands with Open Space designated lands along the Sacramento River.

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities (DUCs) as part of its municipal service review process. Per California Senate Bill 244, a DUC is defined as any area with 12 or more registered voters where the median household income (MHI) is less than 80 percent of the statewide MHI. Within a DUC, three basic services are evaluated: water, sewer, and fire protection.

The California Department of Water Resources Disadvantaged Communities Mapping Tool uses US Census Block Groups, Tracts and Places from the US Census American Community Survey (ACS) 5- Year Data: 2016-2020 to map disadvantaged communities. Using this information, each district or agency is evaluated to determine whether or not it is a DUC, or in the case of cities, whether or not there are DUCs within the District's SOI. In many cases, Census Block Groups are larger than Districts. The Shasta CSD boundaries closely align with the Shasta CDP boundary, which has a MHI of \$86,500². This figure is larger than California's reported MHI of \$80,440, thereby not qualifying the area as disadvantaged.

¹ US Census Bureau, Profile of General Population and Housing Characteristics (Table DP1, 2020: DEC Demographic Profile)

² US Census Bureau, Median Income in the Past 12 Months (Table S1903, in 2021 Inflation-Adjusted Dollars)

Figure 1: Boundary and Sphere of Influence

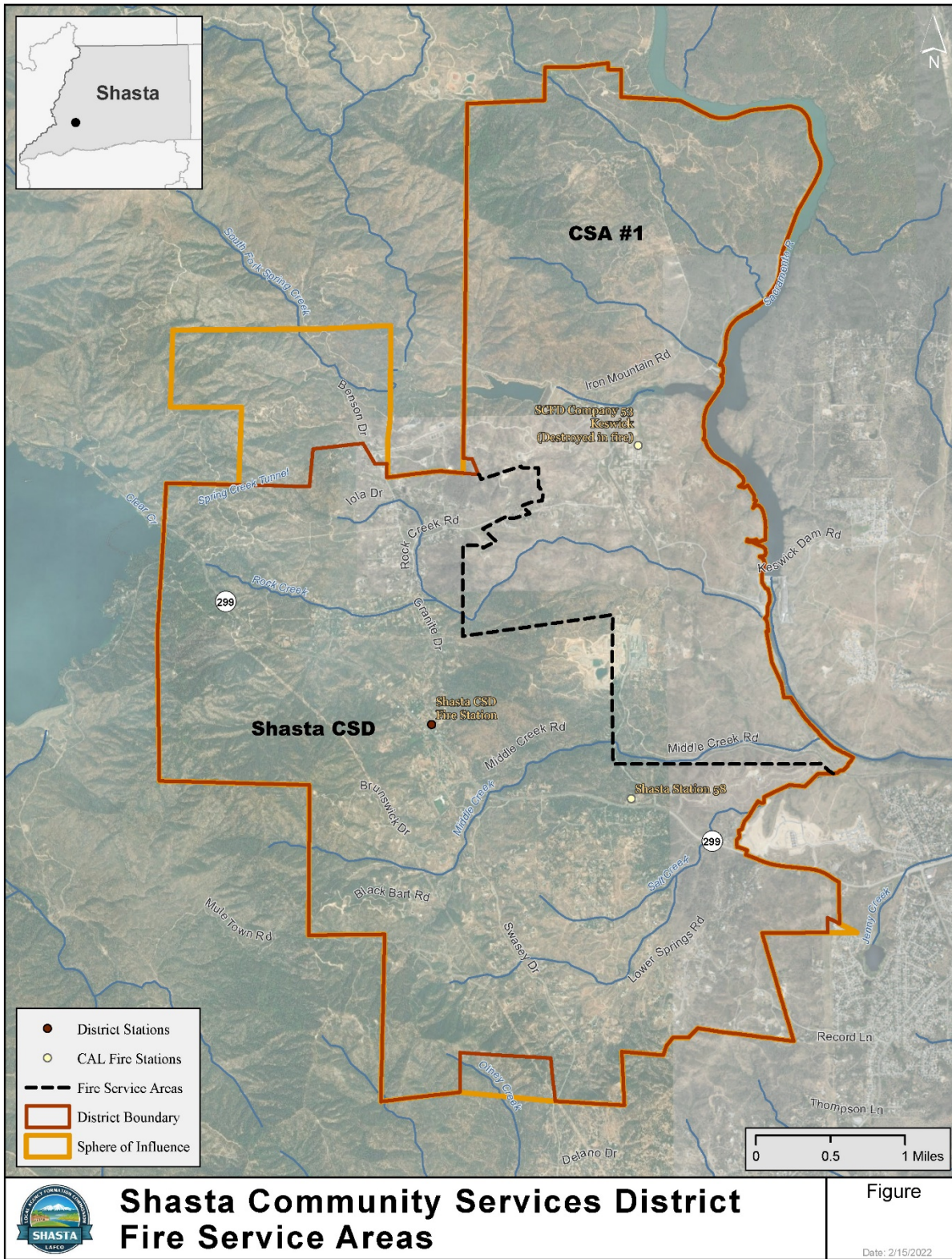
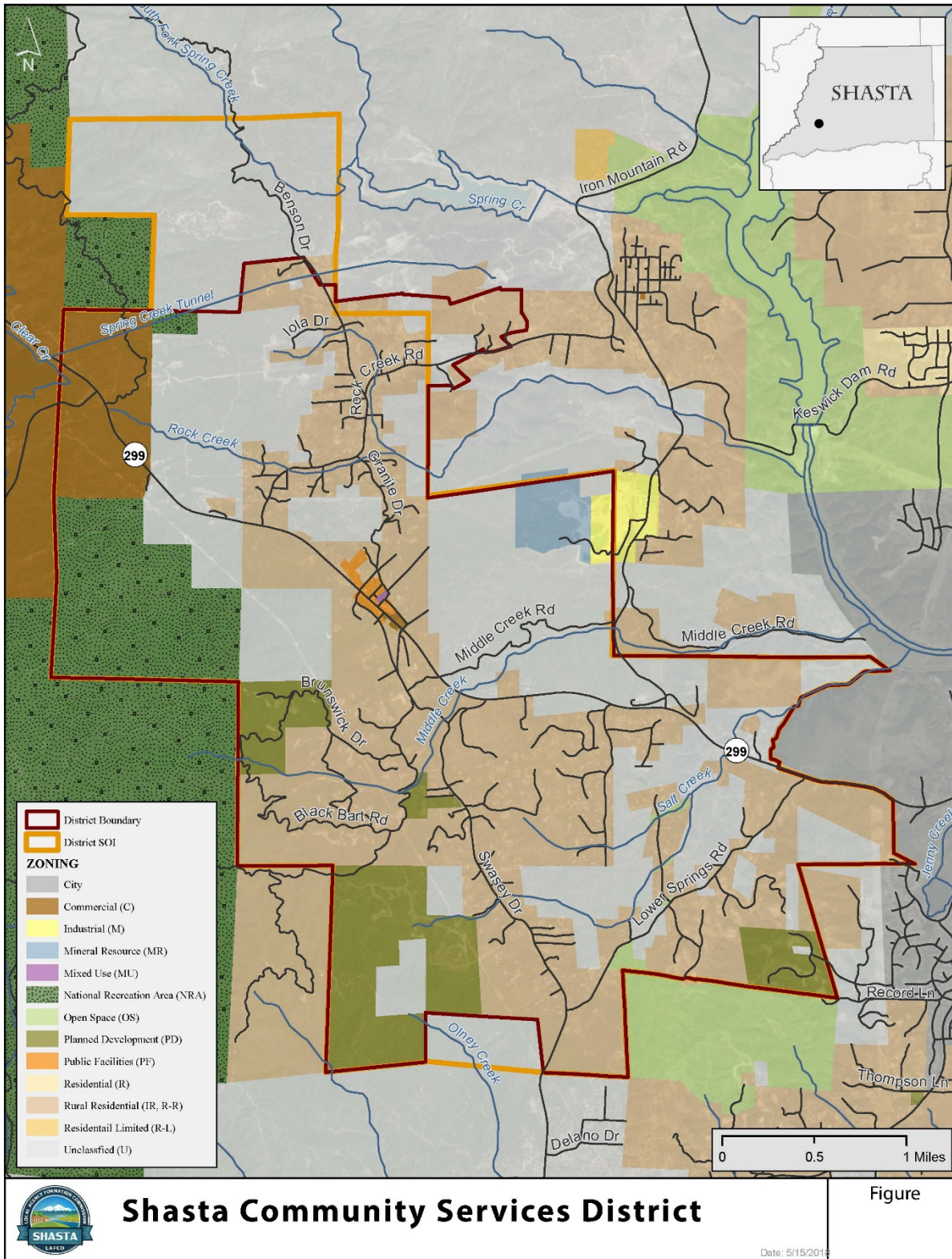


Figure 2: Land Uses



3.0 INFRASTRUCTURE AND SERVICES

3.1 Domestic Water Service

Shasta CSD provides domestic water to the community through water system No. CA4510013. There are currently 942 connections. The District had discussed options of entering into contractual agreements to provide up to an additional 200 acre-feet for future development within the District. Customers who require the District to pump water to higher elevations pay an additional electrical fee to cover the pumping costs.

Water is sourced from the Spring Creek conduit bringing water from Whiskeytown Lake. The water is available via a contract between the Shasta County Water Agency and the US Bureau of Reclamation. Water intake facilities are located along the conduit and a 100,000-gallon storage tank is located on a hill above the intake and treatment facilities. Another 500,000-gallon storage tank was added with associated water treatment system improvements.

The Shasta CSD annexation of CSA #25 resulted in drinking water being drawn from the Shasta CSD's water treatment plant (WTP) and, when necessary, resorting to an emergency intertie with the City of Redding (COR). If Whiskeytown Lake becomes untreatable, COR plans to pump groundwater from the east to the west side of town, which will feed groundwater to Shasta CSD customers. The intertie reduced operation and maintenance costs and provided both agencies with reliable emergency water.

The District serves the rural communities of Old Shasta and Keswick. The State Water Resources Control Board Division of Drinking Water and numerous customers from both communities wanted to see Shasta CSD annex CSA #25 and become one agency. The intertie allows the water agencies to operate one WTP, which will reduce costs and increases management efficiencies as the communities rebuild.

Water Supply

The District receives its water through the Central Valley Project (CVP) as administered by the USBR. The District has a post-1914 water contract obligation of 1,000 acre-feet of CVP water to be used only for municipal, domestic, and industrial purposes. Under the contract, the District is obligated to have a maximum of 1,000 acre-feet per year at a maximum rate of 1,750 GPM. The contract was issued in 1964 and was valid for 40 years until 2004. The USBR and District signed a new agreement in 2010³ and another was signed in 2020 making the agreement indefinite.

Distribution System

The District's primary transmission main begins at the water treatment plant and consists of a 12-inch-diameter cast iron (CI) pipe that travels along Benson Drive to Rock Creek Road, then south to McComb Hill through the town of Shasta to the Grand Forks Tank.

³ Preliminary Engineering Report: Shasta CSD & Keswick Intertie Project PACE Engineering October 2018

The entire distribution system consists of approximately 23.5 miles of 2- to 12-inch-diameter pipes. Water mains are primarily made of cement-lined CI, asbestos cement (AC), ductile iron (DI), polyvinyl chloride (PVC), and galvanized steel (GS) pipe.

The District has replaced eight storage tanks and four pump stations that were in poor condition with four new welded steel tanks and four new pump stations. The new pump stations were constructed as part of the Tanks and Pump Stations Replacement Project and began operation by the end of 2018.

In 2008-2009, the District constructed \$2.3M of improvements to the water treatment plant including replacement of Main Tank 1 to increase the capacity from 0.15 MG to 0.38 MG, addition of a 0.12 MG backwash tank, a SCADA system, and filter reconstruction.

Water System Demand

According to Title 22 CCR Section §64554, New and Existing Source Capacity, a public water system's water source(s) shall have the capacity to meet the system's maximum day demand (MDD) at all times. The District delivered 387-acre feet of water in 2021. Approximately 700-acre feet of water is used during a non-drought year.

For 2022, the Bureau of Reclamation has cut the water supply back to 208-acre feet. The District has secured an additional 150-acre foot supply from the McConnell Foundation and 36-acre feet from Anderson-Cottonwood Irrigation District (A.C.I.D.). This puts the District allocation at 394-acre feet. Shasta CSD has 1.465 MG in storage and the City of Redding intertie pump station provides an additional 600 GPM. Per the District's 2015 Division of Drinking Water (DDW) inspection report, Shasta CSD meets this requirement now that the Tank Replacement Project is complete.

Water Meters

Shasta CSD replaced manual read meters with automatic meter readers (AMRs) in the southerly portion of the District in 2013. The territory annexed in 2019, CSA #25, had manual meters. Replacing meters for those active customers in the annexed territory, especially for rebuilds and damaged meters, with AMRs has reduced monthly operating costs and work with Shasta CSD's current billing software.

Water Rates

The District has a base water rate of \$58.58. There is an additional charge of \$2.20 per 100 cubic feet of water used. The last time regular water rates were increased was in February 2015 when the base rate was increased by \$1.75 (\$34.34 to \$36.10) to secure the grant for the City of Redding Intertie. Since then, there have been some base rate changes to address emergency needs. The Revolving Loan Fee was renamed the Carr Fire Recovery Fee to make up for fire caused losses. In addition, the A.C.I.D. fee was increased slightly due to having to divert A.C.I.D. water to make up for drought restrictions imposed by the Bureau of Reclamation.

Water Conservation Program

Due to drought conditions, the Bureau of Reclamation has cut the District's water allotment to health and safety amounts. There are agreements for additional water with A.C.I.D. and the McConnell Foundation. Customers were asked to conserve water through mailings and public alert phone calls. Water conservation links and tips are posted online to help customers save water. As posted on the District website, water supply has been reduced by 50% of the historical usage. The District's goal is to not have to put monthly limits on water usage. There is currently no mainline flushing during the drought. The District has cut their water usage down to 66 percent of standard levels. The Board of Directors reviews drought contingencies at board meetings.

District Facilities

Shasta CSD owns water system facilities including a water treatment plant, six pump stations, two potable water storage tanks at the water treatment plant, six potable storage tanks in the distribution system, two 10,000-gallon movable storage tanks, and a backwash tank. In addition, the District owns five vehicles, two diesel generators, and various other equipment. The District is in the process of securing a grant for a new office and shop.

Table 2: Shasta CSD Equipment List

Buildings	Water Tanks	Vehicles	Misc.
Water treatment plant	Two potable storage tanks (at water treatment plant)	Three Ford trucks (F-350 Utility truck 2016, F-150 truck 2018, Ranger 2012)	Pipe service tapping machine
Water pump station (for treatment plant)	Backwash tank (at treatment plant)	John Deere backhoe 580	Road signs
Shasta/Redding intertie pump station	Two 10,000-gallon moveable storage tanks	Dump trailer (12 ft.)	Hazard cones
Four pump stations (Lower & Upper Brunswick, Highland Park, Record Heights)	Six tanks: (Middle & Upper Brunswick, Highlands Park, Record Heights, Grand Forks, Keswick)	Two Backup diesel generators	Backflow device tester

Shasta CSD coordinated with Shasta County on the transfer of assets and liabilities from CSA# 25-Keswick to Shasta CSD after the annexation was approved in 2019.

Opportunities for Shared Facilities/Increased Efficiency

Engineering Reports were prepared to assess Carr Fire damage and identified distribution system improvements and interties to provide safe drinking water and reduce financial hardship for the Shasta CSD / CSA #25 reorganization. Many of those improvements, considered opportunities for shared facilities and increased efficiency, have been implemented.

3.2 Fire Services for Divestiture to CSA #1 as Successor Agency

ISO Rating

The District maintains an ISO rating of 05/5Y. The first number is applied to properties within five road miles of a fire station and within 1,000 feet of a creditable water supply. The second number with a Y designation applies to properties within five road miles of a fire station, but beyond 1,000 feet of a creditable water supply.

Infrastructure and Facilities to be Transferred

The District has one fire station (#56) located at 10644 High Street in Old Shasta, with vehicles listed below in Table 3. The District reports that all of the vehicles are currently in good condition. Apparatus replacement is conducted on a 15-year cycle. Generally, apparatuses 15 to 30 years old are designated as second out or reserve equipment. Other equipment, such as self-contained breathing apparatus and Jaws of Life, are repaired or replaced on an as needed basis.

Table 3: Shasta CSD Current Fire Fleet

Apparatus	Type	Capacity
E-56	Type 1	1,000 GPM
E-256	Type 2	1,000 GPM
E-556	Type 2/3	500 GPM
B-56	2011 F150	-
WT-56	Water Tender	2,000 Gal/500 GPM
R-56	F350	-
R-256	2009 5150	-

Continued Fire Services in Northern Portion of Shasta CSD (Formerly CSA #25)

Fire and emergency response services in the northerly portion of the CSD, formerly CSA #25 – Keswick annexed into Shasta CSD in 2019, are provided by CSA #1 – Shasta County Fire. No change is proposed for those services.

Key Services Plan for Divestiture of Fire Services by Shasta CSD

Shasta CSD has fire and emergency response services as a latent power and is designated as the provider of those services for the southerly portion of the CSD. That portion of the District is proposed for divestiture of fire and emergency response services and designation of CSA #1 or the proposed Shasta Fire Protection District (FPD) as the successor agency. Both potential successor agencies' services are expected to maintain a similar level of service to Shasta CSD. The proposed FPD will be on ballot later this year and should it pass, the FPD will become the successor agency to take over Shasta CSD's fire services to the community. The FPD's plan for service includes plans to hire two full-time personnel and additional workload to be supplemented by volunteers. Should the budget allow, the proposed FPD also would like to hire seasonal personnel to assist in peak times of year.

Table 4. Divestiture Revenues and Expenditures

Revenue	Actual 2018-19	Actual 2019-20	Actual 2020-21	Approved 2021-22
Shasta CSD	\$615,533	\$269,931	\$500,844	\$255,500
CSA #1	\$4,686,210	\$3,843,247	\$5,148,534	\$3,053,468
Total	\$5,301,743	\$4,113,178	\$5,649,378	\$3,308,968
Expenses				
Shasta CSD	\$373,322	\$320,462	\$415,111	\$292,005
CSA #1	\$5,318,151	\$3,860,364	\$3,522,568	\$3,148,888
Total	\$5,691,473	\$4,180,826	\$3,937,679	\$3,440,893
Surplus (Deficit)	-\$389,730	-\$67,648	\$1,711,699	-\$131,925

3.3 Other Service Providers

Several other service providers operate in the area. These are described below.

County Service Area (CSA) #1 Shasta County Fire's boundary is coterminous with the County boundary, excluding only areas with independent fire districts and areas served by cities. Shasta County Fire covers approximately 3,251 square miles, including the northerly portion of Shasta CSD and serves a population of over 70,000. They offer fire protection, fire suppression, and emergency medical services. Station No. 58 is within the Shasta CSD Boundary.

CSA #1, countywide, has 24 fire stations. The closest station to Shasta CSD is located at 16064 Homestake Road, near Highway 299. The equipment and station are both in great condition. Shasta CSD's fire station was built in 1964 and had an addition constructed to the west end in the mid-1970's. The station has recently replaced the fire station roof. Shasta CSD has found recruiting Volunteer Firefighters challenging.

The CSD's fire services budget had primarily consisted of property taxes and strike team fire services revenue. Currently, the CSD's fire department can no longer provide strike team services, therefore the budget now consists of property tax revenue only. CSA #1 will receive a fund transfer from Shasta CSD for fire protection and emergency response.

The CSA #1 oversight is provided by the five-members of the Shasta County Board of Supervisors. The Board of Supervisors are elected at large from within the County boundary.

Operating costs, based on the Plan for Services, are anticipated to be approximately \$400,000 annually. Revenue to cover those expenses is expected to be 100% from property tax revenue from the Shasta CSD, unless supplemented by grants or services compensation. Both the County of Shasta Board of Supervisors and the Shasta CSD approved Property Tax Revenue Sharing Resolutions.

The City of Redding has incorporated area adjacent to the District's boundary. The City of Redding offers its residents, visitors, and residents of unincorporated areas services such

as parks and recreation, housing and community development, police, solid waste, fire, and public works.

Western Shasta Resource Conservation District encompasses approximately 1.7 million acres bounded on the east by the watershed divide between eastern and western Shasta County; the north by the Siskiyou County line; the west by the Trinity County line; and the south by the Tehama County line. The District serves a population of 64,000. They provide support for projects in wetland and riparian habitat restoration, habitat mitigation, and fire protection, including increasing forest health and defensible space.

The **Shasta Mosquito and Vector Control District (SMVCD)** encompasses the Cities of Redding, Anderson, and Shasta Lake, the entire I-5 corridor through the county, Lakehead area and unincorporated areas to the west and east of Anderson. The current area of SMVCD is approximately 1,291 square miles. The District monitors and controls mosquito populations through their focus on juvenile populations which are more concentrated and easier to abate using physical, biological, and chemical methods. The District also works on adult mosquito control activities and monitors for other vectors including ticks and rodents.

4.0 FINANCING

4.1 Budget Information

Shasta CSD maintains separate budgets to track expenditures for domestic water and fire services, however, the revenues for both services are deposited into the water budget accounts and funds are provided to the fire service from there. Revenues are primarily from water sales, property taxes, and strike team revenues. Water sales generated an average of approximately 79 percent of all revenues from 2019 to 2023. Shasta CSD actual revenues and expenditures over this time period are shown below in Table 5. Net ordinary incomes have increased at a rate of 527.4% between FY 2019-20 and FY 2022-23. The rate of increase from FY 2020-21 to FY 2021-22 was the largest change at 295.5% due to the District nearly doubling their water sales revenue in FY 2021-22.

Table 5: Shasta CSD Water Services Actual Revenues and Expenditures

Revenues	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Water Sales	\$421,929.59	\$486,985.91	\$934,616.91	\$985,950.19
CARR Fire Recovery Fee	\$147,396.53	\$159,575.80	\$13,206.20	\$0.00
Special Service Fees	\$2,940.44	\$3,854.75	\$3,064.78	\$3,390.01
Property Tax Revenue	\$0.00	\$35,135.80	\$27,876.40	\$33,218.11
Annexation Income	\$26,225.07	\$5,268.54	\$0.00	\$0.00
Donations	\$675.00	\$0.00	\$0.00	\$0.00
Interest Revenue	\$2,086.08	\$546.74	\$512.12	\$26,513.55
SFD Reimbursement	\$13,517.32	\$7,213.46	\$3,399.24	\$6,885.73
FEMA Reimbursement	\$94,000.00	\$0.00	\$0.00	\$0.00

Revenues	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Insurance Reimbursement	\$29,645.00	\$0.00	\$0.00	\$5,172.90
Miscellaneous Revenue	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenue	\$738,415.03	\$698,581.00	\$983,010.86	\$1,061,140.49
Expenditures				
Bad Debt Expense	\$19,811.64	\$0.00	\$0.00	\$11,138.19
Water Service Expenses	\$20,821.00	\$35,818.54	\$57,505.03	\$18,929.64
Pumping Expense	\$8,192.02	\$6,470.48	\$8,897.11	\$12,959.25
Water Treatment Expense	\$22,970.38	\$19,162.15	\$22,776.88	\$31,549.45
Transmission/Distribution	\$147,467.68	\$45,354.56	\$49,682.76	\$58,002.85
Vehicle Maintenance	\$6,904.86	\$7,040.65	\$6,601.40	\$9,561.60
Gas & Oil Expense	\$8,140.10	\$5,939.17	\$12,639.91	\$12,086.46
Training	\$945.43	\$0.00	\$0.00	\$618.00
Payroll Expenses	\$198,952.88	\$213,401.05	\$209,887.87	\$269,530.11
Employee Benefits	\$103,410.54	\$117,957.06	\$115,445.13	\$132,121.21
Payroll Tax Expense	\$18,628.61	\$19,544.48	\$20,515.86	\$25,192.91
Office Expense	\$51,836.43	\$57,039.69	\$60,835.85	\$65,151.43
Advertising Expense	\$0.00	\$250.80	\$0.00	\$0.00
Banking Fees	\$100.00	\$30.00	\$77.42	\$1,055.79
Insurance - Liability & E&O	\$16,400.88	\$32,995.13	\$35,174.99	\$37,522.88
Professional Services	\$30,192.61	\$22,160.91	\$22,892.88	\$16,794.07
Director's Compensation	\$1,700.00	\$3,000.00	\$2,300.00	\$4,350.00
Dues/Permit Fees	\$18,300.72	\$17,504.53	\$18,510.98	\$13,763.07
Maintenance Contracts/Support	\$500.00	\$1,980.75	\$883.68	\$0.00
LAFCo Fees	\$0.00	\$0.00	\$0.00	\$0.00
Finance Charges/Late Fees	\$139.96	\$62.65	\$63.35	\$82.09
Community Building	\$80.72	\$0.00	\$0.00	\$0.00
Interest	\$10,111.17	\$9,748.97	\$9,586.17	\$9,419.40
Total Expense	\$685,607.63	\$615,460.67	\$654,277.27	\$729,828.40
Net Ordinary Income	\$52,807.40	\$83,120.33	\$328,733.59	\$331,312.09

Shasta CSD lost 62% of their water consumers and CSA #25 lost 96% of their water consumers, totaling over 700 homes combined, in the Carr Fire of 2018. This community devastation resulted in the loss of a majority of water customers and prompted the annexation of CSA #25 to the Shasta CSD. This also resulted in a significant decline in water use, which caused water quality concerns in addition to financial hardship that was addressed by the reorganized District.

The reorganized District did see a decline in operating and maintenance budgets due to inactive connections or customers paying a reduced monthly fee. The two water systems are connected and operate one water treatment plant (WTP) for both the Old Shasta and Keswick communities. In anticipation of the WTP requiring more coagulant dosing and backwashing to keep up with the raw water quality, the District has increased their chemical and pumping costs during the winter.

The CSD's separate Fire Services actual revenues and expenditures for FY 2019-20, FY 2020-21, FY 2021-22, and FY 2022-23 are shown in Table 6.

Table 6: Fire Services Actual Revenues and Expenditures

Income	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Donations	\$8,750.00	\$0.00	\$0.00	\$0.00
Interest Revenue	\$47.08	\$15.27	\$15.18	\$10.37
Property Tax Revenue	\$190,283.81	\$222,902.08	\$250,421.75	\$298,936.00
Strike Team Revenue	\$62,610.96	\$272,034.20	\$1,928.19	\$0.00
Total Income	\$261,691.85	\$494,951.55	\$252,365.12	\$298,973.37
Expense				
SCSD Reimbursement	\$13,192.70	\$7,213.46	\$3,399.24	\$6,516.43
Volunteer Fund Expense	\$10.00	\$2,084.60	\$730.35	\$784.96
Gas/Oil/Diesel/Expense	\$5,873.08	\$5,793.88	\$2,006.15	\$3,990.42
Office Expense	\$7,020.14	\$7,251.00	\$7,238.89	\$6,887.85
Building Maintenance	\$4,619.45	\$112.10	\$16.08	\$26,790.00
Vehicle Maintenance	\$7,304.82	\$3,449.57	\$15,113.12	\$1,590.81
Repairs/Replace Equipment	\$4,460.54	\$10,515.34	\$275.79	\$0.00
Safety Equipment	\$748.33	\$950.84	\$5,998.97	\$2,160.10
Training/Travel Expense	\$0.00	\$668.10	\$196.00	\$100.00
Meals	\$190.57	\$82.31	\$0.00	\$0.00
Per Diem Expense	\$1,690.00	\$310.00	\$1,540.00	\$450.00
Memberships/Dues	\$2,291.93	\$2,554.00	\$13,079.94	\$39,223.63
Professional Expenses	\$6,436.10	\$8,930.94	\$11,915.98	\$4,831.39
Payroll Expenses	\$160,123.05	\$246,522.18	\$75,941.87	\$35,752.79
Employee Benefits	\$56,969.38	\$77,784.74	\$60,970.16	\$41,909.95
Liability/Fire/Auto Insurance	\$2,815.00	\$3,911.00	\$9,653.09	\$7,435
Interest Expense	\$8.51	\$14.39	\$0.00	\$0.00
Total Expense	\$273,753.60	\$378,148.45	\$208,075.63	\$179,649.18
Net Ordinary Income	-\$12,061.75	\$116,803.10	\$44,289.49	\$119,324.19
Cash at Year End		\$56,566.21	\$56,999.66	\$26,450.54
Reserve at Year End		\$	\$317,637.48	\$509,950.24
Reserve After Budgeted Amounts		\$		\$

The District still expects the reserve fund to be over \$300,000 at FY 2021-22 year end, with income deficits offset by an expected strike team reimbursement from prior years. This fund would be transferred to CSA #1 Shasta County Fire as part of the divestiture.

5.0 ACCOUNTABILITY AND GOVERNANCE

The Shasta CSD Board of Directors operates as the governing body for the District for the services they provide. Regular meetings are held every third Tuesday of the month at 6:00 PM at the Shasta CSD office located at 15611 Rock Creek Rd, Shasta, CA 96087. Shasta CSD operates a website at www.shastacsd.org where meeting agendas, minutes and additional District information are made available to the public. Notices are posted on the website, at the post office, and J's Market.

The District employs five paid staff members. This includes a General Manager, an Administrative Assistant, two Water Operators, and one Firefighter. The paid firefighter has been on workers compensation since Summer 2021. As part of formation, there is an Interim Fire Chief and an Assistant Fire Chief.

Table 7: Shasta CSD Board of Directors Membership

Board of Directors	Term Expires
David Cross, President	December 2026
Jane Heinan, Vice President	December 2024
Jo Ann Vayo, Director	December 2024
Randall Smith, Director	December 2026
Valerie Coon, Director	December 2026

Prior to the 2019 annexation, CSA #25 Keswick was a Shasta County administered dependent special district. Now, the area's water services are governed by the Shasta CSD Board of Directors and that service is administered according to the laws governing the rest of the District. The annexation was an opportunity to expand the geographic representation of the District's Board of Directors as Keswick residents gained the right to vote for, and serve as, Board members. As residents of the post-consolidation Shasta CSD, Keswick voters enjoy the same rights as all other voters in the District related to water services.

Services, such as parks and recreation, are provided by the County of Shasta, at the direction of the County Board of Supervisors.

The CSA #1 Shasta County Fire Department continues to provide fire and emergency response services to the area formerly CSA #25 Keswick. This is consistent with the CSA #1's countywide coverage provided to all unincorporated areas of Shasta County, not covered by fire and emergency response services from a special district with fire services powers, such as Mountain Gate CSD and Fall River Valley Fire Protection District.

If fire services divestiture is approved by Shasta LAFCO, the entire CSD would be included in the CSA #1 Boundary. Given CSA #1 county-wide coverage as described above, no boundary change is needed.

6.0 MUNICIPAL SERVICE REVIEW DETERMINATIONS

1) Growth and population projections for the affected area

- a) According to the 2020: DEC Demographic Profile, the Shasta CSD population is 1,231.
- b) A large part of the Keswick community and the portion of Old Shasta that was burned in the Carr Fire, are being rebuilt. However, the County projected annual growth rate of 0.5 percent is not expected to be exceeded for the next several years.

2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

- a) The boundaries of Shasta CSD closely line up with the boundaries of Shasta CDP, which has a MHI of \$86,500. This figure is larger than California's reported MHI of \$80,440, thereby not qualifying the area as disadvantaged. A large portion of each District does not fall within a disadvantaged community block, tract or place as defined by the California State Department of Water Resources and therefore does not qualify as a DUC. Should the territory in the surrounding area be proposed for annexation in the future, any disadvantaged communities should be considered.
- b) The proposed divestiture and designation of successor agency is expected to address a service need related to fire protection and emergency response for the southerly portion of the Shasta CSD. The Shasta CSD provides water services to the entire District. There is no wastewater service for Shasta CSD.

3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

- a) Shasta CSD provides domestic water services within the District boundary and has some infrastructure capacity for additional connections. However, due to current extreme drought conditions, the amount of water that can be supplied is limited. The CSD promotes water conservation to reduce consumption.
- b) Pursuant to Government Code §56653, Shasta CSD prepared a Plan for Services to evaluate the proposed fire services divestiture. CSA #1 or the proposed FPD will take over Fire protection and emergency response services for the southerly portion of the District, should the divestiture be approved. Police services, electricity, and solid waste collection will continue to be provided by the County and contractors.
- c) Most of the Keswick community has been rebuilt and water connections have been restored. The Shasta CSD indicates there would be adequate infrastructure capacity for rebuilding the remaining houses that were

destroyed, however, water supply is dependent on allocations due to drought conditions.

4) Financing ability of agencies to provide services

- a) Shasta CSD water revenues are primarily from water enterprise funds and fire service revenues are primarily from property taxes. Upon fire services divestiture, the CSD will transfer a portion of property tax revenue to CSA #1 Shasta County Fire, for expenses associated with serving the southerly portion of the District.
- b) The District management tracks treatment chemicals, lab testing, utilities, and personnel costs, which continue to increase annually. The SCSD conducted a comprehensive review of the budgetary expenditures in 2021 to maximize available resources and reduce operational costs. Water rates were adjusted to allow the District to provide that primary service.
- c) The District is proposing fire services divestiture partially due to financial limitations.

5) Status of and, opportunities for, shared facilities

- a) The primary shared facilities opportunity addressed in this MSR/SOI Update are fire and emergency response services to the area proposed for services divestiture by Shasta CSD. If approved by LAFCO, these services will become CSA #1's responsibilities as successor agency. CSA #1 already provides these services in the northerly portion of the District, formerly CSA #25 – Keswick.
- b) CSA #1 is a dependent special district and is governed by the Shasta County Board of Supervisors acting as the Board of Directors and overseeing operations as the CSA's administrative and financial manager. The CSA's day-to-day management is the responsibility of CAL FIRE, operating as the County Fire Department, who have significant resources within the County and the State of California. These services are shared through mutual aid agreements with other fire and emergency response agencies.
- c) The Plan for Services prepared for the fire services divestiture and successor agency designation states that the Shasta CSD fire station #56 and vehicles would be transferred to Shasta County Fire and be operated by that agency.

6) Accountability for community service needs, including governmental structure and operational efficiencies

- a) Shasta CSD meetings are held every third Tuesday of the month at 6:00 PM at 15611 Rock Creek Road in Shasta, CA, 96087. The Shasta CSD website www.Shastacsd.org is where meeting agendas, minutes and other District information is available. Board vacancy announcements are published in newspapers, at the Shasta County Public Library, and local public places for a minimum of three weeks. Candidates are interviewed and voted in by the district board and are submitted to Shasta County for Board of Supervisors.

b) The Shasta CSD Board of Directors operates as the District governing body. All District residents have the right to vote for, and serve as, members of Shasta CSD's Board of Directors. CSA #1 Shasta County Fire is governed by the Shasta County Board of Supervisors.

7) Any other matter related to effective or efficient service delivery.

a) LAFCO has reviewed its local policies and there are no other pertinent matters to be discussed.

7.0 SPHERE OF INFLUENCE DETERMINATIONS

The recommended determinations in this section and MSR information provide support for the proposed Shasta CSD divestiture of fire services and designation of CSA # 1 – Shasta County Fire Department as successor agency. Shasta LAFCO makes the following written SOI determinations:

1) The present and planned area land uses, including agricultural and open-space.

- a) Land uses within Shasta CSD Sphere of Influence are subject to the Shasta County General Plan. The District has a limited SOI and no change to agricultural and open-space lands or services extensions are anticipated.
- b) Shasta County has zoned the northerly SOI area as Unclassified. The County also designates land uses in the northerly portion of the District, formerly CSA #25 – Keswick, as rural residential, agricultural, and timber lands with sections of Open Space designated lands along the Sacramento River. Commercial uses are located along State Route 299 West, which bisects the District. The smaller SOI area to the south is also zoned by the County as Unclassified.
- c) In the southerly portion of the Shasta CSD proposed for fire services divestiture, current land-use is primarily rural residential with some planned development areas to the west and south and an aggregate mining operation designated mineral resources adjoining an industrial area along Iron Mountain Road. It is anticipated that these areas can be served by existing District fire stations.

2) The present and probable need for public facilities and services in the area.

- a) Fire protection and emergency response services, if approved for divestiture, would be provided by CSA #1. According to the Plan for Services submitted with the Shasta CSD application, they are expected to be similar to current services. Police services, electricity and solid waste collection will continue to be provided by the County and private contractors.
- b) Fire protection and emergency response services would be dispatched from the CSA #1 Station 58, and when staffed with volunteers, from District Station #56. Station #56 recently replaced their roof due to needed repairs and there are other deferred maintenance and equipment needs. It is expected that these improvements and replacements will be made by CSA #1, with costs covered by the transferred reserve fund.

3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

- a) The Shasta CSD's ability to provide adequate fire services is limited due to the paid staff person being on disability and a lack of volunteers.
- b) The County would retain ownership of the parkland in the Keswick area.

- 4) **The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
- a) The City of Redding provides a nearby population hub for district residents to shop for goods and services, as well access health services. The proposed change in services is not expected to affect access to, or the availability of, these services.
- 5) **The present and probable need for services for any disadvantaged unincorporated community within the area.**
- a) The boundaries of Shasta CSD closely line up with the boundaries of Shasta CDP, which has a MHI of \$86,500. This figure is larger than California's reported MHI of \$80,440, thereby not qualifying the area as disadvantaged. Portions of the District do not fall within a disadvantaged community block, tract or place as defined by the California State Department of Water Resources and therefore does not qualify as a DUC. Should the territory in the surrounding area be proposed for annexation in the future, any disadvantaged communities should be considered.

8.0 REFERENCES

California Department of Water Resources, Disadvantaged Community Mapping Tool

<https://gis.water.ca.gov/app/dacs/>

Environmental Protection Agency: Safe Drinking Water Information System, California Drinking Water Watch

<https://sdwis.waterboards.ca.gov/PDWW/index.jsp>

Shasta County Department of Resource Management. General Plan.

https://www.co.shasta.ca.us/index/drm_index/planning_index/plng_general_plan.aspx

Shasta County GIS.

<https://maps.co.shasta.ca.us/ShastaCountyMap/>

United States Census Bureau, American Fact Finder.

<https://data.census.gov/cedsci/>.

Shasta CSD: Application materials and website information